



**The Republic of Uganda**

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

**ANNUAL PERFORMANCE REPORT  
(July 2013 – June 2014)**

**Project Management Unit**

**Ministry of Agriculture, Animal**

**Industry and Fisheries**

**KAMPALA**

**JUNE 2014**

## **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 <sup>2</sup> )	=	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
NaCRRI	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

## **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. It became operationally effective in April 2012 following the recruitment of the Project Management Unit Staff.

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 2013 to June 2014. The report highlights the outputs of the project against the set annual targets, the innovations recorded during the year, the lessons learned and the challenges encountered.

## **2.0 PROGRESS BETWEEN JULY 2013 AND JUNE 2014**

The project continued to support smallholder farmers under both the oil palm and oil seeds components. In Kalangala, the fertilizers delivered by OPUL were distributed to the smallholder farmers, harvests remained marginally higher than in the same period in the last financial year, the farmers SACCO was operationalised and the good marketing relationship with OPUL was maintained. KOPGT continued to provide advisory and marketing services to the oil palm farmers.

On Buvuma island, the project increased the amount of land purchased, sorted existing encumbrances, and increased efforts to engage the different stakeholders to acquire land while mobilizing smallholder farmers to participate in the oil palm component.

Under the oil seeds component, the project collected qualitative and quantitative data on the two planting seasons of 2013, held negotiations with the pay for service providers (PFS) who will provide capacity building and value chain support to the smallholder farmers and established new farmer learning platforms on improved agronomic technologies for the smallholder farmers. Below is a summary of project implementation, achievements and impact in the period of July 2013 to June 2014.

### **2.1 Oil Palm Development Component**

#### **2.1.1 Oil Palm Development and Consolidation in Kalangala District**

The detailed progress between July 2013 and June 2014 is below;

- 150,000 oil palm seedlings were raised at the nursery at OPUL. These seedlings will be planted by smallholders on Bugala, Bunyama and Bubembe in the period December 2014 to June 2015.



- 5,099 bags NPK blue and 4.8 tons of NPK (50 kgs each) were distributed to smallholder farmers to maintain the growth and productivity of the oil palm gardens. Below is table 1 that shows the distribution by block

**Table 1: Fertilizer distribution between July 2013 and June 2014**

<b>Fertilizer distribution by block (50 kg bags):</b>		
<b>Block</b>	<b>NPK Blue</b>	<b>NPK Super</b>
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

- The number of registered farmers participating in the smallholder scheme remained at 1,610 with 1,022 male (64%), 578 female (36%) and 10 institutions (combined families planting together). Below is a table showing the block distribution of the participating farmers and registration trends between 2011 and June 2014.

**Table 2: Block distribution of registered oil palm farmers**

<b>Implementing Block Name</b>	<b>Jun-11</b>	<b>Dec-11</b>	<b>Jun-12</b>	<b>Dec-12</b>	<b>Jun-13</b>	<b>Dec-13</b>	<b>Jun-14</b>
Bbeta East	217	222	300	337	400	400	400
Bbeta West	268	274	288	320	293	293	293
Bujumba	159	160	185	235	266	266	266
Kagulube	167	169	186	201	206	206	206
Kalangala	153	153	159	159	163	163	163
Kayunga	209	210	235	271	282	282	282
<b>Totals</b>	<b>1,173</b>	<b>1,188</b>	<b>1,353</b>	<b>1,523</b>	<b>1,610</b>	<b>1,610</b>	<b>1,610</b>

- The total area planted by smallholders in Kalangala remained at 3,863 hectares out of the targeted 4,700 hectares for both VODP1 and VODP2, which is 82.2% achievement for smallholder planting. The total area planted with oil palm on Bugala island is now 10,088 hectares (6,225 hectares planted by OPUL at the nucleus estate) which is 95.8% performance for nucleus estate and 90% overall project planting performance. 800 hectares were identified on the outlying islands for expansion of oil palm production by smallholders- Bunyama (400 hectares) and Bubembe (400 hectares). Planting is scheduled for the period of December 2014 to June 2015. Table 3 below shows the distribution of the smallholder oil palm gardens across the six implementing blocks.

**Table 3: Smallholder oil palm gardens across Bugala island (hectares).**

Block	Jun-09	Dec-10	Jun-11	Dec-11	Jun-12	Dec-12	Jun-13	Dec-13	Jun-14
Bbeta East	110	301	334	334	546	576	616	629	629
Bbeta West	202	412	497	497	700	715	747	750	750
Bujumba	120	254	271	271	466	513	577	607	607
Kagulube	281	290	175	175	296	331	358	366	366
Kalangala	252	307	340	340	441	462	483	506	506
Kayunga	187	332	402	402	535	555	629	659	659
Outgrowers			346	346	346	346	346	346	346
<b>Total</b>	<b>1,151</b>	<b>1,896</b>	<b>2,366</b>	<b>2,366</b>	<b>3,329</b>	<b>3,498</b>	<b>3,756</b>	<b>3,863</b>	<b>3,863</b>

❖ **Oil Palm harvesting and marketing activities in Kalangala**

- Farmers harvested 10,895,851 kgs (10,896 tons) of oil palm fresh fruit bunches (ffbs) in period of July 2013 to June 2014. Its generally observed that there were fluctuations in quantity harvested per month, the comparisons between the same period in 2013 and 2014 show an increase in total quantity of ffb harvested. Table 4 below shows that FFB harvesting trends in the smallholder scheme between January 2010 and June 2014.

	Y 2010	Y 2011	Y 2012	Y 2013	Y 2014
<b>Jan</b>	1,490	80,281	560,796	615,350	951,759
<b>Feb</b>	9,080	119,478	655,719	698,787	744,865
<b>Mar</b>	15,393	280,670	644,848	960,085	871,154
<b>Apr</b>	39,736	253,924	827,630	1,162,113	905,758

<b>May</b>	57,240	322,334	786,172	1,188,216	912,909
<b>Jun</b>	50,210	262,570	617,324	1,052,661	777,304
<b>Jul</b>	45,590	330,047	501,854	853,694	
<b>Aug</b>	57,083	276,397	627,690	789,549	
<b>Sep</b>	85,790	286,253	666,883	890,701	
<b>Oct</b>	88,088	316,285	636,410	1,085,660	
<b>Nov</b>	94,811	465,828	696,219	1,133,816	
<b>Dec</b>	108,969	561,777	492,362	978,682	
<b>Total</b>	<b>653,480</b>	<b>3,555,844</b>	<b>7,713,907</b>	<b>11,409,314</b>	<b>5,163,749</b>

- The price per kilogram of ffb has had small fluctuations between July 2013 and June 2014 maintaining an average of U.shs. 389 per kg. Table 5 below shows the trend of the ffb price per kg between January 2010 and June 2014.

**Table 5: Price trends per kilogram of ffb between 2010 and 2014.**

	<b>Y 2010</b>	<b>Y 2011</b>	<b>Y 2012</b>	<b>Y 2013</b>	<b>Y 2014</b>
January	215	407	391	340	397
February	215	431	401	369	381
March	227	434	397	378	396
April	247	410	443	371	431
May	246	398	466	358	407
June	248	466	422	365	398
July	252	428	386	370	
August	256	436	393	357	
September	280	468	408	377	
October	285	465	393	371	
November	328	422	349	379	
December	348	411	348	403	
<b>Average price</b>	<b>262</b>	<b>431</b>	<b>400</b>	<b>370</b>	<b>402</b>

- The farmers' value of production in the period July 2013 to June 2014 averaged Ushs. 353,196,379 per month earned by 479 smallholder farmers. This was higher than the average value of production in the previous financial year (July 2012 to June 2013) (Ushs. 287,711,575). The value of production in the reporting period was largely due to the relatively good average price per kilogram of ffb, increase in quantity harvested and

the maintenance of the oil extraction rate (OER) at 19%. Table 6 below shows the smallholder farmers' monthly value of production between January 2010 and June 2014.

**Table 6: Monthly value of production between January 2010 and June 2014**

	<b>Y2010</b>	<b>Y2011</b>	<b>Y2012</b>	<b>Y2013</b>	<b>Y2014</b>
<b>January</b>	320,350	32,674,367	219,271,236	209,219,000	377,848,323
<b>February</b>	1,952,200	51,495,018	262,943,319	257,852,403	283,793,565
<b>March</b>	3,494,211	121,810,780	256,004,656	362,912,130	344,976,984
<b>April</b>	9,814,792	104,108,840	366,640,090	431,143,923	390,381,698
<b>May</b>	14,081,040	128,288,932	366,356,152	425,381,328	371,553,963
<b>June</b>	12,452,080	122,357,620	260,510,728	384,221,265	309,366,992
<b>July</b>	11,488,680	141,260,116	193,715,644	315,866,780	
<b>August</b>	14,613,248	120,509,092	246,682,170	281,868,993	
<b>September</b>	24,021,200	133,966,404	272,088,264	335,794,277	
<b>October</b>	25,105,080	147,072,525	250,109,130	402,779,860	
<b>November</b>	31,098,008	196,579,416	247,871,666	429,716,264	
<b>December</b>	37,921,212	230,890,347	171,341,976	394,408,846	
<b>Total</b>	<b>186,362,101</b>	<b>1,531,013,457</b>	<b>3,113,535,031</b>	<b>4,231,165,069</b>	<b>2,077,921,525</b>

❖ **Loans for small holder oil palm farmers**

- In the reporting period, Ushs. 1,868,607,860 (Ushs. 1.9 billion) in cash loans was disbursed to smallholder oil palm farmers whose gardens have not yet matured. This increased the total loan disbursed to smallholder farmers Ushs. 31,643,396,630 (Ushs. 31.6 billion).
- Ushs. 1,256,680,590 (Ushs. 1.3 billion) was recovered from smallholder farmers as loan repayment in the reporting period. The total recovered from smallholder oil palm farmers between 2010 and June 2014 is Ushs. 3,267,320,779 (Ushs. 3.3 billion).

### ❖ **Financial Literacy**

The project supported the oil palm farmers of Kalangala to set up a Savings and Credit Organisation (SACCO) to improve the farmers' financial discipline and increase on the farmers saving culture now that many of them are earning monthly incomes from their mature oil palm gardens. The farmers registered their SACCO in the names ; Ssesse Oil Palm Growers Savings and Credit Cooperative (SOPAG). 173 farmers (120 male and 53 female) were trained on SACCO bye laws, the SACCO Interim Board (5 male and 2 female) had their capacity built and the SACCO Board and Supervisory Committee (7 male and 3 female) received induction training and exposure tour on board governance. As at the end of April 2014, the SOPAG share capital was Ushs. 7,940,000, the farmer savings were at Ushs. 6,521,000, and the loan porforlio was at Ushs. 9,200,000. SACCO held its 2<sup>nd</sup> Annual General Meeting (AGM) in June where Audited Accounts and Annual work plan and Budget were presented for approval at the AGM.

### ❖ **Farmer training and Institutional Development**

- Farmers in Kagulube, Kayunga and Kalangala blocks were trained by OPUL on FFB grading (69 male and 18 female). KOPGT Field Officers trained farmers on the pricing formula (428 farmers), fertilizer usage (398 farmers), and, harvesting standards and grading (120 farmers). 04 KOPGT staff participated in the Knowledge Management and Learning Workshop where they were trained on among others, documentation of case studies.
- 37 smallholder oil palm farmers (27 male and 10 female) were trained with KOPGT staff on the meaning and implications of self-sustainability.

### ❖ **Construction works, roads improvement and access to outlying Islands**

- Construction of the fertilizer store for KOPGT that was contracted to M/S Muga Services at a contract sum of Ushs. 1.1 billion commenced.
- Mapping of plantation roads, feeder roads, and UNRA roads in Kalangala is ongoing. This process will guide the planning for next set of roads to be constructed.

- Data for the design of plantation roads to be upgraded to community access roads was collected and designs are being prepared.
- The bids for provision of ferry services to the outlying islands of Kalangala were submitted and are being evaluated by the Ministry of Works and Transport.
- Construction of farm roads targeting 25 KMs is ongoing currently in the 3 blocks (Kayunga, Bbeta East and Kalangala)

❖ **Challenges under the oil palm development component in Kalangala**

- Slow progress on connectivity to the outlying islands where the 800 ha of oil palm will be planted (to achieve the VODP 2 target of 4,700 ha)
- Slow down of research activities due to shortage of oil palm scientists
- Poor road infrastructure that affects collection of ffbs. The island has had heavy rains from January which has worsened the infrastructure.
- Inadquate fund for road works

**2.1.2 Oil Palm Development in Buvuma District**

In Buvuma district, the project intensified clearance of encumbrances on both the private and public land acquired by the project. The detailed progress is below;

- The project valued the property and other interests of 469 tenants who lived on 648 hectares of land that was offered to the project for purchase by the owner. The total compensation package agreed by both the project and the tenants for their interests (tenants) and paid was Ushs. 4.27 billion (US\$ 1.7 million).
- In the reporting period, 1,795.5 hectares of land were cleared of all encumbrances and added to the land available for the private sector nucleus estate. The total land cleared of encumbrances and ready for immediate development under the nucleus estate is 4,199.5 hectares. The progress on land acquisition is summarized in table 7 below;

**Table 7: Land acquired by the project in Buvuma**

	<b>Available and free of encumbrances (HA)</b>	<b>Purchased/acquired with encumbrance, tenants plots under going valuation (HA)</b>	<b>Land valued And Approved by CGV (HA)</b>	<b>Identified and MOUs signed (HA)</b>	<b>Potential (not yet surveyed) (HA)</b>	<b>Total (HA)</b>
Mailo land	2,946.6	1,304.6	1,238.8	719	2,997	<b>9,206</b>
Public land	1,253	0	0	0	0	<b>1,253</b>
<b>Total</b>	<b>4,199.5</b>	<b>1,304.6</b>	<b>1,238.8</b>	<b>719</b>	<b>2,997</b>	<b>10,459</b>

❖ **Other progress in Buvuma**

- Construction of boundary roads around all the land acquired and cleared of all encumbrances was started in Buvuma to avoid any new encroachment. About 15 km have so far been opened. The process will secure all the project land and have it ready for hand over to OPUL.
- Land documentation for all potential land for purchase was expedited including the searching for authenticity of land documents from the Mukono District Land offices, processing of legal rights and letters of administration.

- The project facilitated 62 land mobilization and tenant sensitization meetings in various villages in Buvuma to ensure buy-in by the local communities.
- The project held consultative meeting with Buvuma DLG on opening of land boundaries. It was agreed that the LCs will be involved in mobilization of the community about this exercise and offer security for the bulldozers.

#### ❖ **Challenges in land acquisition in Buvuma**

- Land titles are in the names of deceased persons, lengthy and fairly complex process of updating for some of the beneficiaries.
- Multiple interests in the land causing delays in acquisition due to the need to take care of all the interests in the land. (Registered owner, Tenant, Licensee)
- 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.
- The tenants bibanja have to be surveyed and valued one by one which is lengthy and time consuming. With the many tenants, the time required is substantial.

#### **2.1.3 Oil Palm Research Activities**

- Under oil palm research, performance of trial gardens was observed in terms of canopy diameter which ranged between 400 cm lowest to 850 cm in Buvuma and Masaka; Girth growth was lowest in Bugiri at 140 cm and highest in Masaka at 300 cm, the height of trees was found to be 180 cm in Buvuma and number of open leaves was highest in Masaka (40 leaves/ tree) and lowest in Bugiri (18 leaves/ tree). Flowering rates were highest in Masaka (100%) followed by Buvuma (90%). Nutrient deficiencies were common in all trials but highest in Masaka and Kibale but lowest in Buvuma. Assessment of diseases incidences and occurrence in trials of Buvuma, Mayuge, Bugiri and Kibale was done and no disease was reported apart from attacks on oil palm trees by weaverbirds, termites and kites. Disease and pest assessment in Kalangala focusing on wilting of the oil palms, armellaria disease control and bunch rotting was undertaken. Effect of bunch rotting was reported to be between 10-15% coverage. Recommendations were made to the farmers on how to handle the situation during the IFAD Supervision Mission of October 2013.



## **2.2 Oil Seed Development Component**

The annual objective of the Oil Seeds Development Component was to finalize the recruitment of pay for service providers and introduce improved oil seeds technologies to the oil seeds farmers in the project area. The detailed progress is below;

### **2.2.1 Recruitment of Pay for Service Providers**

- The procurement of the pay for service providers was expedited and the contractual process is being completed for 1 service provider for the West Nile Hub, 2 service provider for the Lira Hub, 1 service provider for the Gulu Hub and 2 service providers for the Eastern Uganda Hub.
- The scope of work for the pay for service providers was developed and agreed upon. This will include farmer group formation, capacity needs assessment and development, technical agricultural extension services for increased production and productivity, market information gathering and marketing and mainstreaming / integration of crosscutting issues. Facilitation of linkages between farmers and the market for their produce will be emphasized.

### **2.2.2 Farmer Training**

- The project demonstrated improved oil seeds technologies through establishment of farmer learning platforms in 29 districts. The farmer learning platforms demonstrated the recommended agronomic practices, comparison of productivity of the different oil seeds varieties and recommended post-harvest handling methods. The project established 1,164 Farmer Learning Platforms (FLPs) which built the capacity of 34,000 people, constituting 6,801 households and organized in 362 farmer groups.
- During season 'A' 2014, 1,050 farmer groups have been engaged in establishing 1,940 farmer learning platforms involving varieties, fertilizer levels, rhizobia inoculum and line planting treatments for farmer group training. To achieve this, 5,944 tons of sunflower, 6,152 tons of soybean and 1,386 tons of sesame were procured and delivered to farmer

groups for establishment of Farmer Learning Platforms. However, planting in West Nile Hub was limited by delayed and unreliable rainfall pattern.

- In order to meet the extension services provision with the increasing numbers of farmer groups as project activities expand within start-up districts, 250 sub county Field based Extension Workers in project areas of operation were oriented on VODP2 project and trained in oilseeds production to enable them handle FLPs and train farmers. Furthermore, at District Local Government planning level, 22 Technical Working Groups were established and oriented on their roles and responsibilities in implementation of the project activities.

**a) Observations and lessons from 2013 Farmer Learning Platforms**

**i. Field variety performance**

During the 2013, extension service for farmers' activities concentrated on use of farmer learning platforms to introduce and evaluate performance of improved oil crops varieties and share information and initiate building of business linkages among the stakeholders during farmer field days and other information and knowledge exchange fora. In response to seed shortage and adulterated seed, the project is working with researchers, National Seed Certification Services of MAAIF and 20 farmer groups trained in seed production to multiply foundation seed for soybean, sesame and groundnuts. This approach is hoped to contribute to increased availability of improved seed for oil seed crops and strengthen the capacity of farmer groups involved in seed multiplication to do it as a business.

**Table 8: Farmer Learning Platform: Acreage targets 2013**

<b>Crop</b>	<b>Crop variety</b>	<b>Planned (acres)</b>	<b>Actual (acres)</b>	<b>% achieved</b>
Sunflower	DK-40-40	306	194	<b>63.40</b>
	PAN 7033	5188	4187	<b>80.71</b>
	New Sunfola	842	660.5	<b>78.44</b>
	EASAF 1H	371	295.5	<b>79.65</b>
	EASAF 2H	372	303	<b>81.45</b>
	SESUN 1H	351	244	<b>69.52</b>
	SESUN 2H	367	247	<b>67.30</b>
Soybean	MAKSOY 2N	5076	3228.5	<b>63.60</b>
Ground nuts	SERENUT 2	1226	610.5	<b>49.80</b>
	SERENUT 4	821	208	<b>25.33</b>
Sesame	SESIM 1	469	51.5	<b>10.98</b>

The yield performance of varieties across the hubs presented in Table 9 shows that for Sunflower Pannar 7033 was the best performer across the hubs, followed by New Sunfola, EASAF 1H and Sesun 1H. DK-40-40 generally indicated the lowest performance across the hubs and overall yield performance.

For soybean, only one variety Maksoy 2N was accessed. The variety had its highest performance in Mbale and Gulu hubs, while lowest performance was in Arua Hub.

Only two groundnut varieties (Serenut 2 & 4) were supplied. Best performance was realized with Serenut 2 in Mbale and Lira Hubs. However target was not realized for groundnuts and simsim due to limited access to the improved seed from suppliers.

**Table 9: Variety Yield Performance across the Oil Seed Hubs (ton/acre)**

Crop	Variety	Oil Seed Hubs				Overall Total (ton/acre)	Overall Average (ton/acre)
		Gulu	Mbale	Lira	Arua		
Sunflower	DK-40-40	0.51	0.5	0.43	0.43	1.87	<b>0.468</b>
	PAN 7033	0.83	0.75	0.905	0.574	3.059	<b>0.765</b>
	New Sunfola	0.59	0.52	0.72	0.43	2.26	<b>0.565</b>
	EASAF 1H	0.51	0.5	0.75	0.46	2.22	<b>0.555</b>
	EASAF 2H	0.51	0.5	0.725	0.23	1.965	<b>0.491</b>
	SESUN 1H	0.65	0.44	0.75	0.32	2.16	<b>0.540</b>
	SESUN 2H	0.52	0.47	0.65	0.46	2.1	<b>0.525</b>
Soybean	MAKSOY 2N	0.63	0.76	0.4	0.39	2.18	<b>0.545</b>
Ground nuts	SERENUT 2	0.6	0.8	0.8	0.39	2.59	<b>0.648</b>
	SERENUT 4	0.5	0	0.6	0.58	1.68	<b>0.560</b>
Simsim	SESIM 1	0.37	0	0.3	0	0.67	<b>0.335</b>

Best performance of Sesim 1 variety delivered was in Gulu Hub (0.37 tons/acre) compared to 0.3 tons/acre achieved in Lira. Mbale and West Nile Hubs did not plant due to late delivery of seed by the supplier.

ii. **Effective seed demand during season 'A' 2014**

- Arising from interaction with various oilseed sector stakeholders and farmer field days, the demand for improved seed especially sunflower has been recorded for both agro-input dealers, medium scale millers and farmer groups. Demand for sunflower seed worth over

50 million was recorded from stakeholders cutting across all the hubs. This effective demand of seed for oil seed crops is expected to increase during season 'B' 2014, which is the main season for most oilseed crops.

- There has been an increase in the number of seed companies importing sunflower hybrid seed and these included; A.K. Oils and Fats for Pannar, FICA Seeds Ltd. for DK-40-40, Twiga Chemicals for NK FERTI and Global Traders Ltd. for Pannar and OTIS for soya bean
- Season 'A' observations indicate that there was high seed demand with all sunflower seed stocks sold-out by April 2014, leading to increased unit price per kilogramme for both hybrids and non-hybrid all varieties.
- VODP2 has registered increased number of seed companies and input dealers seeking to be linked to farmer groups with expressed seed demand. Information on seed demand was shared with Fica Seeds Ltd., East Africa Seed Ltd., A.K. Oils and Fats, UOSPA, Equator Seeds Ltd. and through their regional outlets has increased improved seed distribution and sales.
- Reported seed sales and demand show that an input dealer in Bulambuli procured and sold 1 ton from Mukwano, 2 input dealers procured and sold 0.5 tons from UOSPA, El Shadai Input Dealers Ltd. and Sukura Agro Suppliers in Eastern Hub which did not stock sunflower seed previously, stocked sunflower seed procured from UOSPA and FICA Seeds Ltd. for season 'A' 2014. The PMU and hub coordinators in conjunction with other partners are currently collecting information on aggregated farmer groups acreage committed for oil seeds production and inputs requirements for season 'B' 2014 for sharing with potential agro-inputs suppliers in time.
- As a result of the farmer groups engagement in farmer learning platforms and participation in farmer field days involving key value chain actors, increased access to crushing material was reported by Louis Enterprises in Gulu and Meena Industries in Kaberamaido, both of which had full stores. With regard to the impact of farmer learning platforms on seed demand, farmer groups were linked to Mukwano, UOSPA and FICA seeds for quality planting seed access.

b) **Memoranda of Understanding with District:** MoUs were signed with the 29 District Local Governments (DLGs) that hosted farmer learning platforms. The DLG extension workers played an important role in stakeholder mobilization to participate in the project activities, delivery of extension services to the farmers at the farmer learning platforms, quality assurance and regulatory services for the oil seeds agro-inputs and pest and disease management.

c) **Development of Linkages with Stakeholders**

The Hub Coordinators established relationships with players along the value chains and invited them to participate in the farmer field days at the farmer learning platforms. This resulted into marketing relationships with Agrinvest (U) Ltd. in Parombo and Panyimur in Nebbi district, Agricultural Productivity Enhancement Forum (APEF) in Nebbi and Zombo districts; and Salima Investment Ltd. an agro-input dealer in the West Nile Hub.

In eastern Uganda, the project engaged A.K Oils and Fats Ltd (Mukwano Group), Essence of Africa in Mbale town, SEBA Foods and PRIDE AGRO LTD in Tororo, P'IKWI in Bukedea', input dealers including East African SEED Ltd., financial institutions, notably; Uganda Development Bank Limited, Post Bank Uganda, Centenary, and Housing Finance, other partner organizations like; CARD Uganda, Eastern Private Sector Development Company Ltd and CRD and UOSPA.

In the Lira Hub, linkages were established with Mukwano a bulk buyer of sunflower and Mount Meru finalizing the installation of a solvent extractor of 210 metric tonnes, mt meru also agreed to assign a field personeel to visit the oilseed groups for assurance of market for sunflower and soyabean sunflower and soybeans. Another miller shirva with capacity of ....metric tonnes agreed to buy at market price and not below 1000 ugx. 10 medium scale millers spread out in Lira, Apac, Kaberamaido and Soroti were engaged for linkage to farmer groups to provide an assured market for sunflower grain.

In the Northern Uganda Hub, the project is working with Louis enterprises who offered farmers higher prices at Ugx 1,200 than the average market price for bulk purchases in Season A. Business relationship has been initiated between an Oil miller in Padibe with 8

farmer groups, leading to increased sunflower seed demand (1 ton) by farmers supplying grain to St Francis Sunflower Mill, who were linked to UOSPA for seed access.

- The PMU supported the Hubs in brokering of business linkages between farmer groups/associations, traders and microfinance institutions/SACCOs as shown in tables 10, 11, 12 & 13 below:

**Table: 10 Lira Hub Stakeholder Linkages**

<b>Farmer Organisation</b>	<b>Approached market off-takers</b>	<b>Involved Micro Finance Institution/SACCO</b>	<b>Actions and outcome of linkages</b>
Pakanyi Farmers' Cooperative Society	Crown Matt Ltd. NileAgro Ltd., Lira Shiva Millers, Lira	ECLOF UDBL	- Held joint discussions and introduced the farmers' cooperative to crown matt. However, the miller was not committal on minimum buying price per kilogram. Over 5 Ha is maturing
Acwec Mio	NileAgro, Ltd., Mukwano	UDBL	- UDBL financed production of simsim sunflower and soya bean during season B over 261 acres. - An off -taking contract signed with Nile-Agro who committed on a minimum price (UGX 1,000 Shs for hybrid seed). And VODP2 is witness to the contract.
Alito Farmers' Cooperative	NileAgro, Ltd., Lira Mukwano	UDBL	- Has received funding for oil seed production from UDBL. VODP2 has assisted the Cooperative in revision of the terms of the agreement, i.e. aligning the period to start repayment to crop's gestation period and postharvest activities.
Oyam farmers members	NileAgro, Ltd., Lira Shiva Millers, Lira	Alutkot SACCO	- SACCO has capacity to finance its members for required agro-inputs through Farmers Centre (U) LTD in oyam district
Note en Teko	NileAgro, Ltd., Lira Shiva Millers, Lira	UDBL	- Participated in 2013 farmer learning platforms, now moving on to commercial production of sunflower and soybean. - VODP2 supported them to submit their application to UDBL for loan amount of 293 million to cultivate over 1068 ha of sunflower and simsim; and helping the association with season B planting plans, putting

			in place bulking plans, stores management plans, and marketing plans
Acan Tami Farmers Groups	Meena Industries	Opportunity Bank willing to finance and provide financial literacy to the actors	<ul style="list-style-type: none"> <li>- VODP2 introduced sunflower growing as alternative to cotton and is organizing the groups form an association for commercial production units around the mill – Meena industries.</li> <li>- With cotton production on a downward trend, Meena Industries diversified into sunflower milling and buying simsim. The farmer groups are being linked to the mill, which will provide an assured market at an agreed upon minimum price of quality grain.</li> <li>- During the 2013 season ‘B’, he had stores full of sunflower crushing material an evidence of increased production.</li> </ul>
Katine Joint Farmers’ Cooperative Society Ltd.	TOFA Products, Soroti	UDBL	<ul style="list-style-type: none"> <li>- Farmer Cooperative composed of 68 groups with total membership of about 700.</li> <li>- Farmer Coop. has its own agro-input shop.</li> <li>- VODP2 facilitated meeting between farmer cooperative and TOFA Miller who recently installed a new 10 ton/day mill with co-funding from Private Sector Foundation. VODP2 initiated discussion with UDBL to finance miller with off-taking credit.</li> </ul>

**Table: 11 Gulu Hub Stakeholder Linkages**

<b>Farmer Organisation</b>	<b>Potential market off-takers</b>	<b>Involved Micro Finance Institution/SACCO</b>	<b>Actions and outcome of the linkages</b>
10 farmer groups in Lamwo district.	St. Francis Sunflower Press	Kitgum SACCO willing to provide financial services	<ul style="list-style-type: none"> <li>- The Mill is run as a service to the community, with farmers bringing their grain and they share the oil extracted.</li> <li>- Farmer groups engaged in Farmer Learning Platform jointly with the miller with intention to re-orient their approach to take-on oil seed production and milling as a business.</li> <li>- Miller linked to purchase sunfola from</li> </ul>



			Equator seed with was extended on credit to the 10 farmer groups to produce and supply the mill, VODP2 is helping to draft agreement between the farmers and the miller
35 farmer groups in Gulu district.	Louise Enterprises.	Centenary Bank and DFCU willing to provide financial services (some of the groups have opened bank accounts with these banks) .	<ul style="list-style-type: none"> <li>- Miller used to buy crushing material from as far as Lango sub region.</li> <li>- In 2013, he had stores full by buying from farmers in and around Gulu at a price of UGX 1,000 – 1,200/=.</li> <li>- VODP2 strengthening the groups in record keeping for production and sales</li> <li>- VODP2 is helping to draft formal agreement between the farmers and the miller</li> </ul>
Acwera farmers' association Amuru/Nwoya	Global Trust Traders Ltd.	UDBL Centenary Bank	<ul style="list-style-type: none"> <li>- The association linked to new mill recently installed with capacity of 15 tons/day in Gulu town.</li> <li>- VODP2 helping the group to formally register at district and as commercial producing cooperative. Discussion and guidance held with the group to plan production of 100 acres of sunflower during season 'B', 2014. Seed demand also established and group being linked to seed suppliers</li> </ul>

**Table: 12 West Nile Hub Stakeholder Linkages**

<b>Farmer Organisation</b>	<b>Potential market off-takers</b>	<b>involved Finance Institution/SACCO</b>	<b>Actions and outcome of linkages</b>
Amatura P&MCS	Adokibo Mission Farm	Moyo SACCO UDBL	- Growing soybean and sunflower. - VODP2 is preparing them for presenting to UDBL for loan access.
Obongi Cooperative Society	Adokibo Mission Farm	Moyo SACCO UDBL	- VODP2 is preparing them for presenting to UDBL for loan access.
Lefori Multipurpose Group	OLAM, Yield Uganda Adokibo Mission Farm	Moyo SACCO	- Engaged in sesame production using local varieties. Improved varieties Sesim 1 and Sesim 2 have been introduced.
Ovuocaku Wendi Farmers Group	OLAM, Yield Uganda AFARD	Centenary Bank	- Involved in farmer learning platforms. Focusing commercial production of simsim and sunflower

**Table: 13 Eastern Uganda Hub Stakeholder Linkages**

<b>Farmer Organisation</b>	<b>Potential market off-takers</b>	<b>Involved Micro Finance Institution/SACCO</b>	<b>Actions and outcome of linkages</b>
Tororo Multipurpose Agribusiness Training Association	Essence of Africa	Opportunity Bank, Mbale Branch.	- Farmer Group visits with Opportunity Bank and Essence of Africa are on-going.
Bunambutye Farmers' Group			
Budaka District farmers Association			
Busia Women Farmers Society			
Bukhalu ACE			
Iganga District Farmers Association	Nile Agro Ltd., Jinja	UDBL	- Loan application submitted and loan processing for the four groups is at advanced stage. - A joint meeting held between the four farmer associations , UDBL, Nile Agro and VODP to agree on the soyabean production plans, market/bulking arrangements,
Mayuge District Farmers Association			
Bugiri District Farmers Association			
Jinja District Farmers Association			

			and seed source/supply season B
Slum Women Initiative for Development (SWID)		Opportunity bank willing to provide finance and financial services	- Group has been engaged in farmer learning platform. They are hoped to go into commercial production of soybean, sunflower and simsim season B.
<i>Other potential market off-takers include; SEBA Foods Ltd.; Pride Agro in Tororo and 2 small scale processors in Kamukoko and Atutur, Kumi district.</i>			

#### d) Adaptive Research

- MOUs with NaSARRI and NaCCRI were signed to guide adaptive research activities under the project. Work plans and budgets were prepared and reviewed.
- NaSARRI and NaCCRI will engage organized farmer groups trained in seed production. The groups within the oil seeds project area will work with researchers and National Seed Certification Services to multiply the improved varieties to increase access to the improved seed by the rural farmers.

#### e) Standards and Quality Assurance

- Following the signing of an MOU between MAAIF and Uganda National Bureau of Standards (UNBS), UNBS appointed a focal point person to work with VODP2. PMU is reviewing and finalizing an annual work plan and budget to enable implementation of the standards and quality assurance activities. In the case of National Seed Certification Services (NSCS), a focal point person was appointed to work with PMU in developing and finalizing an annual work plan and budget and coordination of seed quality activities. The first activity will focus on establishing the level of seed production, quality and devise strategies for improvement of seed quality on the market.

## **2.3 Project Management**

The Project Management Unit's annual objective was to effectively and efficiently coordinate project activities to ensure delivery of high quality and cost efficient services in the project areas. The progress under the project management component is as follows;

### **2.3.1 Supervision and Technical Backstopping**

- The Farmer Learning platforms were established with direct involvement and supervision of hub coordinators who provided technical guidance
- Conducted a 2 days Business Development Services training in partnership with PICO Team for 17 actors/ collaborators in the oil seeds value chain
- Reviewed the grant proposal by Uganda Land Alliance on setting up of land centers in Kalangala to empower smallholder farmers to acquire land rights.
- The 2<sup>nd</sup> draft Environmental and Social Impact Assessment (ESIA) Report for the expansion of smallholder oil palm estate on Bugala and to the outlying islands of Bunyama, Bubembe, Funve and Bukasa; and Buvuma were submitted and are under review by the PMU. After incorporation of the comments from the PMU, the reports shall be submitted to the NEMA.

### **2.3.2 Communication and Knowledge Management**

- Completed the development, printing and distribution of 500 wall calendars, 500 desk calendars and 500 diaries to project stakeholders along the commodity value chains.
- Participated in the Uganda Knowledge Management and Learning (KM&L) workshop which took place in Jinja. The participants from the PMU and KOPGT developed an action plan to mainstream KM&L in project implementation.
- Conducted a Knowledge Management and Learning workshop in Kalangala that was attended by KOPGA leadership, KOPGT Board representatives, KOPGT Secretariat staff and SOPAG staff.

### **2.3.3 Financial Literacy and Credit activities**

- Held meeting with Alutkot SACCO in Oyam district who agreed to develop a loan product for oil seeds farmers in Oyam to ease access to quality inputs through input dealers and initiated discussions with farmers centre (U) LTD.
- Held 2 meetings with UDBL to create financial linkages for the oilseed value chain actors and MOU to that effect has been initiated. UDBL shared their loan checklist to ease identification of qualified oilseeds farmers.
- Participated in negotiations on loan terms for 3 oil seeds cooperatives in Lira. Negotiations resulted loan facilities for Acwec Omio (Ushs. 500 million), Alito (Ushs. 654 million) and Angetta (480 million) tailored to suit the oilseed crop cycle.
- Supported 3 oilseeds producer cooperatives (Amatura Cooperative in Moyo, Note en Teko association in oyam, Acwera farmers association in Amuru) to get organized, register and develop business plan to support application for loan facility in UDBL
- Conducted saving and loan management awareness training for oil palm farmers in bbeta east block.
- Held 2 partnership meetings with opportunity Bank and shared financial analysis on cost effectiveness of Sunflower and Soya bean crop. Agreed to sign an MOU in time for supporting 9 identified producer groups in Mbale Hub in the first season and conduct financial literacy training to the 9 producer group to prepare them for the financing.
- Held discussion with Packwach-Num in Nebbi and Katine savings and credit cooperatives in Soroti who agreed with technical support from project to develop ox plough loan product targeting ease of land opening in the project catchment areas of Nebbi and Soroti.

### **2.3.4 Human Resource Management**

- Recruitment of the Lira Hub Coordinator and Project Accountant was concluded and staff reported for work. Performance appraisal for all staff was undertaken which culminated into renewal of contracts for PMU staff for two years, renewable.

- The PMU held regular review and planning meetings with a view of sharing activities undertaken in the different project areas of implementation and for team building and participation.
- In terms of staff development, training in knowledge management was executed. Hands on training in M&E principles, output based budgeting and reporting were carried out. Staffs were exposed to procurement principles, development of technical specifications and contract management. Staff was also trained in performance appraisal.

### **2.3.5 Cross cutting Areas**

- Participated in the UNAIDS Uganda HIV/AIDS action plan 2015 validation workshop. The action plan was finalized and submitted to UNAIDS for funding.
- Participated and exhibited at the Agri Pro focus half day oil seeds exhibition and workshop in Kampala.
- Participated in Learning route on innovative approaches to secure women's land rights in Rwanda /burundi
- Held discussion with district support livelihood program who agreed to conduct 2 training of trainer (ToT) on household mentoring targeted to the selected project participants in oil palm and oilseeds.
- PMU supported training and awareness on gender issues conducted by Kalangala community development department for 210 oil palm farmers (120 males and 90 females) and 214 (110 males and 104 females) on HIV/AIDS counseling in Kasekulo

## **2.4 Monitoring and Evaluation**

The project completed the design of the baseline surveys for the project implementation areas. The progress achieved between July 2013 and June 2014 is as follows;

- The baseline survey procurements for oil palm expansion in Kalangala, and, oil palm development in Buvuma were expedited and technical and financial bid negotiations with the best evaluated bidders were completed. The draft inception reports were submitted

and have been reviewed. Formal submissions of the inception reports are expected before the end of June 2014. The baseline surveys are expected to be completed before the end of August 2014.

- The terms of reference, methodology, budget and time lines for the oil seeds baseline survey that is being implemented through a partnership between the PMU, the MAAIF Statistics and M&E Divisions and the Uganda Bureau of Statistics (UBOS) were completed. The pre-test of the data collection tools was carried out in Jinja after which the data collection tool was updated and a report prepared. UBOS has finalized the identification of the enumeration areas. Starting July 2014, the team will carry out the household listing in the selected enumeration areas, select the sampled households and carry out the main survey. The process of recruitment of enumerators is being carried out jointly by the Project Hub Coordinators and the District Focal Point Persons. The oil seeds baseline survey is expected to be completed before end of August 2014.
- The terms of reference for the VODP 2 Mid Term Review which will be carried out in partnership with the Technical Division of the Food and Agriculture Organization of the United Nations were completed. The terms of reference were reviewed by IFAD and FAO and the procurement process is now underway. The MTR is expected to start in November 2014.
- The project started the implementation of the Geographical Information Systems (GIS) based impact tool “the farmer driven enumeration” in Kayunga and Bbeta East Blocks of Kalangala district. In the Kayunga block, 190 smallholder farmers were enumerated while in Bbeta East block, 250 farmers were enumerated. Data captured included size of the farmers garden, household characteristics, land tenure information and income data. The data entry tool which is being prepared by the UN Habitant is yet to be installed. Summary data on the names of the households enumerated, size of their oil palm gardens and GPS locations of the gardens were entered into an excel sheet.
- Carried out a joint physical and financial monitoring exercise with the Agriculture Planning Department of MAAIF in Kalangala. The study report was submitted to the

PMU. Among others, OPUL agreed to share on-demand, information on the performance of the nucleus estate and Palm Oil Mill.

- Carried out a joint physical monitoring and supervision visit of the oil seeds component with the Agricultural Planning Department of MAAIF. The visit covered Gulu, Amuru, Kitgum, Mbale, Sironko, Manafwa, Yumbe, Arua, Zombo, Masindi, Oyam and Apac districts. The general findings were that although the farmer learning platforms successfully demonstrated new varieties and successfully demonstrated new varieties and successfully shared knowledge with the farmers, there were challenges of poor data and record keeping, low productivity, few relationships established between farmers and millers, and, unclear roles of the district local governments.



## 2.5 PROJECT COSTS, FINANCING AND PROCUREMENT (VODP 2)

### 2.5.1 Project Funding

The VODP 2 received funds from GOU as counterpart funds and from IFAD for implementations of project activities according to the 2013/14 project work plan and budget. GOU is in general terms supposed to fund 23.22% of the budget which is supposed to cover 100% of land cost, while IFAD loan funds 76.78% of the budget. The budget for Financial Year 2013/14 was 23.53 billion (USD 9.23 M)<sup>1</sup>, including Ushs.5.46 billion (USD 2.14M) for GOU contribution. IFAD was to contribute Ushs.18.07 billion (USD 7.08M).

### 2.5.2 2013/14 Budget by category

CATEGORY	AMOUNT (UGX)	AMOUNT (USD)
<b>IFAD</b>		
1 Vehicle, Equipment and materials	1,844,000,000	723,137
2 Materials	480,000,000	188,235
4 Civil works	820,500,000	321,765
5 Small holder Oil Palm	5,138,137,920	2,014,956
7 Consultancy, training and workshops	3,386,171,169	1,327,910
8 Extension service	3,222,301,000	1,263,647
9 Salaries	2,016,654,953	790,845
10 Operating cost	1,157,477,920	453,913
<b>Subtotal</b>	<b>18,065,242,962</b>	<b>7,084,409</b>
<b>GOU</b>		
1 Vehicle, Equipment and materials	100,000,000	39,216
5 Small holder Oil Palm	5,040,000,000	1,976,471
8 Extension service	100,000,000	39,216
9 Salaries	163,607,695	64,160
10 Operating costs	60,000,000	23,529
<b>Subtotal</b>	<b>5,463,607,695</b>	<b>2,142,591</b>
<b>GRAND TOTAL</b>	<b>23,528,850,658</b>	<b>9,227,000</b>

### 2.5.3 2013/14 FY Budget by Component

<sup>1</sup> The exchange rate applied is 1 US \$ = Ushs. 2,550.

<b>Component</b>	<b>Amount (UGX)</b>	<b>Amount (USD)</b>
<b>Oil palm Development Component</b>		
Kalangala Oilpalm Development	5,784,137,920	2,268,289
KOPGT support	2,258,675,649	885,755
Buvuma Mobilisation	584,950,000	229,392
Buvuma Oil plam development	5,564,500,000	2,182,157
New oil palm area identification	353,709,600	138,710
<b>Subtotal Oil palm Development Component</b>	<b>14,545,973,169</b>	<b>5,704,303</b>
<b>Oil seeds Component</b>		
Farmer groups extension	4,119,546,000	1,615,508
Seed production	1,064,444,569	417,429
Value chain	213,440,000	83,702
<b>Subtotal Oil Seeds Development</b>	<b>5,397,430,569</b>	<b>2,116,639</b>
<b>PMU Component</b>		
Project Management	3,585,446,920	1,406,058
<b>Subtotal Project Management component</b>	<b>3,585,446,920</b>	<b>1,406,058</b>
<b>Grand Total</b>	<b>23,528,850,658</b>	<b>9,227,000</b>

## 2.5.4 Financial Performance

### Financial performance by Categories against budget for the Period July 2013 to June 15, 2014

Particulars		Actual			Actuals and Commitments		
Category	Budget	Expenditure	Variance	%age	Commitments	Total Expenditure	%age
<b>IFAD</b>							
1 Vehicle, Equipment and materials	1,844,000,000	1,127,744,540	716,255,460	61.16%	257,754,000	1,385,498,540	75.14%
2 Materials	480,000,000	241,062,000	238,938,000	50.22%	188,000,000	429,062,000	89.39%
4 Civil works	820,500,000	36,185,081	784,314,919	4.41%	337,740,461	373,925,542	45.57%
5 Small holder Oil Palm	5,138,137,920	3,252,670,143	1,885,467,777	63.30%	883,535,654	4,136,205,797	80.50%
7 Consultancy, training and workshops	3,386,171,169	620,559,248	2,765,611,921	18.33%		620,559,248	18.33%
8 Extension service	3,222,301,000	781,027,056	2,441,273,944	24.24%		781,027,056	24.24%
9 Salaries	2,016,654,953	1,789,442,258	227,212,695	88.73%		1,789,442,258	88.73%
10 Operating cost	1,157,477,920	973,013,033	184,464,888	84.06%		973,013,033	84.06%
<b>Subtotal</b>	<b>18,065,242,962</b>	<b>8,821,703,358</b>	<b>9,243,539,604</b>	<b>48.83%</b>	<b>1,667,030,115</b>	<b>10,488,733,473</b>	<b>58.06%</b>
<b>GOU</b>							
1 Vehicle, Equipment and materials	100,000,000		100,000,000	0.00%			0.00%
5 Small holder Oil Palm	5,040,000,000	5,040,000,000	0	100%		5,040,000,000	100%
8 Extension service	100,000,000	84,000,000	16,000,000	84.00%		84,000,000	84.00%
9 Salaries	163,607,695	122,000,000	41,607,695	74.57%		122,000,000	74.57%
10 Operating costs	60,000,000	16,236,607	43,763,393			16,236,607	27.06%
<b>Subtotal</b>	<b>5,463,607,695</b>	<b>5,262,236,607</b>	<b>201,371,088</b>	<b>96.31%</b>		<b>5,262,236,607</b>	<b>96.31%</b>
<b>GRAND TOTAL</b>	<b>23,528,850,658</b>	<b>14,083,939,965</b>	<b>9,444,910,693</b>	<b>59.86%</b>	<b>1,667,030,115</b>	<b>15,750,970,080</b>	<b>66.94%</b>

The expenditure for the period July 01, 2013 to June 15, 2014 was Ushs 14.08billion accounting for 59.86% of the annual budget. The GOU counterpart funding budget performance is 96.31%, while IFAD funds performance was 48.83%. However, when project commitments are included, the combined performance increases to 66.94% of the annual budget.

### **2.5.5 IFAD loan variances**

During the period ended June 15, 2014, a total of Shs 8.82 Billion was spent on project activities, representing a budget out-turn of 48.83%. However, when project commitments are included, the performance increases to 58.06% of the annual budget. Material variances are due the following reasons;

- a. **Vehicles and equipment;** Un-utilization of funds is attributable to the fact that the project has not purchased motorcycles. This is due to the fact that the procurement was re tendered after failing to get a supplier during the first time.
- b. **Materials,** the performance of 50.22% is because the materials for second planting season have not been invoiced by the suppliers.
- c. **Civil works;** The construction of the fertilizer store started in May 2014 and roads construction started in April 2014
- d. **Consultancies, workshops and training;** The budget performance of 1.17% is due to the fact that environmental impact assessment studies in Kalangala and Buvuma have not been completed. MOUs with research institutions were completed in the forth quarter of the year.
- e. **Extension services;** The percentage variance is due to the fact that pay for service suppliers have been brought on board late. Additionally, MOUs with implementing agencies were completed late.
- f. **Smallholder oil palm;** the budget performance of 19.50% is due to OPUL delaying to submit invoices for the fertilisers supplied to KOPGT in February 2014

### 2.5.5.1 Financial performance by Component against budget for the Period July 2013 to June 15, 2014

Component	Budget	Expenditure	%age	Commitment (UGX)	Total (Actual & Commitment)	%age
<b>Oil palm Development Component</b>						
Kalangala Oilpalm Development	5,784,137,920	3,341,891,338	57.78%	1,012,412,654	4,354,303,991	75.28%
KOPGT support	2,258,675,649	1,153,885,955	51.09%	337,740,461	1,491,626,416	66.04%
Buvuma Mobilisation	584,950,000	164,597,999	28.14%	128,877,000	293,474,999	50.17%
Buvuma Oil plam development	5,564,500,000	5,083,023,107	91.35%		5,083,023,107	91.35%
New oil palm area identification	353,709,600	0	0.00%		0	0.00%
<b>Subtotal Oil palm Development Component</b>	<b>14,545,973,169</b>	<b>9,743,398,398</b>	<b>66.98%</b>	<b>1,479,030,115</b>	<b>11,222,428,512</b>	<b>77.15%</b>
<b>Oil seeds Component</b>						
Farmer groups extension	4,119,546,000	1,085,545,233	26.35%		1,085,545,233	26.35%
Seed production	1,064,444,569	309,508,794	29.08%	188,000,000	497,508,794	46.74%
Value chain	213,440,000		0.00%		0	0.00%
<b>Subtotal Oil Seeds Development</b>	<b>5,397,430,569</b>	<b>1,395,054,027</b>	<b>25.85%</b>	<b>188,000,000</b>	<b>1,583,054,027</b>	<b>29.33%</b>
<b>PMU Component</b>						
Project Management	3,585,446,920	2,945,487,540	82.15%		2,945,487,540	82.15%
<b>Subtotal Project Management component</b>	<b>3,585,446,920</b>	<b>2,945,487,540</b>	<b>82.15%</b>		<b>2,945,487,540</b>	<b>82.15%</b>
<b>Grand Total</b>	<b>23,528,850,658</b>	<b>14,083,939,966</b>	<b>59.86%</b>	<b>1,667,030,115</b>	<b>15,750,970,080</b>	<b>66.94%</b>

### 2.5.5.2. Release of funds during the Year 2013/14 – GOU Funds.

Government of Uganda is 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 5.46 billion (USD 2.14 million) for project activities, of which a total of Ushs 7.37 billion has been released amounting to 135% performance.

### 2.5.5.3 IFAD funding

The project operates two special Accounts at Bank of Uganda; Farmers account and VODP operations Account of USD 2.0M each. The project received USD 0.55M for farmers' loans and USD 1.81M for other activities under VODP2 against four withdrawal applications; No. 018, 020, 024 and 025

#### Replenishment of the special accounts

Date	WA	Account	USD
09/08/2013	018	Farmers' loan special account	545,868.57
09/08/2013	020	VODP Operations special account	1,000,000.00
10/03/2014	024	VODP Operations special account	314,259.38
28/04/2014	025	VODP Operations special account	491,768.23
<b>Total</b>			<b>2,351,896.18</b>

### 2.5.3 Project Expenditures/disbursements

#### 2.5.3.1 Direct Payments

The Project made a direct payment amounting to Ushs 3.49 billion (USD 1.37M) the period between July 2013 to June 2014.

#### Direct payments

WA	PAYEE	USHS	USD
022	Africa Motors	1,135,856,205.44	437,156.00
023	Atacama	85,043,777.13	33,316.27
027	OPUL	454,932,821.45	179,698.15
028	Nissan	1,100,744,540.28	435,897.00
029	OPUL	708,472,622.22	280,556.55
<b>Total</b>		<b>3,485,049,966.52</b>	<b>1,366,623.97</b>

### 2.5.3.2 Disbursement of funds to Implementing Agencies.

#### (i) Releases to KOPGT for Oil Palm Activities.

Ushs 1.87 billion (USD 0.74M) was disbursed to KOPGT for small holders growers since July 2013, leading to a total disbursement of Ushs 11.54 billion (USD 4.44M) under VODP2. This amount when added to the Ushs 5.56 billion (USD 2.84M) disbursed under the first phase, amounts to Ushs. 17.1 billion (USD 7.38M) disbursed to Kalangala Oil Palm Growers Trust (KOPGT) as cash for onward lending to farmers.

#### (ii) Input Loans.

OPUL was paid Ushs 1.16 billion since last supervision mission in September 2014, increasing the total payment to OPUL for inputs under VODP2 to Ushs 11.27 billion (USD 4.58M). This when added to the funds paid to OPUL under VODP 1 amounts to Ushs. 16.04 billion (USD 6.98M).

The total KOPGT funds disbursed to KOPGT(cash loans plus input loans) amounts to Ushs 33.19 billion of which Ushs 22.86 billion was paid from VODP 2 funds.

#### (iii) KOPGT operations

PMU disbursed Ushs 931 million to KOPGT from July 2013 for operations activities, amounting to a total disbursement of 2,346 million for KOPGT operations activities and payment of staff.

#### Disbursements for Oil Palm Activities

Entity	Cum to June 2013	Jul – Jun 2014	Cum to date
KOPGT operations	1,414,775,448	931,195,037	2,345,970,485
KDLG	165,987,000	0	165,987,000
BDLG	161,371,000	94,100,200	255,471,200
<b>Total</b>	<b>1,742,133,448</b>	<b>1,025,295,237</b>	<b>2,767,428,685</b>

#### (iv) Disbursements to Research Institutes under NARO

No funds were disbursed to research institutes under NARO since July 2013.

**Table 8: Funds disbursed to Research Institutes under NARO**

<b>Institute</b>	<b>Cumm to June 2013 Ushs</b>	<b>Jul – Jun 2014 Ushs</b>	<b>Cumm to date Ushs</b>
COREC	192,474,680		192,474,680
NaCRRRI soya bean			
NaCRRRI essential oils	0		0
NaSSARI	0		0
<b>Total</b>	<b>192,474,680</b>		<b>192,474,680</b>

**(v) Disbursements to Districts under Oilseeds**

A total of 112,056,500.00 was disbursed to 25 districts for oilseeds activities in June 2014

<b>Districts</b>	<b>Cumm to June 2013</b>	<b>Jul – Jun 2014</b>	<b>Cumm to date</b>
Amuria District		4,050,000.00	4,050,000.00
Amuru District		4,480,000.00	4,480,000.00
Apac District		3,900,000.00	3,900,000.00
Arua District		4,425,000.00	4,425,000.00
Bugiri District		3,704,000.00	3,704,000.00
Bukedea District		3,280,000.00	3,280,000.00
Bulambuli District		5,560,000.00	5,560,000.00
Busia District		4,687,000.00	4,687,000.00
Gulu District		5,278,500.00	5,278,500.00
Kaberamaido District		4,450,000.00	4,450,000.00
Kumi District		3,025,000.00	3,025,000.00
Lamwo District		5,465,000.00	5,465,000.00
Lira District		7,070,000.00	7,070,000.00
Manafwa District		4,175,000.00	4,175,000.00
Masindi District		4,430,000.00	4,430,000.00
Mbale District		4,230,000.00	4,230,000.00
Moyo District		4,175,000.00	4,175,000.00
Nebbi District		5,218,000.00	5,218,000.00
Oyam District		6,477,500.00	6,477,500.00
Pader District		4,161,500.00	4,161,500.00
Pallisa District		4,132,000.00	4,132,000.00
Serere District		4,175,000.00	4,175,000.00
Sironko District		3,750,000.00	3,750,000.00
Yumbe District		4,008,000.00	4,008,000.00
Zombo District		3,750,000.00	3,750,000.00
<b>Grand Total</b>		<b>112,056,500.00</b>	<b>112,056,500.00</b>



## 2.5.4 Book keeping

### (i) Bank Reconciliation.

The project carried out the Designated Account (DA) reconciliation of the two designated accounts. Data is captured in the Tally accounting package.

## 2.5.5 Final Audit

The Auditor General's office is carried out the audit of for 2012/13 financials and activities and submitted to IFAD in January 2014

## 2.5.6 Over all Loan Performance

The overall VODP 2 loan performance stands at 26.66% disbursement.

**Table 11: IFAD loan 806 disbursements (SDR as at 15<sup>th</sup> June 2014)**

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			1,301,626.38	(1,301,626.38)	100
1	Vehicles and equipment	100	4,400,000	300,730.46	4,099,269.54	7.00
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	30,488.74	1,279,511.26	2.00
5	Smallholder oil palm development	100	8,030,000	4,641,164.61	3,388,835.39	58.00
6	Oil seed Guarantee Fund	100	920,000		920,000	0
7	Consultancies, Workshops and Training	100	2,070,000	278,237.44	1,791,762.56	13.00
8	Extension services	100	6,200,000	54,476.97	6,145,523.03	1.00
9	Salaries and allowances	100	3,270,000	584,643.48	2,685,356.52	18.00
10	Operating costs	100	1,980,000	483,068.18	1,496,931.82	24.00
	Unallocated		3,070,000		3,070,000	0
	<b>Total</b>		<b>33,500,000</b>	<b>8,102,141.40</b>	<b>24,567,282.75</b>	<b>26.66</b>

## 2.6 Procurement performance

The VODP2 Sub-Contracts Committee has been fully constituted with all the five members, and has been operational for the last two years (the 5th member was appointed in April 2014).

Twenty one (21) sub-contracts committee meetings were held in the period of reporting bringing the total to 21 since July 2012 to-date in which period 96% of the procurement requests have been approved.

The Service Cost Panel (SCP) for KOPGT has been fully constituted with all the six (06) members and is already executing their duty of reviewing procurement requests including prices for agro-inputs supplied by OPUL and other service providers as per their mandate. The procurement manual for guiding the SCP and staff of KOPGT is in advanced stages of being reviewed and adopted.

The following major procurement items have been fully executed/ delivered or are in the final stages of implementation;

- The contracts for the Environmental and Social Impact Assessments (ESIA) in Kalangala (with ASRDEM Limited) and Buvuma (with Atacama Consulting) are in advanced stages of implementation. The draft ESIA reports are being reviewed by the PMU before onward submission to the National Environment Management Authority (NEMA) for approval.
- The contract for construction of a 700 square metres fertilizer store for Kalangala Oil Palm Growers Trust Secretariat in Kalangala district has been signed with M/s Muga Services Ltd of P.O. Box 13130, Kampala-Uganda at Ushs.1,051,075,263= (Uganda shillings one billion fifty one million seventy five thousand two hundred sixty three shs only) and construction has started.
- The contract for consultancy services for financial management technical assistance to Kalangala Oil Palm Growers' Trust (KOPGT) been signed with M/s BackHouse Certified Public Accountants, of P.O Box 25573 Kampala at Ushs 86,320,000 (Uganda shillings eighty six million three hundred twenty thousand) including re-

imbursables and miscellaneous expenses exclusive of local taxes. The consultant has started on execution of the services.

- The contract for consultancy services for carrying out Baseline Survey with GIS mapping for the Oil Palm Component in Buvuma (lot 1) has been signed with M/s Case International Consultants Ltd, of P.O Box 6916 Kampala at Ushs 124,970,000 (One hundred twenty four million nine hundred seventy thousand shs) including reimbursables and miscellaneous expenses exclusive of local taxes. The consultant has started on execution of the services.
- The contract for consultancy services for carrying out Baseline Survey with GIS mapping for the Oil Palm Component in Kalangala and outlying islands of Bukasa, Bunyama, Bubembe and Funve (Lot 2) has been signed with M/s GB Consulting Associates Ltd, of P.O Box 14602 Kireka-Kira Town at Ushs 121,000,000 (Uganda shillings one hundred twenty one million shs) including reimbursables and miscellaneous expenses exclusive of local taxes. The consultant has started on execution of the services.
- Provision of consultancy services in Agricultural Extension Services and Business Partnerships Development (Paid for Service providers) under the oil seeds component in the hubs; Negotiation minutes and contract award recommendations for Arua and Lira have been cleared by IFAD. Negotiation meetings with service providers in Gulu and Lira (re-tendered) and two service providers in Mbale are being concluded for Contracts committee clearance and IFAD no objection.
- The contract for provision of annual Group Personal Accident/Workman's Compensation insurance cover for 24 (twenty four) VODP2 Project staff has been signed with M/s National Insurance Corporation Ltd of P.O Box 7134 Kampala at Ushs 20,012,058 annual premium and staff members are now covered.
- The contract for provision of private security services for regional hub offices in Arua, Gulu, Lira and Mbale has been signed with M/s Security 2000 Limited, of P.O Box 4480 Kampala-Uganda at Ushs 49,800,000 (Forty nine million eight hundred thousand shs) annually, VAT@18% inclusive and the firm is already providing security services in those hubs.

- The contract for office accommodation for PMU at Jocas House with Mr John G Rwambuya of P.O. Box 12225, Kampala has been renewed for two years (till 31<sup>st</sup> July 2015) at US\$ 4,600 (Dollars Four thousand six hundred only) per month for the 320 square meters making a total contract sum of USD\$ 110,400 (United States Dollars one hundred and ten thousand four hundred only).
- The contract for supply of 22,000 copies of printed Oilseeds fact sheets in English and 32,800 copies in local languages for sunflower, soybean, Groundnuts and Sesame highlighting agronomy, Post-harvest, and Economics analysis has been signed with M/s Selective Investments Ltd, of P.O Box 33300 Kampala at Ushs 81, 153,320 (Eighty one million one hundred fifty three thousand three hundred twenty shs) VAT 18% inclusive.
- The contract for supply of 4,000 copies of printed Oilseeds Field Hand Books; 10,000 copies of Oilseeds flyers updates; 1000 copies of Oil Palm flyers updates; 5000 copies of VODP profile & FAQ brochures; and other communication materials has been signed with M/s Supply Masters (U) Ltd, of P.O Box 26560 Kampala at Ushs 77,912,450 (Seventy seven million nine hundred twelve thousand four hundred fifty shs) VAT 18% inclusive.
- The contract for supply of 28 motor cycles with M/s Nile Fishing Company Ltd at contract price of 253,120,000= (Shillings Two hundred fifty three millions one hundred twenty thousand shs only) CIP Kampala has been signed. Tax clearance and registration procedures are being finalized for effecting transfer and delivery of the cycles. Others include desk/wall diaries, seasonal greeting cards and calendars 2014;
- 13 units of D/cabin pickups, 01 saloon car, 02 units of station wagons have been delivered by M/s Kampala Nissan Ltd at a price of USD 435,897 and EUROS 73,644
- Agro-inputs (Seeds, fertilizers and agro-chemicals) amounting to Ushs 367,550,000 for farmer learning platforms/sites in Arua, Gulu, Lira and Mbale hubs for 2<sup>nd</sup> planting season 2013 and 1<sup>st</sup> planting season 2014 were procured and distributed to farmer groups.

- Other office procurements have been carried out including assorted office stationery, printed VODP2 information brochures, and assorted office furniture, ten (10) pcs of fabricated directional sign posts for PMU, Buvuma Project Office, Lira, Gulu, Arua and Mbale regional Hub Offices.

## ANNEXES

### ANNEX 1: CONTRACTS COMPLETED AS AT 30<sup>TH</sup> JUNE 2014

Procurement Ref. No	Subject of Procurement		Date of award	Contract price	Comments
	Item description	Supplier			
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/2013-14/00122/01/1	Supply of 900 kgs of EASAF-1H, and 900 kgs of EASAF 2H for demonstrations to Mbale, Lira, Gulu and Arua hubs	East African Seeds	15/04/2014	Ushs. 45,000,000	Payment being processed
MAAIF-VODP2/SUPLS/2013-14/00122/01/2	Supply of 2,800 kgs of hybrid PAN 7033 for demonstrations to Mbale, Lira, Gulu and Arua hubs	AK Oils and Fats (U) ltd	15/04/2014	Ushs, 60,200,000	"
MAAIF-VODP2/SUPLS/2012-13/00098/01/3	Supply of 700 kgs of hybrid sunflower sesun IH, 700 ks of sesun 2H and New Sunfora for demonstrations to Mbale, Lira, Gulu and Arua hubs	Uganda Oil Seed Producers and processors Association (UOSPA)	15/04/2014	Ushs. 27,550,000	"

Procurement Ref. No	Subject of Procurement		Date of award	Contract price	Comments
	Item description	Supplier			
MAAIF-VODP2/SUPLS/2013-14/00098/01/4	Supply of 300 kgs of hybrid DK-40-40 sunflower seeds for farmers learning platforms in Mbale, Lira, Gulu and Arua hubs	Uganda Oil Seed Producers and processors Association (UOSPA)	15/04/2014	Ushs. 8,100,000	“
MAAIF-VODP2/SUPLS/2013-14/00098/01/4	Supply of 735 kgs of Sesem-1 and 765 kgs of Sesem-2 and 400 kg of sesim local to farmers learning platforms in Mbale, Lira, Gulu and Arua hubs	Agricultural Productivity and Enhancement Forum Ltd	15/04/2014	Ushs. 14,400,000	“
MAAIF-VODP2/SUPLS/2013-14/00123	Supply of 4,800 kgs of improved soybean seeds MAKSOY 1,2,3,5,&6 N AND NAMSOY-4M for farmers learning platforms in Mbale, Lira, Gulu and Arua hubs	Makseeds Limited	15/04/2014	Ushs, 33,550,000	“
MAAIF-VODP2/SUPLS/2012-13/00097	Supply of 5000 kgs of fertilizers-DAP, 200 litres of crop protection chemicals	Deligent Agencies Ltd Ltd	24/09/2013	Ushs. 23,300,000	Payment settled
MAAIF-VODP2/SRVCS/2012-13/00086	Provision of conference facilities for districts sensitisation meeting in Lira	Gracious Palace Hotel-Lira	1/3/2013	Ushs. 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	Ushs.45,099,600	Payment completed
MAAIF-VODP2/ SRVCS/2012-2013/00002/1	Renewal of Contract for regional hub office premises in Arua town	Mr Charles Draecabo of P.O Box 207 Arua	01/02/2014	Ushs 1,000,000 Per month	Annual rent paid already
MAAIF-VODP2/ SRVCS/2012-2013/00002/2	Renewal of contract for regional Hub office space for Gulu	Mr Oyet Patrick, of P.O Box 940 Gulu	01/02/2014	Ushs 900,000 Per month	Annual rent paid already

Procurement Ref. No	Subject of Procurement		Date of award	Contract price	Comments
	Item description	Supplier			
MAAIF-VODP2 /SRVCS/2012-2013/00002/3	Renewal of contract for regional Hub office space for Lira	Mr Charles Beja of P.O Box 603 Lira	01/01/2014	Ushs 750,000 Per month	6 months rent paid already
MAAIF-VODP2 /SRVCS/2012-2013/00002/4	Renewal of contract for regional Hub office space for Mbale	Mr Abdallah Jaffar of P.O Box 2663 Mbale	01/01/2014	Ushs 1,298,,000 Per month	6 months rent paid already
MAAIF-VODP2/SUPLS/2013-14/00121	Supply and delivery of assorted office stationery	Benru General Enterprises Ltd	22/02/2014	Ushs, 48,757,600	Delivered and payment effected
MAAIF-VODP2 /SUPLS/2013-2014/00119	Printing of VODP2 Information brochures	Matrix Agencies Ltd	22/02/2014	25,842,000	Delivered and payment effected
MAAIF-VODP2/SUPLS/2012-13/00003/1	Supply of Motor vehicles ( 4WD Double cabin pickups-13 units, 4WD Station wagons-02 units and 01 saloon car)	Kampala Nissan Ltd	26/09/2013	USD 435,897 and EUROS 73,644	Payment in process
MAAIF-VODP2/SUPLS/2012-13/00139	Supply and delivery of directional sign posts	BK Consortium Ltd	15/10/2014	Ushs, 13,570,000	Delivery made & payment effected
MAAIF-VODP2/SRVCS/2013-14/00021	Security services for hub offices of Arua, Mbale, Gulu and Lira	Security 2000 Limited	10/11/2013	Ushs.48,800,000	24 hr Security services
MAAIF-VODP2/SUPLS/2013-	Supply of promotional materials/awareness	TTB Investment Ltd	15/11/2013	Ushs, 37,742,300	Delivery made &



Procurement Ref. No	Subject of Procurement		Date of award	Contract price	Comments
	Item description	Supplier			
14/00027	materials (diaries and calendars 2014, T-shirts etc)				payment effected
MAAIF-VODP2/SUPLS/2013-14/00098	Supply and delivery of assorted office furniture	Footsteps Furniture Company Ltd	12/10/2013	Ushs. 18,18,408,000	"
MAAIF-VODP2/SRVCS/2012-13/0000	Financial technical backstopping to KOPGT	M/s Back-House Certified Public Accountants		Ushs. 86,320,000	At inception stage
MAAIF-VODP2/WORKS/2012-13/00115	Construction of a fertilizer store for KOPGT	M/s Muga Services Ltd	02/04/2014	Ushs. 1,051,075,263	Construction on going
MAAIF-VODP2/SRVCS/2013-14/00010/1	Consultancy service to carry out Baseline surveys with GIS mapping for Kalangala	M/s Case International Consulting Ltd	20/05/2014	124,970,000	Inception report being reviewed
MAAIF-VODP2/SRVCS/2013-14/00010/2	Consultancy service to carry out Baseline surveys with GIS Mapping for Buvuma	M/s GB Consulting Associates Ltd	20/05/2014	121,000,000	Inception report being reviewed
MAAIF-VODP2/SUPLS/2012-13/00003/2	Supply of 28 motor cycles	M/s Nile Fishing Company Ltd	22/03/2014	UGX 253,120,000=CIP Kampala	Delivery expected by 30/6/2014
MAAIF-VODP2/SRVCS/2013-14/00146/2	Printed Oil Palm and Oil Seeds fact sheets	M/s Selective Investment	22/05/2014	Ughs. 81,153,320	Delivery expected in July
MAAIF-VODP2/SRVCS/2013-14/00146/1	Printed Posters, Banners, ABS Wall boards, Field handbooks and Brochures	M/s Supply Masters	22/05/2014	Ughs. 77,912,450	Delivery expected in

Procurement Ref. No	Subject of Procurement		Date of award	Contract price	Comments
	Item description	Supplier			
					July

## ANNEX 2: PROCUREMENTS CURRENTLY IN PROGRESS

PART II: PROCUREMENTS CURRENTLY IN-PROGRESS					
Procurement Reference No	Subject of Procurement	Provider	Contract price	Current Status	Estimated contract signing date
MAAIF-VODP2/SRVCS/2012-13/00005	Road design study for Kalangala and Buvuma	N/A	N/A	Project Engineer is conducting on-ground assessment for design	
MAAIF-VODP2/SRVCS/2012-13/00001	Consultancy services for PFS Providers in Agricultural Extension Services and Business Partnerships Development for Arua,	M/s West Nile Private Sector Development Sector/Nile Pro Trust Ltd/Arua Farmers Association Joint Venture	Ushs. 408,850,000	Draft Contract submitted to solicitors Generals Office for Clearance	01.07.2014
MAAIF-VODP2/SRVCS/2012-13/00001	Consultancy services for PFS Providers in Agricultural Extension Services and Business Partnerships Development for Lira	M/s Agency for Sustainable Rural Transformation	Ushs. 421,930,730,	Draft Contract submitted to solicitors Generals Office for Clearance	01.07.2014
MAAIF-VODP2/SRVCS/2012-13/00001	Consultancy services for PFS Providers in Agricultural Extension Services and Business Partnerships Development for Gulu hub	International Institute of Rural Reconstruction (IIRR)	Ushs. 379,913,750	Evaluation recommendation for contract award to be presented to Contracts Committee for Approval by 30/06/2014	30.07.2014

PART II: PROCUREMENTS CURRENTLY IN-PROGRESS					
Procurement Reference No	Subject of Procurement	Provider	Contract price	Current Status	Estimated contract signing date
MAAIF-VODP2/SRVCS/2012-13/00001	Consultancy services for PFS Providers in Agricultural Extension Services and Business Partnerships Development for Lira hub	Uganda Oil Seed Producers' & Processors Association (UOSPA)	Ushs. 312,500,000	Evaluation recommendation for contract award to be presented to Contracts Committee for Approval by 30/06/2014	30.07.2014
MAAIF-VODP2/SRVCS/2012-13/00001	Consultancy services for PFS Providers in Agricultural Extension Services and Business Partnerships Development for Mbale hub	Eastern Private Sector Development Centre (EPSEDEC)	Ushs.389,540,400	Evaluation recommendation for contract award to be presented to Contracts Committee for Approval by 30/06/2014	30.07.2014
MAAIF-VODP2/SRVCS/2012-13/00001	Consultancy services for PFS Providers in Agricultural Extension Services and Business Partnerships Development for Mbale hub.	Community Rural Development Initiative (CRDI)	Ushs. 337,480,000	Evaluation recommendation for contract award to be presented to Contracts Committee for Approval by 30/06/2014	30.07.2014
MAAIF-VODP2/SRVCS/2012-13/00005	Environment and Social Impact Assessment study Buvuma	M/s Atacama Consulting	USD 81,235	Draft Contract submitted to Solicitor Generals' office for clearance	30/06/2014
MAAIF-VODP2/SRVCS/2012-13/00005	Environment and Social Impact Assessment study Outlying Islands in Bugala	M/s ASRDEM Ltd	Ushs. 90,930,000	Draft Contract submitted to Solicitor Generals' office for clearance	30/06/2014
MAAIF-VODP2/SRVCS/2013-14/00148	Provision of Motor Vehicle Comprehensive Insurance for 4, 4WD Dump trucks for	National Insurance Corporation Ltd	Ushs, 43,641,730	Contract submitted to MAAIF for signing	30/06/2014

PART II: PROCUREMENTS CURRENTLY IN-PROGRESS					
Procurement Reference No	Subject of Procurement	Provider	Contract price	Current Status	Estimated contract signing date
	KOPGT				

**ANNEX 3: ACTIONS AND RECOMMENDATIONS FOR SUPERVISION MISSION OF SEPTEMBER 23<sup>RD</sup> TO 4<sup>TH</sup> OCTOBER, 2013**

Area	Agreed action	Responsible	Agreed date	Status as at June 2014

Oil palm Development	Suspension of interests for farmers that have not received the seedlings	KOPGT	Immediate	Interest was suspended for those farmers
	EIAs outlying islands finalized and sent to NEMA	PMU	31 Nov 2013	Final drafts ready for submission
	Confirm commitment for financing investment on transport to outlying Islands	MFPED	31 Oct 2013	Action taken. MFPED wrote committing government
	Firm up agreement with OPUL for fertilizers payments and present new system to Board for approval	KOPGT	31 Oct 2013	On-going.
Oil palm infrastructure	Complete 40 km of roads from phase 1	PMU/KDLG	31 Mar 2014	Mapping of all VODP funded farm roads carried out, consultative meeting with block and unit leaders on priority roads carried out, road works underway at Class III standard
	Improve 50 km of roads to CAR standards and hand-over to District	PMU/KDLG	30 Jun 2014	Designs for the roads reviewed, maintenance works under way
	Design roads for new 400 ha in Bugala and start works	PMU/KDLG	30 Sep 2014	Survey of new farms has started
Oil palm - KOPGT operations	Undertake KOPGA diagnostic study	IFAD	31 Dec 2013	Study to be funded by IFAD.
	Mobilize additional resources for KOPGA capacity building	IFAD	31 Jun 2014	On-going
	Prepare a KOPGT Strategic Plan through wide consultative process	KOPGT	31 Jun 2014	Draft strategic plan developed
	Recruit KOPGT Financial Manager and Accounts Assistant	PMU/MAAIF	31 Dec 2013	Done
	Submit to IFAD for NO the final evaluation report for	PMU	31 Oct 2013	Done and work commenced

	fertilizers' store			
	Launch procurement process for truck insurance services	PMU	30 Nov 2013	Procurement process on-going
	Review transport cost charges	KOPGT	30 Nov 2013	Costs reviewed and effected
	Submit to IFAD for No Objection evaluation report for KOPGT backstopping in financial management	PMU	30 Nov 2013	Submitted and the consultancy awarded
	Create separate accounts for Government and KOPGT shares of loan repayments and interests	KOPGT	31 Dec 2013	Accounts separated, up and running
	Fill the communication templates with key messages for farmers	KOPGT	31 Dec 2013	On-going
Buvuma	Hand over 3,000 ha of land to OPUL	MAAIF	31 Dec 2013	Action not implemented and process of the acquisition on-going
Oil palm cross cutting issues	MoU with NARO cover issues specific to oil palm	PMU	30 Nov 2013	MOU with research finalized
Oil Seeds	Validate value chain development plans in hub stakeholder meetings	PMU	31 Dec 2013	Strategic Plans for Lira, Gulu and Mbale hubs were validated and final documents available. Validation of West Nile Hub draft strategic plan report planned for early July.
	Collect quantitative and qualitative data on the 2013 FLPs and report on this	PMU	28 Feb 2014	Data collected and incorporated in Project Reports.
	Develop demonstration guidelines	PMU	31 Dec 2013	A demonstration guideline was developed and shared with Hub Coordinators and subsequently used to train

				Focal Point persons and Field Extension workers in field layout and planting.
	Update oilseeds guidelines	PMU	31 Mar 2014	Guideline revised as proposed
	Send to IFAD for NO technical evaluation report for PFS	PMU	31 Dec 2013	No objection obtained for 2 PFS providers for West Nile and Lira. Financial evaluation and negotiations finalized for 4 more PFS to cover Lira, Gulu and Eastern Uganda Hubs.
	Complete study on financial mechanisms	PMU	31 Mar 2014	In house review completed
	Sign MOUs with NARO, DLG and UNBS	PMU	30 Nov 2013	MOUs signed with 29 DLGs, UNBs, and MOU with NARO awaits signing by PS, MAAIF.
	Sign MOUs with NAADS and NCSC	PMU	30 Dec 2013	Draft MOU Developed and shared with NAADS officials. Focal Point person from NSCS has been appointed to liaise with VODP2 PMU in developing and implementation for activity work
	Develop a one-pager with a message for farmers and other actors	PMU	31 Dec 2013	Fact sheets for farmers developed
Project Management	Send to IFAD request of No Objection for recruitment of Accountant	PMU	31 Dec 2013	Done, Accountant recruited
	Improve existing financial guidelines into a manual	PMU	28 Feb 2014	On-going
	Confirm that available information for oilseeds is sufficient	IFAD	31 Oct 2013	Decision taken to undertake Oil seeds Baseline survey, pre-test complete. Household



	for RIMS impact			listing and main study commences in July 2014
	Send request of NO to IFAD for bidding documents for baseline survey	PMU	15 Nov 2013	NO received; contracts signed, Inception Report received and reviewed. Studies to be completed by August 30, 2014
	Work more closely in assisting KOPGT on communication issues	PMU	Continuous	Conducted Knowledge Management and Learning Workshop
	Prepare first issue of e-newsletter	PMU	31Oct 2013	Not yet done
PMU Fiduciary Aspects	Improve progress report as per recommendations provided	PMU	Continuous	Recommendations incorporated in progress reports
	Prepare an analysis of accountabilities in line with the requisitions	PMU	Continuous	Done
	Submit WAs more regularly (30% of initial deposit or every 3 months)	PMU	Continuous	On-going
	PMU to open and maintain a contract register	PMU	Continuous	Done
	Reconcile the DAs monthly	PMU	Continuous	Done

#### ANNEX 4. THE LOGICAL FRAMEWORK

Narrative Summary	Verifiable Indicators	Means of Verification	Assumptions/Risks
<b>Goal:</b>			
1.0 Contribute to sustainable poverty reduction in the project area.	<b>1.1 50% of households with improvements in assets ownership index at project completion.</b>  <b>1.2 20% reduction in the prevalence of child malnutrition, by gender (height/age, weight/age, weight/height)</b>	<ul style="list-style-type: none"> <li>• RIMS Baseline, and Completion Surveys.</li> <li>• Uganda Bureau of Statistics.</li> </ul>	
<b>Purpose/Objectives:</b>			
2.0 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.	2.1 Level of vegetable oil self sufficiency increased from 30% (2008 baseline) to over 60% by project completion (2018). 2.2 Increased per capita vegetable oil consumption from 5.6Kg/capita in 2008 year to 7.0 kg by 2018. 2.3 Oil palm and oilseeds profitably produced by smallholders. <b>2.4 Households receiving project services</b>	<ul style="list-style-type: none"> <li>• UBOS statistics on Ugandan vegetable oil production.</li> <li>• Project M&amp;E database.</li> <li>• Baseline studies and PCR.</li> <li>• FAO food balance sheet</li> </ul>	<ul style="list-style-type: none"> <li>• Absence of external and internal economic shocks.</li> <li>• Increased incomes will lead to more demand for vegetable oils</li> </ul>
<b>Outcome: Oil Palm Consolidation and Expansion</b>			
3.0 An integrated oil palm industry to supply national and export markets in compliance with modern	3.1 Crude palm oil annual production increases from 0 tonnes in 2009 to 35 000 tonnes by 2018. 3.2 Smallholders earning incomes of USD 1 500 per ha per year at full development.	<ul style="list-style-type: none"> <li>• OPUL and KOPGT databases</li> <li>• KOPGT reports</li> <li>• BOPGT reports</li> <li>• Project M&amp;E</li> </ul>	<ul style="list-style-type: none"> <li>• Oil palm production begins in Buvuma by 2013</li> <li>• Liberal economic policies continue</li> <li>• Smallholders receiving import</li> </ul>

<p>environmental standards and providing equitable returns to smallholder producers.</p>	<p><b>3.3 Operational self sufficiency of KOPGT in 2016 and BOPGT in 2018</b></p>	<p>database</p>	<p>parity prices for FFBS</p> <ul style="list-style-type: none"> <li>• OPUL and GOU maintain their commitment to oil palm development in Uganda</li> <li>• No drastic price falls in the international palm oil market</li> </ul>
<p><b>OUTPUTS</b></p> <p>New oil palm areas identified</p> <p>Sustainable Oil Palm Development</p> <p>Kalangala Oil Palm Scheme completed and producing</p>	<p>4.1 40,000 ha identified for oil palm plantations by 2018</p> <p>4.2 6,500 ha of nucleus estate planted in Kalangala by 2016</p> <p>4.3 4 700 ha planted by smallholders in Kalangala by 31 Dec 2016</p> <p><b>4.4 1 800 smallholders served by KOPGT</b></p> <p>4.5 KOPGT re-structuring agreement signed by 31 Dec 2013.</p> <p><b>4.6 Four island environmental monitoring plans for smallholder oil palm completed and being implemented.</b></p> <p>4.7 6 500 ha nucleus estate planted by 2017 in Buvuma.</p> <p><b>4.8 3 500 ha smallholder land planted by 2018</b></p> <p><b>4.9 1 100 farmers served by BOPGT.</b></p> <p>4.10 All oil palm activities (plantation, mill and refinery) are in compliance with NEMA regulations.</p> <p><b>4.11 Kms of farm roads constructed/ rehabilitated</b></p>	<ul style="list-style-type: none"> <li>• Project progress reports and M&amp;E database</li> <li>• OPUL and KOPGT databases</li> <li>• KOPGT reports</li> <li>• BOPGT progress reports</li> <li>• Special studies</li> <li>• District Local Government reports</li> </ul>	<ul style="list-style-type: none"> <li>• Identified areas have land in blocks suitable for nucleus estate and smallholder development</li> <li>• Transport established to outlying islands</li> <li>• GoU able to purchase sufficient area of land for nucleus estate on Buvuma</li> <li>• Ferry service to Buvuma upgraded</li> <li>• No extreme climate or disease events affect palms</li> </ul>

Buvuma Oil Palm Scheme established			
<b>2. Outcome: Oil Seeds Development</b>			
5.0 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 production.	<p>5.1 Mill capacity utilization increased from 30% in 2009 to 85% by 2018.</p> <p>5.2 Farmers growing oilseeds increased from 55 000 in 2008 to 140 000 by 2018, with net cash earning per ha per season of US\$350.</p> <p>5.3 Domestic oilseeds production of sun flower and soya bean increased from 70 000 tonnes in 2008 to 150 000 tonnes by 2018 of which 70% is from the new hubs of Gulu, Eastern Uganda and West Nile</p> <p>5.4 Number of farmers adopting certified?? varieties</p> <p>5.5 Number of agricultural production groups operational/ functional</p> <p>5.6 Number of farmers using purchased oil seed varieties</p>	<ul style="list-style-type: none"> <li>• Millers study</li> <li>• Baseline study, Completion report</li> <li>• Farm models</li> <li>• Production statistics from MAAIF</li> <li>• M&amp;E system</li> <li>• UOSPA/UNFFE/OSS UP statistics</li> <li>• Mid-term/project completion reports</li> </ul>	<ul style="list-style-type: none"> <li>• No disease outbreaks.</li> <li>• Farmers increase production of soybean</li> </ul>
<b>OUTPUTS</b>	6.1 Two improved varieties for each oilseed	<ul style="list-style-type: none"> <li>• OSSUP reports</li> </ul>	<ul style="list-style-type: none"> <li>• Millers and other private</li> </ul>

<p>Production of certified good quality seed and oil</p> <p>Smallholders farming oilseeds as a business and operating in groups to sell increasing volumes of crushing material to millers</p>	<p>crop submitted to the Variety Release Committee by NaSARRI and NaCRRI annually</p> <p>6.2 90% of oilseed growers buying certified seed by 2014</p> <p>6.3 Number of hectares under oil seeds cultivation increased to 140 000 ha by 2018, up from 80 000 ha in 2008</p> <p>6.4 Number of farmers reporting an average yield of 1.1t/ha</p> <p>6.5 5 900 farmer groups (with 30% participation of women) receiving extension services from the project by 2018</p> <p>6.6 1 000 farmer groups bulk selling by 2015.</p> <p>6.7 90% of the medium/large-scale millers attain UNBS quality certification by 2018.</p> <p>6.8 Amount of credit facility disbursed to value chain actors by participating financial institutions</p> <p>6.9 Number of beneficiaries of the credit facility.</p>	<ul style="list-style-type: none"> <li>• NaSARRI/ NaCRRI/MAAIF Seed Certification agency reports</li> <li>• UBOS reports</li> <li>• DAO quarterly reports</li> <li>• NAADS technical reports</li> <li>• Impact assessments and surveys</li> <li>• VODP2 progress reports</li> <li>• DAO quarterly reports</li> <li>• MAAIF farm survey reports</li> <li>• Impact assessments and surveys</li> <li>• VODP2 progress reports using information from millers, UBOS and UNBS reports, and mobile service provider</li> </ul>	<p>operators willing to undertake extension provision on a cost sharing basis</p> <ul style="list-style-type: none"> <li>• Increased crushing material attracts new investment in hubs.</li> </ul>
<p><b>3. Outcome: Project Management</b></p>			
<p>7.0 Project Management helping farmers to provide growing amounts of crushing</p>	<p>7.1 IFAD loan 55% disbursed by 30 June 2015 and 100% by 31 June 2019</p>	<ul style="list-style-type: none"> <li>• VODP2 progress reports.</li> <li>• IFAD loan</li> </ul>	<ul style="list-style-type: none"> <li>• Continued commitment to the project by GOU and IFAD</li> </ul>

material for processing in edible oil and earning better incomes		disbursement report <ul style="list-style-type: none"> <li>• Audit reports in line with IAS.</li> </ul>	
<b>8.0OUTPUTS</b> 8.1 Project Management fully operational 8.2 Oilseed subsector platform (OSSUP) providing forum for stakeholders	8.1 Full staff of qualified professionals 8.2 Percentage of actions that OSSUP platform meetings agreed upon that have been implemented 8.3 Timely preparation and execution of AWPB. 8.4 Timely submission of mandatory reports 8.5 Timely submission of withdrawal requests	<ul style="list-style-type: none"> <li>• Audit reports</li> <li>• PMU financial reports</li> <li>• VODP2 project progress and M&amp;E reports</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholders buy into project-supported activities</li> <li>• Low staff turnover</li> </ul>