



The Republic of Uganda

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

**PROGRESS REPORT FOR THE PERIOD
JULY 2015 – JUNE 2016**

PROJECT MANAGEMENT UNIT

Ministry of Agriculture, Animal

Industry and Fisheries

KAMPALA

AUGUST 2016

SUMMARY OF PROJECT INFORMATION

IFAD LOAN NO: 806-UG

PROJECT NAME: Vegetable Oil Development Project -Phase 2

START DATE: 21st October, 2010

EFFECTIVENESS DATE: JUNE 2011

ORIGINAL PROJECT LIFE: 8 Years

COMPLETION DATE: 31st December 2018

CLOSING DATE: 30th June 2019

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CURRENCY EQUIVALENTS

Currency Unit	=	Ugandan Shillings (UGSh)
USD 1.00	=	UGX 3,650
SDR 1.00	=	USD 1.407

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
DLG	District Local Government
FFB	Fresh Fruit Bunches
FLP	Farmer Learning Platform
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
Ushs.	Uganda Shillings
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.

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 supports smallholder farmers and engages 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 51 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 2015 to June 2016. It highlights the outputs of the project against the work plan targets, the innovations recorded during the period, the lessons learned and the challenges encountered.

1.3 SUMMARY OF THE PROGRESS BETWEEN JULY 2015 AND JUNE 2016

The project is on course to achieve the major project outcomes as set during the project design. Under oil palm development in Kalangala, the 6,500 hectares have been planted by the nucleus estate (100% achieved), 4,300 hectares planted by the smallholder farmers (92% achieved), smallholders net incomes are now at USD 1,384 per hectare per year (92% of target), KOPGT financial self-sufficiency is at 56%, 250kms of farm roads constructed (81% of target), and, 22,662 tons of crude palm oil are produced per year in Kalangala (65% of target). OPUL and BIDCO are paying Government of Uganda taxes (on VAT and Income) worth UGX 259 billion per year. Under the oil seeds component, mill capacity utilization has reached 35% (41% of target), sunflower yield per hectare is at 1.3 tons per hectare (77% of target), soybean yield per hectares at 0.9 tons per hectare (82% of target), 2,448 farmer groups have received extension services from the project (42% of the target) and, farmers have received UGX 2.6 billion in production credit from financial institutions (87% of the target).

In the FY 2015/16, in Kalangala, the project planned to disburse UGX 2.0 billion as maintenance loans and, provide extension and fresh fruit bunch-marketing services to 1,610 smallholder oil palm farmers. In Buvuma, the project planned to initiate the activities of the smallholder oil palm scheme by identifying at least 125 farmers on 500 hectares (30% women) willing to participate in oil palm growing. The project also targeted to procure 1,500 hectares of land for the nucleus estate. Under the oil seeds component, the project planned to work with private extension service providers and the district local governments to mobilize 1,100 farmer groups with 30% women to grow oil seeds across the regional hubs, support smallholder farmers to plant at least 50,000 hectares of land with the oil seeds, provide extension services to farmers and link them to improved agronomic practices and inputs to realize an increase in the production and productivity of the oil seeds and, continue the partnership with financial institutions to provide

production credit for oil seeds growers and work with millers to increase their access to oil seed grain and improve their mill capacity utilization through partnering with farmer groups and institutions. The project also planned to identify 40 higher level institutions across the four oil seeds regional hubs and engage them to partner with the project and register farmer groups supported by the project for sustainability of the value chain activities promoted by the project.

In the period July 2015 to June 2016, in Kalangala, UGX 1.5 billion has been disbursed to 1,450 smallholder farmers as maintenance loans increasing the total loan disbursed to farmers to UGX 41.01 billion. In the same period, UGX 2.65 billion was recovered from the farmers which increased the total repayments of the maintenance loans to UGX 7.54 billion. Smallholder farmers harvested 19,465 tons of FFB valued at UGX 9 billion. This increased the total FFB harvests by smallholders to 62,535 tons valued at UGX 25.6 billion. The above harvests are by 766 smallholder farmers on 2,500 hectares of mature oil palm gardens.

In the oil seeds component, the project supported 1,196 farmer groups to access extension services through the 6 project contracted extension service providers. Smallholders in the 29 start-up districts in the four regional hubs planted 39,860 hectares with the different oil seed crops, 5,538 farmers purchased quality controlled sunflower inputs, 5,312 farmers purchased quality controlled 5,585 farmers purchased quality controlled groundnut inputs and 7,694 farmers purchased quality controlled sesame inputs. The average yield for sunflower across the hubs was 1.3 tons per hectare while soy beans was 0.9 tons per hectare. The number of mills purchasing produce from the project area reached 113 with majority in Lira Hub (86 mills) and the smallest number in West Nile (3 mills). Under increased access to production credit for oil seeds farmers, the total loans disbursed by financial institutions in partnership with the project reached UGX 2.6 billion, benefitting 2,823 farmers. So far UGX 995 million has been repaid and the beneficiary farmers opened over 19,000 hectares of oil seeds.

Under project management, the project completed the Project Mid Term Review report, finalized the oil palm (Kalangala and Buvuma) and oil seeds baseline survey reports, developed reporting formats for the oil seeds component and built the capacity of the pay for service providers in planning and reporting. The IFAD loan disbursement has increased to 46.5%.

2.0 PROGRESS UNDER THE OIL PALM DEVELOPMENT COMPONENT

2.1 Oil palm consolidation and expansion in Kalangala

2.1.1 Farmers registered to participate in the smallholder scheme

Between July 2015 and June 2016, 70 new farmers (46 female) were registered to participate in the oil palm smallholder scheme which increased the total number of farmers registered by KOPGT to 1,770 with 652 females (37%). Table 1 below shows the number of farmers registered between 2010 and 2013.

Table 2.1: Number of farmers registered in Kalangala

Annual summary of farmers registered per block														
	2011		2012			2014			2015			June 2016		
BLOCK	M	F	M	F	Inst.	M	F	Inst.	M	F	Inst.	M	F	Inst.
Bbeta East	136	81	165	130	5	235	160	5	239	163	5	239	163	5
Bbeta West	174	94	175	123	0	191	102	0	193	102	0	193	102	0
Bujumba	105	54	127	58	0	164	102	0	125	102	0	125	102	0
Kagulube	115	52	125	61	0	136	70	0	141	72	0	141	72	0
Kalangala	104	49	102	55	2	107	54	2	96	57	2	96	57	2
Kayunga	140	69	138	94	3	189	90	3	194	92	3	194	92	3
Bunyama									120	64	0	120	64	0
Sub-Totals	774	399	832	521	10	1,022	578	10	1108	652	10	1108	652	10
Totals	1,118		1,353			1,610			1,770			1,770		

2.1.2 Oil palm planting in Kalangala District

A total of 23 hectares were planted on Bunyama island in the period of reporting. This increased the total area planted by smallholder farmers in Kalangala from the 4,277 hectares in June 2015 to 4,300 hectares in June 2016.

The table below shows the hectares planted with oil palm by smallholder farmers in Kalangala between 2010 and June 2016.

Table 2.2: Hectares of oil palm planted by smallholder farmers in Kalangala

Block	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Jun-16
Bbeta East	301	334	576	629	629	645
Bbeta West	412	497	715	750	750	760
Bujumba	254	271	513	607	587	611
Kagulube	290	175	331	366	366	385
Kalangala	323	340	462	506	476	478
Kayunga	332	402	555	659	659	670
Outlying Islands	0	0	0	0	50	405
Outgrowers	346	346	346	346	346	346
Total	2,258	2,366	3,498	3,863	3,863	4,300

2.1.3 Loans provided to smallholder farmers for oil palm production

Between July 2015 and June 2016, cash loans amounting to UGX 1.5 billion and in-kind loans worth UGX 2.4 billion were provided as maintenance loans to 1,450 smallholder farmers. This increased the total loans disbursed to smallholders for oil palm development activities to UGX 41.01 billion. Table 2.3 below shows the loans provided to the smallholders between January 2005 and June 2016.

Table 2.3: Annual loan disbursements to smallholder farmers in Kalangala

YEAR	CASH LOAN		IN-KIND	
	UGX	USD	UGX	USD
2005/06	62,241,700	26,009	402,754,441	168,906
2006/07	286,477,950	119,710	169,682,080	71,161
2007/08	622,893,100	260,287	446,289,155	187,163
2008/09	1,062,776,460	444,100	931,960,126	390,843
2009/10	1,769,982,500	739,619	2,815,469,097	1,180,743
2010/11	1,759,682,590	735,315	4,622,631,188	1,938,625
2011/12	4,919,389,900	2,055,656	3,253,564,643	1,364,470
2012/13	4,297,398,265	1,795,745	2,237,787,372	938,476
2013/14	1,868,607,860	780,831	2,065,859,155	866,374
2014/15	1,798,995,093	751,743	1,846,165,822	774,239
2015/16	1,500,000,000	454,546	4,200,000,000	1,272,727

2.1.4 Fresh fruit bunch harvest by smallholder oil palm farmers

Between July 2015 and June 2016, a total of 19,465,409 kgs (19,465 tons) of FFB were harvested by the smallholder farmers in Kalangala. This is already 134% of FFB harvested in FY 2014/15. With harvests reaching the highest ever recorded in Kalangala in the month of April 2016 (3,108 tons), the FY 2015/2016 recorded the highest ever harvests by smallholder farmers in Kalangala. The total quantity of FFB harvested between January 2010 and June 2016 is 62,534,840 kgs (62,535 tons). The number of farmers harvesting has increased to 766 on 2,500 hectares of mature oil palm gardens. Table 2.4 below shows the monthly FFB harvests in Kalangala between January 2010 and June 2016.

Table 2.4: FFB harvests (in kgs) by smallholder farmers between January 2010 and April 2016

	Y 2010	Y 2011	Y 2012	Y 2013	Y 2014	Y 2015	Y 2016
Jan	1,490	80,281	560,796	615,350	951,759	1,233,520	1,089,215
Feb	9,080	119,478	655,719	698,787	744,865	1,431,761	938,339
Mar	15,393	280,670	644,848	960,085	871,154	1,471,949	1,905,194
Apr	39,736	253,924	827,630	1,162,113	905,758	1,792,796	3,107,832
May	57,240	322,334	786,172	1,188,216	912,909	1,696,157	2,808,684
Jun	50,210	262,570	617,324	1,052,661	777,304	1,336,570	2,246,660
Jul	45,590	330,047	501,854	853,694	722,247	1,093,765	
Aug	57,083	276,397	627,690	789,549	787,040	1,071,306	
Sep	85,790	286,253	666,883	890,701	801,909	1,228,237	
Oct	88,088	316,285	636,410	1,085,660	1,137,623	1,348,944	
Nov	94,811	465,828	710,234	1,133,816	1,170,411	1,405,193	
Dec	108,969	561,777	492,362	978,682	977,139	1,222,040	
Total	653,480	3,555,844	7,727,922	11,409,314	10,760,118	16,332,238	12,095,924

2.1.5 Price trends for the FFB harvests by smallholder farmers

The monthly FFB price is determined using a pricing formula agreed to by the private sector partner and Government of Uganda. The agreement also put in place a pricing committee comprising of MAAIF (Chair), MTIC, MoJ, OPUL, MFPED and KOPGT (Secretary). The September 2015 IFAD Implementation Support Mission recommended creation of a sub-pricing committee in Kalangala to increase participation of farmers and other stakeholders in Kalangala in the determination of the monthly prices. This was as a result of some oil palm farmers challenging the transparency in the determination of the price. In line with the IFAD Mission recommendation, the project established a sub-pricing committee in Kalangala with the District Commercial Officer (Chair), two farmer representatives from all blocks, two representatives from OPUL (General Manager and Finance Manager), VODP PMU (Oil Palm Coordinator) and KOPGT (all Managers). This committee started working in December 2015, sits once a month, and has witnessed active participation by all members and has reduced the debate among farmers about fairness in the price determination. The meetings are conducted in different blocks and provides a platform to discuss changes in quality standards, fruit quality and any other emerging

issues related to FFB harvesting, transportation and milling. The monthly FFB pricing formula is shown below:

FFB Monthly Price = (H/J) * K where

FFB Monthly Price: Factory gate price per ton of FFB of standard quality

H: Price of crude palm oil ex-mill

K: Oil extraction rate per ton

J: Constant of 1.2.

The average price for July 2015 to June 2016 was Ush 437 per kg of ffb. This has been the highest average price since 2010 when the smallholder farmers started harvesting FFBs. The highest monthly price of UGX 512 per kg of FFB was also recorded in May 2016. The FFB price per kg in Kalangala greatly benefitted from a lower than expected supply of Malaysian palm oil to the world market, dry weather from El Nino and haze that affected Malaysia from Indonesia fires. It is envisaged that if farmers continue to practice the recommended harvesting and loading standards, the Oil Extraction rate will increase to at least 22% which will also further contribute to increased FFB kg price per month. Table 2.5 below shows the price trends between January 2010 and June 2016.

Table 2.5: Price trends per kg of FFB in Kalangala

Oil palm fresh fruit bunch price trends							
Month	2010	2011	2012	2013	2014	2015	2016
January	215	407	391	340	397	359	398
February	215	431	401	369	381	373	405
March	227	434	397	378	396	379	462
April	247	410	443	371	431	382	478
May	246	398	466	358	407	401	512
June	248	466	422	365	398	402	490
July	252	428	386	370	390	434	
August	256	436	393	357	393	437	
September	280	468	408	377	355	391	
October	285	465	393	371	334	406	
November	328	422	349	379	346	436	
December	348	411	348	403	373	392	
Average annual price	262	431	400	370	383	399	458

2.1.6 Gross income for the farmers from their FFB harvests

In the period July 2015 to June 2016, the 766 smallholder farmers who had mature gardens earned a gross income of UGX 9,005,324,288 (UGX 9 billion). This was the highest gross income earned by farmers in Kalangala since they started harvesting FFBs in January 2010, and 165% of what was earned in Kalangala in FY 2014/2015. The increase in gross revenue is attributed to higher yield, more acres maturing for harvesting and better prices per KG of FFB. The gross income earned by smallholder farmers between January 2010 and June 2016 is now UGX. 25,614,900,724 (UGX 25.6 billion). Table 2.6 below shows the gross income earned by smallholder farmers in Kalangala from January 2010 to June 2016.

Table 2.6: Gross income from FFB harvests (UGX)

Month	2010	2011	2012	2013	2014	2015	2016
January	320,350	32,674,367	219,271,236	209,219,000	377,848,323	442,833,680	433,507,570
February	1,952,200	51,495,018	262,943,319	257,852,403	283,793,565	534,046,853	380,027,295
March	3,494,211	121,810,780	256,004,656	362,912,130	344,976,984	557,868,671	880,199,628
April	9,814,792	104,108,840	366,640,090	431,143,923	390,381,698	684,848,072	1,485,543,696
May	14,081,040	128,288,932	366,356,152	425,381,328	371,553,963	680,158,957	1,438,046,208
June	12,452,080	122,357,620	260,510,728	384,221,265	309,366,992	537,301,140	1,325,529,400
July	11,488,680	141,260,116	193,715,644	315,866,780	281,676,330	474,694,010	
August	14,613,248	120,509,092	246,682,170	281,868,993	309,306,720	468,160,722	
September	24,021,200	133,966,404	272,088,264	335,794,277	284,677,695	480,240,667	
October	25,105,080	147,072,525	250,109,130	402,779,860	379,966,082	547,671,264	
November	31,098,008	196,579,416	247,871,666	429,716,264	404,962,206	612,664,148	
December	37,921,212	230,890,347	171,341,976	394,408,846	371,932,847	479,039,680	
Total	186,362,101	1,531,013,457	3,113,535,031	4,231,165,069	4,110,443,405	6,499,527,864	5,942,853,797

2.1.7 Loan repayments by smallholder farmers in Kalangala

Between July 2015 and June 2016, smallholder farmers paid back UGX 2,650,535,423 (UGX 2.7 billion). This has increased the total loans recovered between 2010 and June 2016 to UGX 7,536,309,052 (UGX 7.5 billion). The repayments made in FY 2015/2016 were the highest made since farmers started paying back the loans in January 2010.

Some farmers (estimated at 16) who planted between 2005 and 2007 have repaid the principle of the maintenance loan within 5 years of harvests (since 2010). This is a manifestation that once good agronomic practices are adhered to with proper marketing mechanisms; farmers are able to repay the loan in good time. These farmers now await the calculation of their due interest in order to complete loan repayment. In the M&E Implementation Support Mission carried out in April 2016, some of these farmers were visited and data collected from them for use in updating the oil palm farm model assumptions. Table 2.7 below shows the farmers who have paid up the loan principle.

Table 2.7: Farmers who have completed repaying the loan principle

SN	Name	BLOCK	KOPGT No	Principal Loan Amount	Loan Recovered	Principal Variance
1	Ssemanda Paul	KAYUNGA	ky/0047	47,458,100	64,515,573	(17,057,473)
2	Kisolo Jackson	KAYUNGA	ky/0018	23,668,200	49,506,015	(25,837,815)
3	Musanje Godfrey	KAYUNGA	KY/0067	24,111,600	22,303,848	1,807,752
4	Akirapa Tabitha	KAYUNGA	KY/0077	13,308,200	16,100,553	(2,792,353)
5	Ssonko Robert	KAYUNGA	KY/0053	20,653,300	25,300,535	(4,647,235)
6	Ssonko Patrick Robert	KAYUNGA	KY/0054	23,667,300	29,724,381	(6,057,081)
7	Kizza Robinson	BBETA EAST	BE/0003	29,362,996	38,124,003	(8,761,007)
8	Kiggundu Samuel	KAYUNGA	ky/0016	40,042,125	41,867,245	(1,825,120)
9	Kweyamba Augustine	KAGULUBE	kg/0190	2,307,550	3,555,505	(1,247,955)
10	Tibagirirwa Christopher	KAYUNGA	KY/0056	34,268,650	33,731,316	537,334
11	Ssembajja Paul	BBETA WEST	BW/0120	17,349,600	16,704,402	645,198
12	Mutagubya Lawrence	BUJUMBA	BJ/0001	37,522,300	41,199,907	(3,677,607)
13	Namugalura Rose	BUJUMBA	BJ/0004	20,818,510	25,309,291	(4,490,781)
14	Nassali Janet	KAYUNGA	KY/0040	14,180,600	16,527,694	(2,347,094)
15	Kalyango Kennedy	BBETA EAST	BW/0178	15,778,860	17,212,328	(1,433,468)
16	Semulyowa Milly	KAYUNGA	KY/0049	18,284,700	30,214,197	(11,929,497)
	Sub Total				471,896,793	

2.1.8 Environmental management and sustainability

The project received the Environment and Social Impact Assessment (ESIA) Certificates from National Environmental Management Authority (NEMA) clearing oil palm development activities in both Kalangala (expansion to the outlying islands) and Buvuma (oil palm

development). The project also supported Kalangala District Local Government to carry out activities with smallholder oil palm farmers to ensure oil palm activities are in line with the recommendations of the Environment and Social Impact Assessment. The DLG held 10 sensitization meetings on the protection of buffer zones, planted 7,000 traditional tree seedlings, held 1 environment impact review meeting in Bunyama and conducted 50 environment inspections including one at the new Palm Oil mill at Bukuzindu and the effluent ponds in Bwendero.

2.1.9 Supporting infrastructure for oil palm development

a. Road Demarcation on Bugala Island.

Although the identification and demarcation of new roads on Bugala Island was completed, there has not been progress on their construction. This has been due to the human resource challenges faced by the PMU and the on-going repair of the road unit. In total 65.2 km (15km CARs, 50.2 km farm roads) of roads were identified against the earlier planned target of 40km. This had a budgetary implication of USD 116,300 over the original estimate. Table 2.8 below shows the distribution of the new roads per block as follows;

Table 2.8 showing new roads demarcated

Block	Number of km demarcated
Bujumba	7.5km
Kagulube	11.9km
Kalangala	1.3km
Kayunga	24.1km
Bbeta East	10.9km
Bbeta West	9.5km

b. Road Demarcation on Outlying Islands.

Demarcation of Community Access (CAR) and farm roads on Bunyama Island was completed 6.5 km of CAR and 22 km of farm roads have been demarcated. Demarcation of farm roads on Bubembe islands had also started. On Bunyama island, the farm roads are in 3 clusters namely

Mbalala (Muwanga's farm), Kagonya and Degeya. On completion, about 40km in total will be demarcated.

c. Road Maintenance:

In the period July 2015 to June 2016, 31 kms of roads in Bbeta East and Kagulube blocks were maintained using the District road equipment unit and equipment borrowed from OPUL. Spot gravel was done in the slippery spots and 70m of culverts installed. Expansion to achieve the annual targets has been hampered by both human resource challenges at the PMU and the delay in completion of the repair of the road unit.

d. Road Maintenance Plan

The road maintenance plan was discussed and adopted by the farmers and other stakeholders. The highlights of the plan are that farmers will be responsible for the maintenance of farm roads while Kalangala DLG will be responsible for maintenance of the Community Access roads. The farmers organized at block level will engage and contribute directly to the maintenance of the Farm roads.

e. Boats

Specifications for the boats have been finalized. The procurement process for the boats has been initiated under two lots. Under Lot 1, a Rigid Inflatable Boat with a 40 hp outboard engine complete with a remote control will be procured while under Lot 2, a Steel Hull Boat with a 75 hp outboard engine will be procured.

KOPGT in conjunction with farmers have in the meantime hired two boats to transport inputs from Bugala to Bunyama and FFB from Bunyama to Bugala.

f. Fertilizer store on Bugala:

The 700 m² fertilizer store was completed at a cost of Ushs. 1.05 billion and commissioned by H.E. the President in September 2015. This store handles up-to a maximum of 3,500 tons of

stacked fertilizers. So far, the store has been stocked with 1,764.1 tons of fertilizer comprising of NPK Super (467.7 tons), NPK blue (450.5 tons), MOP (434.95 tons), Dolomax (281.95 tons), Kieserite (104 tons) and Rock Phosphates (25 tons).

g. Fertilizer stores and offices at Bunyama and Bubembe Islands :

Designs for the fertilizer stores at Bunyama and Bubembe have been finalized. The stores will be 250m² with a holding capacity of 500 tons of fertilizers each. A request was placed with Kalangala DLG to provide adequate land on which to erect the structures.

h. Ferry services on the outlying islands

The feasibility study for ferry services between Bugala, Bunyama and Bubembe islands was completed and awaits approval by the Permanent Secretary, Ministry of Works and Transport.

A four year plan was drawn to extend ferry services to the Outlying islands of Bubembe and Bunyama. It is aimed at establishing two landing sites and provision of a suitable ferry(s). The plan was prepared in such a way that by the time of the first harvesting slated for FY 2019/20, both the landing sites and ferry(s) will in place in order to evacuate the ffb to the mill on Bugala island.

2.1.10 Sustainability of the farmers institutions and the oil palm investment

In liaison with Uganda Cooperative Alliance, the project is supporting institutional development of Oil palm farmers' association. The project held discussions with KOPGA farmers to agree on the restructuring changes. The proposed changes were adopted during the KOPGA AGM these include; (i) reviewing the KOPGA structure (ii) review of KOPGA constitution (iii) setting up Vetting committee to vet KOPGA leaders at all levels (iv) adoption of delegates system for AGMs (v) KOPGA executive to represent farmers at the KOPGT board. UCA started with sensitization of oil palm farmers in the 24 units/blocks on the resolutions agreed at the AGM and building consensus over the structure to be adopted. Farmers agreed on the guideline for the selection of leaders in the units/Blocks and District level; executive positions in the unit/block/district i.e. (*unit 5, block 7, district level 9*) and on election processes of leaders, their roles and functions in the KOPGA structure.

2.2 Oil Palm Development in Buvuma District

In line with the MTR recommendations, the project reduced the planting targets for Buvuma under VODP 2 to 2,500 hectares under the smallholder scheme. Government of Uganda instructed the project to continue purchasing land for the nucleus estate to achieve the 6,500 hectares of plantable land.

2.2.1 Progress in land acquisition

The land acquisition process in Buvuma has received more support by GOU to manage all emerging challenges on the island. Various meetings have been held with Office of the Prime Minister, MFPED and MAAIF to find workable solutions to expedite the land purchase. The support offered by the various offices has yielded results as more stakeholders have understood the need to expedite the land purchase and offered their support to the process. So far, the project has acquired 6,464 hectares of land. Boundary roads have been opened to protect this land for any future encroachment. The project held negotiations with Buganda Kingdom for a 99 year lease of the 890 hectares that were initially District Land offered to the project, but later returned to Buganda Kingdom. Progress has been made and UGX 4 billion of the total UGX 6 billion has already been paid to Buganda Land Board. Every effort has been taken by the project to ensure that the rights of any person affected are respected and compensated for through willing buyer willing seller principle. The tenants have been consulted and those who have agreed to be compensated, their properties have been valued, while those who opted to stay on their 'bibanja' were let to stay.

2.2.2 Other Activities undertaken in Buvuma

The project carried out a preliminary identification exercise of interested farmers to participate in the smallholder scheme. The exercise involved asking farmers whether or not they were interested in being smallholders, asking them about the land they have available and how much of it they were able to commit to oil palm growing. The ownership of the land was also noted. From the exercise, 600 farmers were interested to participate in the smallholder oil palm scheme on an estimated 1,000 hectares.

An additional 70 kms of boundary roads have been opened using equipment from Ministry of Agriculture and Animal Industry and Fisheries Mechanisation department –Namalere to avoid encroachment on the acquired land.

Land documentation for all potential land for purchase was expedited including undertaking searches to ensure authenticity of land documents from the Mukono District Land offices. The project has supported processing of land documents and letters of administration.

The project facilitated and undertook several land mobilization and tenant sensitization meetings in various villages in Buvuma to ensure buy-in by the local communities.

The project facilitated and undertook the identification and registration of out growers wishing to participate in the oil palm growing.

2.2.3 Strategies to achieve the targeted 2500 hectares of oil palm plantings in Buvuma

- The Project has requested for a quotation for supply of oil palm seedlings from BIDCO and have submitted a proposed planting schedule to them for planning purposes.
- Registration of the smallholder farmers has commenced in Buvuma to facilitate the planning process.
- The Project will access the loan reflows from Kalangala to fund the startup farmer activities in Buvuma
- The project has budgeted for operating costs for Buvuma under GOU counterpart funding.
- Following identification of the farmers, a formal registration process will be undertaken, survey of their lands will commence to confirm how much land will be committed for oil palm development.
- The project plans to recruit core staff for Buvuma by April 2016, who will support the Buvuma activities.

2.3 Oil Palm Research Activities

In the period July 2016 to June 2016, the new team of oil palm researchers have conducted disease and pest surveillances field visits in Kalangala and in on-farm trials in Buvuma and Masaka. The surveillance revealed the occurrence of a variety of oil palm diseases majorly fungal diseases and macro and micronutrient deficiencies. The five major diseases observed included; leaf blight (*Lasiodiplodia theobromae*), Curvularia leaf spot (*Curvularia oryzae*), large brown spot (*Stigmia palmivora*) Sooty mold (*Meliola* species and Lichens (*Lichen caperatus*). These were classified as major diseases because they had high severities, incidences and high level of occurrence (number of affected fields) in the areas sampled. However, the pest data is still undergoing analysis with no preliminary data available for presentation in this reporting period.

In terms of nutrient deficiencies, Boron, potassium, Magnesium, Manganese, Nitrogen and Zinc were identified to be insufficient amounts. Nitrogen deficiency ranked highest in incidence and severity however potassium deficiency was widespread across the majority of sampled fields in Kalangala Buvuma and Masaka.

To generate information for adaptive conditions for oil palm production in Uganda two on-farm trials in Kibale and Masaka were rehabilitated and reinstated to a state suitable for data collection and rehabilitation of on-farm trials in Buvuma and Mayuge is on-going. Furthermore 4 hectares of adaptive trials are being established in Gulu (1.5), Kiryandongo (0.5) and Namulonge (2.5) to test new areas with oil palm production potential. On the other hand, routine data collection is on-going in at Kituza with promising result that we think by the end of 2017 we should have sufficient data to draw conclusion and recommendation.

Furthermore a household survey was conducted in Kalangala to assess the extent of non-uniform ripening and bunch rot. Results indicated that non-uniform ripening (93.8%) and bunch rot (64.7%) occur in Kalangala but their actual cause has not been identified. The non-uniform ripening occur most in the rainy season as compared to dry season

The oil palm researchers recommend that there is need to establish and test disease management options especially for the most prevalent disease in Kalangala. Similarly proper fertilizer regimes need to be adhered to by oil palm farmers through training, soil testing and recommending the right fertilizer rates to be used by farmers. There is also need to carry out soil sampling from the plantations to ascertain whether un-even ripen could associated with soil conditions. There is also a need for the team to get weather data for the last 10 years to validate the association of non-uniform ripening to weather pattern.

3.0 OIL SEED DEVELOPMENT COMPONENT

The Oil Seeds Development Component interventions are focused around four (4) regional hubs of; Lira, Eastern Uganda, Gulu and West Nile; covering 51 districts and targeting 136,000 households. The project aims at imparting knowledge and skills to smallholder sun-flower, soybean, groundnuts, and sesame farmers so that they can run their farms as business entities, supply crushing material and grain to the processors and traders, and improve their incomes. Other value chain activities under the component include; social inclusion focusing on gender, and HIV/AIDS awareness building.

The West Nile hub covers 7 districts, Gulu hub covers 8 districts, Lira hub covers 16 districts and Eastern Uganda hub covers 21 districts. In FY 2013/14, the project identified 29 start-up districts using standard criteria to quickly get on the ground and benefit from knowledge and value chain development potential in these districts. From FY 2015/16 the project has expanded to cover all the 52 districts that comprise the oil seeds project are. In the 23 new districts that have been engaged in FY 2015/16, the project has supported the District Local Government to provide extension and regulatory services. The project has recruited 5 additional service providers who will cover 13 of these new districts bringing the number of districts served by service providers to 42. In the remaining 10 districts extension services are provided by the production departments of district local governments, which were recently strengthened by recruiting more extension staff. The Details of the hubs districts are presented in Table 3.1 below.

Table 3.1: Districts by Hub engaged during 2015/16 FY

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

3.1 Oil seeds component strategy for engagement with partners in the value chain

The project works closely with various partners for the effective and efficient development of the oil seeds value chain. In 2014, the project recruited 6 service providers (1 in West Nile Hub, 2 in Lira Hub, 1 in Northern Uganda Hub and 2 in Eastern Uganda Hub) to reach and engage the oil seeds farmers effectively. The project also works closely with the District Local Governments for quality assurance, NARO's constituent research institutions (NaCRRI & NaSARRI) for research on improved varieties, Uganda National Bureau of Standards (UNBS) for product quality assurance, National Seed Certification Services (NSCS) to ensure seed quality, and, various private value chain actors and supporters. Memoranda of understanding (MoUs) were developed and signed with these partners to guide the implementation relationships. For other actors along the oilseeds value chain, collaborative documents were agreed-upon and signed to strengthen collaborative roles.

In line with the 2014 MTR, the project is implementing a three pronged approach; (i) taking on 5 additional private service providers who will bring in a total of 1,890 groups by 2018, (ii) engagement of higher level farmer organisations (HLFOs) contributing 660 farmer groups, and (iii) expansion and extension of contracts for the 6 PSPs to contribute 3,350 farmer groups. Implementation of the strategy hoped to enable the project reach the farmer groups and household targets set at inception by 2018.

3.1.1 Extension service provision by the recruited service providers

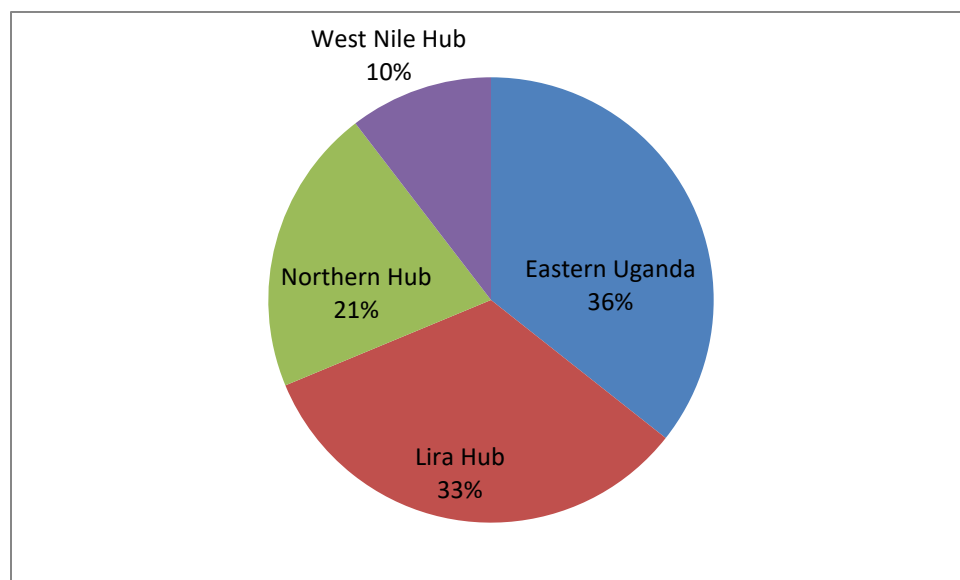
Between July 2015 and June 2016, the project worked with the recruited 6 Pay for Service Providers (PSPs) to offer extension services to the farmers in the oil seeds project area. The PSPs offer training to oil seeds farmers in oil seeds agronomy, group capacity building, post-harvest handling and marketing, and establish linkages between farmers and off-takers.

In Season B 2015, the PSPs engaged 1,196 farmer groups spread across the hubs. In Season A 2016, these continued to be engaged and 723 new farmer groups were added by the PSPs. This increased the number of farmer groups receiving project services under the oil seeds component to 1,919 farmer groups spread across the regional hubs. Table 3.2 below shows a summary of the performance by the PSPs in terms of farmer groups reached.

Table 3.2: Number of farmer groups reached and trained by PSPs

Hub	Service Provider	Districts Covered	Targeted number of farmer groups for PSPs	Groups supported by December 2015	New farmer groups through contract expansion in 2016	Total number of farmer groups in 2016
Eastern Uganda Hub	Eastern Private Sector Development (EPSEDEC)	Bugiri, Busia, Bukedea, Kumi, Pallisa	252	252	107	359
	Community Resource Development Initiative (CRDI)	Mbale, Manafwa, Bulambuli, Sironko, Tororo	220	225	100	325
Lira Hub	Uganda Oil Seeds Producers and Processors Association (UOSPA)	Amuria, Soroti, Serere	100	135	100	235
	AFSRT	Kiryandondo, Apac, Kaberamaido, Lira, Oyam, Masindi	200	220	180	400
Northern Uganda Hub	IIRR	Gulu, Amuru, Lamwo, Kitgum and Pader	175	175	225	400
West Nile Hub	WENIPS	Arua, Yumbe, Moyo, Nebbi, and Zombo	175	189	11	200
TOTALS			1,122	1,196	723	1,919
Total number of direct beneficiaries			25,806	27,508	16,629	44,137
Total number of direct & indirect beneficiaries			129,030	137,540	83,145	220,685

Figure 1: Distribution of farmer groups by regional hub



3.1.2 Recruitment of 5 new service providers

The MTR and IFAD support mission recommended increasing of the number of PSPs from 6 to 11 with one new provider in each of Lira, West Nile and Northern Uganda hubs and two new providers in Eastern Uganda hub, to cover a total of 13 new districts with high potential in the selected crops. Table 3.3 below shows the districts that will be covered by the new service providers.

Table 3.3: Districts under the 5 new service providers

S/No	Hub	Districts
1	West Nile	Koboko and Maracha
2	Gulu	Nwoya and Agago
3	Lira	Amolatar, Alebtong and Otuke
4	Eastern Uganda	Jinja, Iganga, Mayuge, Namutumba, Kaliro and Kamuli

Recruitment of new five service providers has been concluded with contract signing on 22 August 2016, allowing for start of implementation of the project activities in season B 2016. Table 3.4 below shows the district coverage, farmer groups and beneficiary targets for the new service providers.

Table 3.4: District coverage, number of farmer groups and beneficiaries targeted

No.	Hub	Service provider	No. of districts	Targeted No. of farmer groups	No. of direct beneficiary households
1	Eastern Uganda (Mbale)	Sasakawa Global 2000	Jinja, Iganga and Kamuli	215	4,945
		Send a Cow	Mayuge, Namutumba and Kaliro	215	4,945
2	Lira	All Nations Christian Care (ANCC)	Dokolo, Alebtong and Otuke	250	5,750
3	Gulu	Acholi Private Sector Development Centre (APSEDEC)	Nwoya and Agago	200	4,600
4	West Nile (Arua)	Approaches to Rural Community Development (ACORD)	Koboko and Maracha	200	4,600
TOTAL			13	1,080	24,840
Total number of direct & indirect beneficiaries					124,200

Note: Through engagement of 64 HLFOs among the 1,080 farmer groups targeted, an additional 810 lower level farmer groups will be reached bringing the total number of groups reached by new PSPs to 1,890.

Implementation of the three strategies will result in direct engagement of 2,999 farmer groups and 68,977 households by December 2016. This is equivalent to 61.97% of the 136,000 targeted households to be reached by the project under the oil seeds component and 56.76% for the targeted number of farmer groups (i.e. 5,900).

3.2 Preliminary outcomes of the PSP activities

The project has started tracking outcomes from the activities that are being implemented in the project area. Data is collected by the service providers and verified by the hub-coordinators, and periodically, teams from the PMU and MAAIF. Below are the preliminary outcomes from the support the project is offering to the oil seeds value chain in the project area.

3.2.1 Adoption of improved oil seeds technologies

The project is promoting improved oil seeds technologies and encouraging farmers to demand for and purchase the highly productive oil seeds varieties that have been introduced to the

farmers through the farmer learning platforms. The project, through the service providers, ensure that during the farmer field days, the different players across the value chains are invited to assess the performance of the variety trials, to ensure that the variety selected by farmers can be availed by the input dealers, and, should have sufficient oil content to enable the millers to avail premium prices to the farmers.

In Season B 2015, 5,538 smallholder farmers across the areas covered by the service providers purchased improved sunflower varieties. Majority were in Lira Hub (4,767 farmers), followed by Eastern Uganda Hub (637 farmers) and Northern Uganda Hub (134 farmers).

A total of 5,312 smallholder farmers purchased improved soybean varieties across the hubs. Majority were in Lira Hub (4,134 farmers) followed by Eastern Uganda Hub (1,028 farmers), and then West Nile Hub (150 farmers). The project partnership with NaCRRI to multiply improved soybean varieties for purchase across the project area has greatly boosted the demand and production of improved soybean varieties. Figure 2 below shows the comparison by Hub of the farmers who bought quality controlled seed in Season B 2015.

Figure 2: Farmers buying quality controlled seed in the areas covered by the service providers.

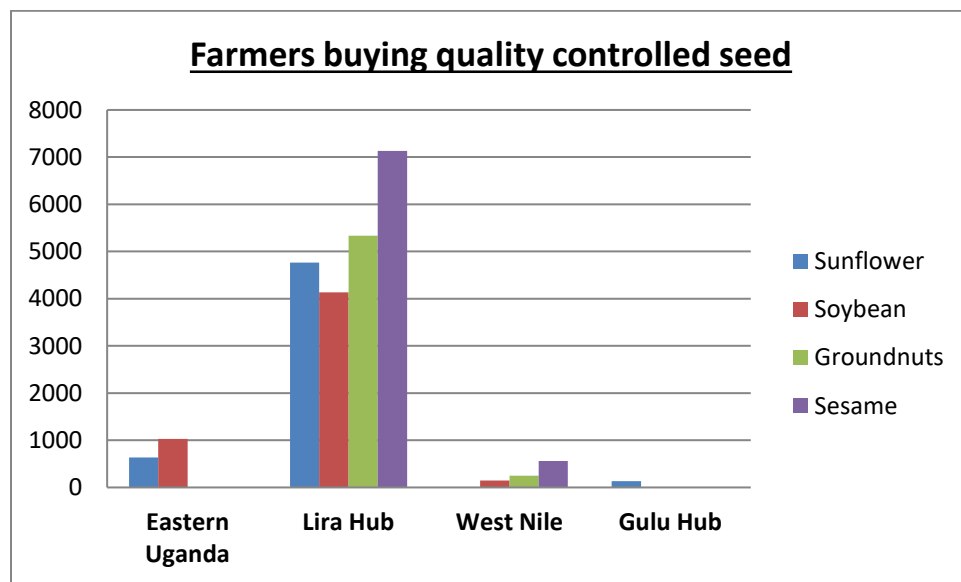


Table 3.5 below shows a sample of the input suppliers and the quantities of seed purchased by farmer groups in selected areas.

Table 3.5: Selected input dealers and the quantity of seed they are supplying to farmer groups

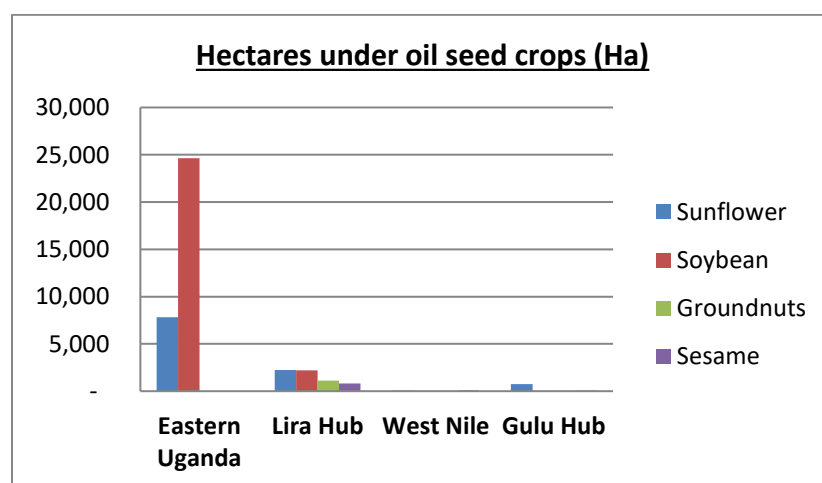
Hub	Source of seed	Crop/variety	Farmer groups involved	Quantity bought (kgs)	Average price per Kg	Money paid by farmer groups (UGX)
Lira	Ngetta Tropical Holdings Ltd.	Sunflower	4	6,183	35,000	216,405,000
	UOSPA	Soybean	2	600	5,000	3,000,000
		Sunflower	1	50	10,000	500,000
	Equator Seeds Ltd.	Soybean	1	10,000	5,000	50,000,000
West Nile	MakSeed	Soybean	1	1,500	3,000	4,500,000

3.2.2 Hectares under oil seed crops

The project is promoting oil crops and supporting farmer groups to increase the number of hectares planted with oil seed crops across the project area, with a major focus on sunflower and soybean to provide crushing material for the mills. In Season B 2015, 10,863 hectares were planted with sunflower, 26,869 hectares planted with soybeans, 1,129 hectares planted with ground nuts and 998 hectares were planted with sesame in the areas where the project has covered with service providers.

The hub with the largest share of farmers growing oil seed crops is Eastern Uganda followed by Lira Hub, then Gulu Hub and lastly West Nile Hub. Figure 3 below shows the distribution of hectares planted with oil seeds buy hub.

Figure 3: Hectares under oil seeds by hub



3.2.3 Farmer groups bulk selling

In order to benefit from the advantages of negotiating for and selling in bulk, the project has been encouraging farmers to bulk and sell their produce as a group. Reports show that between 2013 and 2015, the quantity of sunflower grain bulked has increased from 41,200 kgs to 1,968 tons. Between 2014 and 2015, the quantity of soybeans grain bulked increased from 1,111 tons to 2,627 tons. The table 3.6 and 3.7 below show the quantity of sunflower and soybeans grain bulked in the sub-counties hubs where the PSPs are working with farmer groups.

Table: 3.6: Quantities of sunflower grains bulked and sold in the different hubs (kgs)

Hub	Year			
	2013	2014	2015	TOTAL
Eastern Uganda	-	207,380	90,000	297,380
Lira	34,900	345,780	450,000	830,680
Northern Uganda	-	207,380	888,045	1,095,425
West Nile	6,300	11,900	24,000	42,200
TOTAL	41,200	565,060	1,362,045	1,968,305

Table 3.7: Quantities of soybeans grains bulked and sold in the different hubs (kgs)

Hub	Year			
	2013	2014	2015	TOTAL
Eastern Uganda	-	262,500	650,000	912,500
Lira		100,678	309,930	410,608
Northern Uganda	-	742,210	526,792	1,269,002
West Nile	-	5,700	29,500	35,200
TOTAL		1,111,088	1,516,222	2,627,310

3.2.4 Mills established in the Hubs and Mill Capacity Utilization

The project, through PSPs and Hub offices have continued to link farmers to millers. Data for the number of mills working with the different millers is still being compiled as the returns of Season A 2016 are confirmed.

Promotion of oilseeds by the project has resulted in increased crushing material for the mills. This is providing opportunity for the private sector to invest in mills. The existing mills are also

increasing the utilization of the existing installed capacity. In Gulu Hub, there are five new mills installed since 2012 (Mabline Investment millers operation since January 2015 in Gulu; Mothers Union operational starting 2015 in Kitgum; Members Enterprises in Kitgum and started operation in 2015; Kitgum Farmers' Association operational since 2014 in Kitgum; and Global millers that started milling this year. While one mill that had been installed earlier (St. Isidoro Mill) was not operational, it has now started operating in 2015. The total number of mills in Gulu hub is nine currently from only three before onset of project activities. In West Nile Hub, two mills have been installed (Wadudu millers in Arua and Natures Harvest KK Limited in Koboko) and one mill that was not operational is now operating (Odokibo mission mill).

In Eastern Hub, eight new mills have been installed 2012. (7 small to medium scale and one big mill). These include, Nile Agro Ltd in Jinja; Gill and Roses Investments Ltd; Cottfield East Africa in Kibuku; Silver Oil Investments in Bulambuli; Mpima Jacobs in Bulambuli; Khaukha Stephen's oil mill in Bulambuli; Namisi Scani's millers in Sironko; Universal Oil millers in Mayuge; Busiu Tubana oil Mills in Busiu and Essence of Africa in Mbale. This brings the total number of mills in the hub to 11.

In Lira hub, there are many mills in the Lango region. However, in the Teso region, there were only two mills in Soroti (TOFA Oil Mills and Plain Country Investments) at project onset. Currently another two new mills have been installed (DA Oil Millers and FRUNTY Enterprise) and are functional. Another mill has been delivered and is about to be installed.

The increasing investment in the oilseed milling industry has resulted in competition for grain, thus giving farmers an opportunity for improved farm-gate prices. For example, in West Nile hub, the price of sunflower grain reached UGX 1,000/= from the previous buying price of UGX. 600/=. Furthermore, the buyers/millers provided drying materials and bags to farmers as commitment to buy their produce at agreed price.

The mill capacity utilization has also increased to 34% across the hubs. The highest mill capacity utilization was in Lira Hub (62%), followed by Northern Uganda Hub (48%), then Eastern Uganda Hub (27%) and the lowest was in West Nile Hub (2%). Figure 4 below shows the distribution of the mills while Figure 5 shows the mill capacity utilization across the project area.

Figure 4: Number of mills in each oil seeds hub

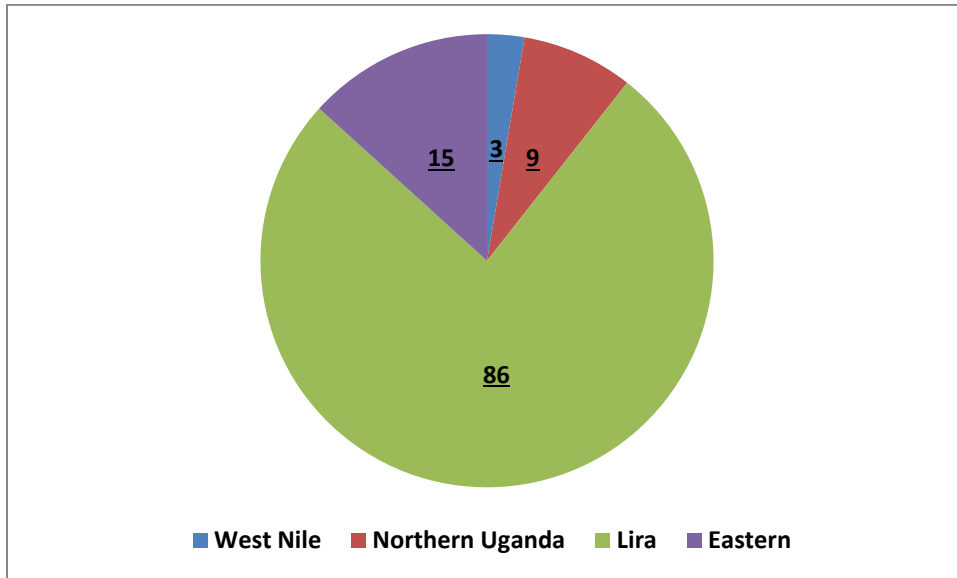
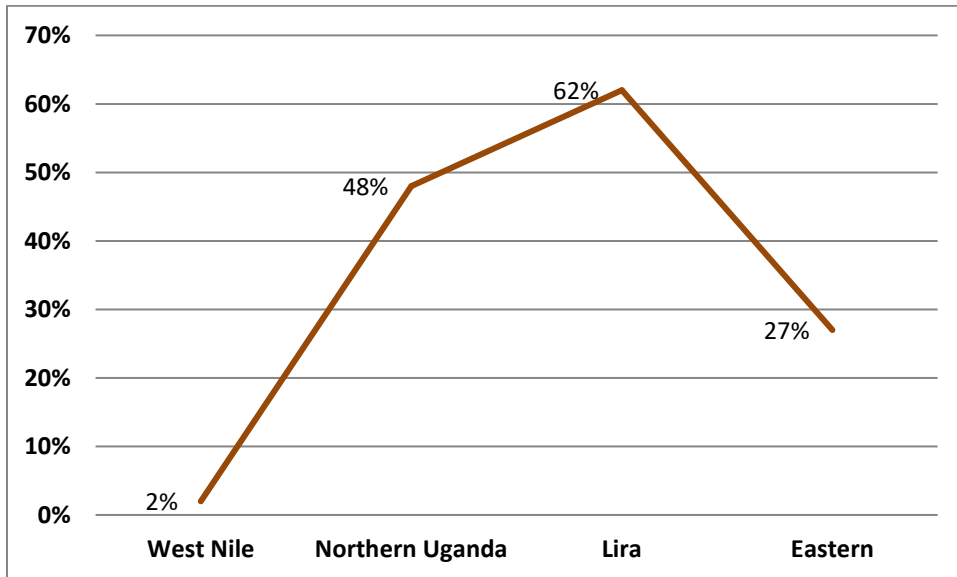


Figure 5: Mill capacity utilization across the hubs



3.3 Soybean Breeder seed and Foundation seed production by NaCRRI

Through partnership with the project, production of both soybean breeder and foundation seed production has been increasing since 2013. The NaCRRI report shows that that breeder seed produced increased by 20.5% in 2014 and by 175.4% in 2015. Correspondingly, foundation seed

production increased by 14.2% in 2014 and 156.5% in 2015. Table 3.11 below shows the soybean breeder and foundation seed production.

Table 3.8: Soybean breeder and foundation seed production (Kgs)

Seed type	2013		2014		2015	
	Season A	Season B	Season A	Season B	Season A	Season B
Breeder	250	310	325	350	400	1,459
Yearly total	560		675		1,859	
% increase			20.54		175.41	
Foundation	5,906	16,262	8,857	16,466	23,585	41,379
Yearly total	22,168		25,323		64,964	
% increase			14.23		156.5	

By variety, breeder and foundation seed production figures show that larger quantities of breeder seed were produced for Maksoy 3N and Maksoy 4N varieties compared to others. However, for foundation seed, higher quantities were produced for Maksoy 2N and Maksoy 3N due to their high demand for commercial production. Maksoy 1N and Maksoy 5N were produced in very small quantities. Table 3.12 below shows the quantity of seed produced by variety.

Table 3.9: Quantity of Soybean Breeder and Foundation Seed production season B, 2015 by variety

Variety	Breeder Seed	Foundation Seed
Maksoy 1N	16	360
Maksoy 2N	25	3,665
Maksoy 3N	636	36,851
Maksoy 4N	498	403
Maksoy 5N	325	100
Total	1,459	41,379

3.4. Seed Quality Assurance

The project has continued to partner with NaCRRI in capacity building for farmer groups engaged in soybean seed multiplication. The trainings have included the agronomy, quality assurance and post-harvest handling in seed production. NaCRRI in liaison with PMU has also carried out field inspection of fields for farmer groups undertaking seed multiplication in Eastern Uganda and Northern Uganda hubs.

3.4.1 Capacity building in seed multiplication for farmer groups

In order to ensure quality soybean production NaCRRI with support from VODP2 trained a total of 259 participants drawn from seed multiplication groups, with 35.52% percent women participation. Table 3.13 below shows the number of participants in the trainings held in Eastern Uganda and Northern Uganda hubs.

Table 3.10: Capacity building for Quality Declared Seed production

Hub	Participants			Dates
	Male	Female	Total	
Eastern Uganda	40	6	46	23 rd to 24 th Nov, 2015
Northern Uganda	127	86	213	14 th to 18 th Dec, 2015
Totals	167	92	259	

3.5 Identification and Strengthening of oilseeds HLFO

The project has partnered with Uganda Cooperative Alliance (UCA) to build the capacity of farmer groups to join farmer institutions for sustainability. So far, UCA has assessed 54 Higher Level Farmers Organisations (HLFO) based on their level of membership and functionality. A total of 40 HLFOs were selected in the 4 hubs comprising of a total of 1,471 groups and 36,336 members. The assessment also identified gaps in the 40 HLFO which include; few active members, low membership especially in West Nile Hub, non - registered farmer institutions, weak governance, and lack of operating policies & procedures, as well as organisational documents required for running the HLFO business among others. In the identified HLFO 25 are considered LLFO mostly in Northern Uganda hub and West Nile hub with potential to be developed into HLFO. UCA supported by the project started training and restructuring these potential HFLOs and in Mbale hub 3 DFA are being restructured in the 6 sub counties of Mulongo, Imanyiro, Buwenge, Butangaya, Nawandala and Buyanga to form sub county HLFOs

and 5 existing HLFOs strengthened in governance and good leadership. Table 3.11 below shows the progress under UCA.

Table 3.11: Higher level farmer organisations identified by UCA

Hub	HLFO Identified		Current No. of beneficiaries
	Total number of HLFO	No. of groups in the HLFO	
LIRA	11	336	16,700
GULU	6	202	5,829
WEST NILE	10	58	2,122
EASTERN UGANDA	13	799	11,685
Total	40	1471	36,336

Table 3.12: Higher level farmer organisations trained in governance by UCA

S/N	Name of the Institution	Location	Number of participants
1.	Namugalwe ACE	Iganga district	39
2.	Nankoma ACE	Bugiri district	30
3.	Butagaya Farmers Association	Jinja district	33
4.	Bukusu Yatene ACE	Mbale district	41
5.	Merikit ACE in Tororo	Tororo district	26
	Total		169

3.6 Access to production credit by oil seeds farmers

3.6.1 Access of loans from Financial Institutions

In an effort to support farmers to improve production, the project facilitated linkages with financial institutions for farmers to access production credit. The project established partnerships with four financial institutions which are Uganda Development Bank Limited, FINCA Uganda, Opportunity Bank, DFCU Bank and Post Bank Uganda. Through this partnership with financial institutions, a total of UGX 2,569,396,000 (UGX 2.6 billion) has been loaned to farmers for land opening, purchase of quality oil seed inputs, garden maintenance and marketing. The loans have so far benefitted 2,823 smallholder oil seeds farmers (40% female) and these have paid back

UGX 995,296,509 (UGX 995 million). By financial institution, the disbursements have been UDBL UGX 2.5 billion, FINCA Uganda 59.6 million, Opportunity Bank Uganda UGX 51 million and Post Bank Uganda UGX 11 million.

The project has continued to monitor utilization of loans among the oilseed groups in Lira, Northern Uganda and Eastern Uganda hubs as well as strengthening the groups to meet the criteria of the financial institutions.

3.6.2 Farmer groups linked by the project to financial institutions

In Northern Uganda hub, the project supported 30 smallholder farmers in 6 sub counties of; Awere (03), Puranga (05), Pabbo (11), Lamogi (09), Lalogi (02), Odek (06) to develop constitutions; legally register at the district and mobilize 30% savings of the loan to enable DFCU bank process their loan requests.

In Lira Hub, Opportunity Bank Uganda Limited disbursed 2nd round of loans worth UGX 27,750,000 million for Orupe farmers (17 members) and Kakure farmers (21 members) in Soroti and Kaberamaido districts respectively. In Season B 2015, famers in Orupe group bulked and sold 6 MT of soyabean, while Kakure farmers bulked and sold 8 MT to traders in the district.

In Alebtong district, Otimikomwa is servicing a loan of UGX 34,550,000 million from FINCA and so far a repayment of UGX 22,667,000 million has been made. The group members in the 4 sub counties of Amugu, Omoro, Awei, Abako Alebtong, and Akura in Alebtong Distirct bulked and sold 41,021 kgs of sunflower to Mukwano, Mt meru, Nile agro and small traders at a price of Ushs 800/= making a gross income of UGX 32,816,000.

Oyam Agro Co-operative Society was linked to PostBank and loan appraisal is on-going targeted to finance weeding and harvesting of soybean in 1st season 2016. The Group accessed locally multiplied seed from within the members worth 4 MT and is targeting an output of 900 MT at end of season.

Note en teko servicing loan from FINCA of UGX 25 million and so far has made repayments worth UGX. 7,240,000 and in last season bulked sunflower to a tune of 11 MT and sold to Nile agro at a price of 1050 per kg earning them a gross income of UGX 11,550,000.

UDBL disbursed a 2nd round of loans to Alito cooperative worth UGX 369,500,000 to pay for inputs for cooperative members for season 1 2015 i.e. (30Mt of soybean 3N& 4N , 5 MT of Hybrid sunflower -Agusun) accessed by members of the cooperative.

4.0 PROJECT MANAGEMENT

The Project Management Unit (PMU) is responsible for effective and efficient coordination project activities to ensure delivery of high quality and cost efficient services in the project area. The roles of the PMU include working with other line ministries and government agencies as required for ensuring smooth project implementation; Planning and budgeting for project activities; reporting on project implementation progress; managing project activities and IFAD loan funds in accordance with IFAD's general conditions; intermediation on behalf of GoU with the Private Sector partners; Public relations role and provision of information to the public on project activities; supervision and monitoring project funding provided through KOPGT for oil palm development, leadership role as an OSSUP participant, contract and manage pay for service extension providers for oilseeds production. The PMU also manages the project procurements and provides technical backstopping to project implementers to ensure that the project achieves its objectives.

Progress between July 2015 and June 2016 under the PMU is below

4.1 Planning, Budgeting and Reporting

The project prepared quarterly and annual work plans and progress reports using GoU's Output Budgeting Tool (OBT) format and submitted them on time to MAAIF. Submission of the reports is the basis on which funds are released to the project.

The project also prepared and submitted the 2016/17 Annual Work Plans and Budget to MAAIF which was approved and captured in the Ministerial Policy Statement approved by the Parliament of Uganda for FY 2016/17.

The project prepared on-demand special reports to Members of Parliament, Cabinet Ministers and other stakeholders providing progress on the implementation of different project activities.

The Project hosted His Excellency the President who commissioned the farmers' fertilizer store and laid a stone for the second mill in Kalangala, among others.

The project held hub review meetings in all the 4 hubs which attracted the value chain stakeholders. Presentation of performance reports by the pay for service providers, discussions on the performance reports and a presentation on the project M&E, planning and reporting formats were among the activities undertaken during the review.

4.2 Communication and Knowledge Management (C&KM)

The following activities were implemented between July 2015 and April 2016 under C&KM.

- i. Exhibited at the Source of the Nile show where the project activities were show cased.
- ii. Exhibited at the World Food day in Fort Portal.
- iii. Video documentation of the oil palm story in Kalangala was finalized with 5 modules. The videos holistically present the project and its impact in Kalangala from the beginning to date. The modules are below;
Module 1: How the oil palm investment started
Module 2: Doing it right
Module 3: The Public Private Partnership in Kalangala;
Module 4: Infrastructure Development;
Module 5: Women Empowerment and Social Interventions A video on the impact of oil palm in Kalangala was prepared for the Agriculture Sector Joint Annual Review meeting.

4.3 Results based Monitoring and Evaluation

The project is implementing the results based Monitoring, Evaluation and Learning approach where an M&E system customized for the VODP 2 is being implemented. The project has revised the logical framework, formulated planning and reporting formats and incorporated the use of geographic information systems (GIS) in the project surveys. The project also operates simple updated databases that record physical progress. The detailed progress under the results based M&E is below;

4.3.1 Project baseline surveys

The project finalized the baseline survey reports for oil palm consolidation and expansion in Kalangala, oil palm development in Buvuma and oil seeds development in the four regional hubs. Data from the baseline survey reports was reviewed and extracted during the M&E implementation support mission in April 2016 and is being used to populate the project result management framework.

4.3.2 Implementation of the GIS Based Impact Monitoring Tool

The project in partnership with the Global Land Tool Network of UN Habitat, initiated the implementation of the Geographical Information Systems (GIS) based impact tool “the farmer driven enumeration” in the project area. The tool is intended to enhance the project’s capacity for effective project management as well as monitoring and evaluation. The tool implementation involves farmer-led mapping of farmlands and garden numbering, data collection, data capture, management and analysis, and data validation and updating. The main objectives of the tool are to capture the impact of project activities on the beneficiaries, assess the productivity of the oil crops in relation to socio-economic factors, and, to document the farmers’ tenure rights and conflict mapping in the project area.

All the data collected in Kalangala has been entered into simple MS Excel tables and was reviewed and used during the revision of the oil palm farm model. The project plans to verify the data and ensure all farmers who were missed or had some inaccurate information captured have the opportunity to have this information corrected. Engagement is still on-going with the Global Land Tool Network for the Social Tenure Doman Model data base to be completed so that the data is entered and analysis is carried out, maps are produced and a comprehensive report is produced. GLTN will send a Technical Officer to support the project to complete the work on the data base in October 2016.

4.3.3 Piloting the GIS tool in the oil seeds component

The project has asked the PSPs to identify 100 beneficiaries in each district whose data will be collected starting Season A 2016. The project plans to carry out a panel survey on these households to be able to measure the effects of the project activities on their households. The data will be geo-referenced and used to populate project maps.

4.3.4 Analysis of land use changes in Buvuma and Kalangala districts between 2007 and 2014

The project acquired satellite images for Buvuma main island and Kalangala district (Bugala, Bunyama and Bubembe islands for the years 2007 and 2014 to assess the land uses/ land cover changes through remote sensing and GIS techniques. A Consultant was hired to interpret the images and a draft report is being reviewed.

The draft report shows an analysis of both Buvuma (coverage of 21,509 hectares) and Kalangala (Bugala, Bunyama and Bubembe with the total size of 22,817 hectares). The consultancy has prepared maps showing the land use change between 2007 and 2014 (both Buvuma and Kalangala), the nucleus estate and smallholder schemes in Kalangala, buffer zones and areas of encroachment.

The consultancy found that there was significant change in land use and land cover types in both Buvuma and Kalangala between 2007 and 2014. In Buvuma, forests and woodland reduced by -48% while the land under agriculture use increased by 480%. In Kalangala the most significant change was from subsistence agriculture to large scale extensive agriculture, the oil palm plantations.

The report gave some recommendations including: periodic data updates; boundary and cadastral surveys of land planted by the nucleus estate and the smallholders to confirm the exact size of plantation which could be used in produce estimation; creation of a Geodatabase and work station dedicated to the project to store the generated spatial data, with a standing skilled personnel to manage the data and reproduce any other secondary information as may be required; and, to effectively disseminate the assignment findings as information acquired could be useful for future evaluation.

4.3.5 Study on the Enabling factors for Public Private Partnerships in Agricultural Value Chains: Uganda Case Study

IFAD in partnership with the Institute of Development Study (IDS) carried out a study to identify key success factors for public private partnerships in rural development. The aim of the study was to support policy and decision-makers in government, business, donor agencies and farmers' organizations to build more effective PPs that bring about positive development outcomes, sustainability and at scale. The PMU supported the research team, participated in the field work, reviewed the draft reports and participated in the workshops where the report was presented to ensure that the study responded to some key questions raised by the different project stakeholders. The study explored four questions:

- i. What constraints was the PPP set up to overcome, and what was its theory of change?

- ii. What were the key features of how the PPP was brokered, designed and implemented?
- iii. What have been the development outcomes for smallholders and rural communities to date?
- iv. How have these outcomes been influenced by the PPP brokering, design and implementation?

The study found that the PPP in Kalangala generated significant livelihood and employment opportunities in Kalangala which was formerly one of the country's poorest and report districts, with limited livelihood options based on subsistence farming and fishing. It also found that the PPP had increased household assets; formalized tenure rights for many smallholders and expanded landholdings for some, including women; and, provided more stable incomes. The PPP has also overcome the challenges facing smallholders by providing a guaranteed market for their produce, and through mechanisms to set prices based on the markets. The PPP has brought many job opportunities (in the mill, processing plant, and the construction of services sectors), and resulted into improvements to infrastructure (particularly roads and anew ferry services) which have benefitted the whole population.

4.3.6 Impact survey in Kalangala

The project in partnership with the Statistics Division of MAAIF is carrying out an impact survey in Kalangala. The main objective of the impact study is to establish and map out the existing social economic characteristics of the households in Kalangala district to measure the effects of the impacts of the interventions. The specific objectives of the study will be; to establish the household demographics and livelihood conditions of the households in Kalangala district and compare with the findings of the baseline survey carried out in 2004; to establish the effects of the oil palm development activities on the beneficiary households in Kalangala; to establish the effects of the oil palm development activities on the economy of Kalangala; and, to establish the productivity of the oil palm trees in the different years of maturity.

The Terms of Reference, Work Plan and Budget for the impact survey to be carried out in partnership with the Statistics Division of MAAIF were finalized. The IFAD M&E implementation support mission held in April 2016 reviewed the documents and proposed some

changes which have been incorporated. The survey activities are expected to be implemented between May and June and the final report expected by end of September 2016.

4.3.7 Outcome survey in the oil seeds component

The project in partnership with the Statistics Division in MAAIF intend to carry out an Outcome survey in the oil seeds project area to assess the progress of the service providers in achieving their contracted targets. This survey will be implemented with qualitative assessments that will complement the household-level information, providing information on why and how some outcomes were or were not achieved. In addition to the household interview, focus group discussions and key informant interviews will be done. The specific objectives of the survey are to assess the targeting efficiency in terms of farmers growing quality oil seed, oil seed production and acreage planted; to assess farmer group participation receiving extension services from the project by gender; to establish the progress by medium and large scale millers towards attaining UNBS certification; and, to establish the benefits of the credit facility disbursed to the smallholder farmers by financial institutions.

The Terms of Reference, Work Plan and Budget for the outcome survey are still being finalized. The IFAD M&E implementation support mission held in April 2016 reviewed the documents and proposed some changes which are being incorporated. The survey activities are expected to be implemented between June and July, and the final report expected by end of September 2016.

4.3.8 Establishment of the project MIS

The project would like to establish a Web Based Management Information System (MIS) which will enable the project to capture, analyze, store and produce reports on the progress being made by the project towards achievement of the project objectives. The MIS will be updated with all available data, and will be used by permitted implementation partners to update the data. So far, the project has generated the necessary planning and reporting formats whose indicators will form the basis of the entry and report screens. The Project Sub-Contracts Committee approved the method of procurement and shortlist of firms. The procurement is expected to be completed by end of October 2016.

4.3.9 Routine monitoring and supervision activities

The project in partnership with MAAIF carried out monitoring visits to validate the reports submitted by the different implementation partners. Recommendations from the field findings were made to management. The monitoring reports highlight the progress in the implementation of the annual work plans, challenges being encountered and lessons learned that can be scaled up in other project areas.

The project also visited West Nile and Eastern Hubs and held in-house training meetings with each of the service providers and Hub Coordinators on monitoring, data collection tools and mandatory reports. The discussions also covered planning for impact and practical approaches to regular and acceptable data collection.

4.3.10 Implementation of a Randomized Control Trail in the oil seeds project area

Under a partnership created by IFAD Head quarters and 3ie, the project is working with the University of Milan to carry out a randomized control trial the team from University of Milan, including the lead researchers came to Kampala in January 2016 to agree on the way forward and a common understanding was reached and the work will be on-going over the next two years.

The final agreed upon research topics is to assess if the extension services provided (“information package” with farmers being “treated” with knowledge) will lead to adoption of improved practices, as well as the overall impact and cost-effectiveness of the project. RCTs aim to construct a valid comparison group to find out what would have happened if the project as not come. Those who will receive services in the first season serve as comparison to those who receive at a later stage. This means the two groups are comparable in terms of willingness, production potential etc. Baseline data will be collected in April and May 2016, around planting time. The team has interacted with the service providers on ground, and are worried over delays in contract finalization and thus selection of sub-counties and groups, and ultimately delays in implementing activities. At least the researchers will be able to collect some data, working closely with service providers.

A total of 86 sub-counties will be sampled with 8 groups in each, and 5 farmers in each, a total of 3440 farmers to be interviewed. 50% of the sample is for control, and it covers Gulu, Eastern and

West Nile hubs. Data will be collected 4 times at the beginning of each season, up until the end of 2015.

4.4 Human Resources Management under the PMU

Five positions fell vacant at the PMU. These include the Communication and Knowledge Management Officer who retired after reaching the mandatory retirement age; while the Procurement Officer and the Hub Coordinator, Northern Uganda Hub resigned from the Project. In February 2016, the Project Engineer and a Driver passed away. The September 2015 Mission recommended the recruitment of an M&E Assistant whose Terms of Reference have been developed and shared with the Project Steering Committee. Efforts are under way to fill all the vacant posts.

The Hub Offices continue to function with only the Hub Coordinator which is a challenge especially when the Coordinators are in the field or at the centre. Some services like security and cleaning of offices have been contracted out. Drivers from the Centre have been released to work at the hub offices.

Under KOPGT, contracts of four staff were not renewed (three field officers and one IT officer) while two staff have recently resigned (field officers) to join employment elsewhere. There is therefore a challenge in terms of staff. KOPGT with support from the PMU have interviewed candidates and it is expected that all positions will be filled by July 01, 2016.

5.0 PROJECT COSTS AND FINANCING AND PROCUREMENT UNDER VODP 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 2015/16 project work plan and budget. IFAD is supposed to finance a total of UGX 19.94 billion (USD 5.70m), which accounts for 60.17%, of the total budget while GOU is to contribute UGX 13.20 billion (USD 3.77m) accounting for 39.83% of the budget. Table 5.1 below provides details of the project according by category, while table 4 gives the budget by component.

Table 5.1: 2015/16 FY Budget by category

CATEGORY	AMOUNT (UGX)	AMOUNT (USD)	%AGE
GOU			
118389 Vehicle, Equipment and materials	120,000,000	34,286	0.36%
118393 Small holder Oil Palm	12,185,032,081	3,481,438	36.78%
118396 Extension service	382,517,191	109,291	1.15%
118397 Salaries	232,442,519	66,412	0.70%
118399 Operating cost	276,800,000	79,086	0.84%
Sub total Gou	13,196,791,791	3,770,512	39.83%
IFAD			
118389 Vehicle, Equipment and materials	822,157,000	234,902	2.48%
118390 Materials	876,928,000	250,551	2.65%
118392 Civil works	1,039,946,000	297,127	3.14%
118393 Small holder Oil Palm	4,367,192,000	1,247,769	13.18%
118395 Consultancy, training and workshops	2,891,296,750	826,085	8.73%
118396 Extension service	5,708,824,000	1,631,093	17.23%
118397 Salaries	2,507,132,586	716,324	7.57%
118398 Operating cost	1,723,004,400	492,287	5.20%
Sub total IFAD	19,936,480,736	5,696,137	60.17%
Grand Total	33,133,272,527	9,466,649	100.00%

Table 5.2: 2015/16 FY Budget by Component

COMPONENT	AMOUNT (UGX)	AMOUNT (USD)	
Oil palm			
Kalangala Oil Palm Development	6,980,138,000	1,565,745	16.54%
KOPGT support	2,040,183,680	582,910	6.16%
Buvuma Mobilisation	111,445,697	31,842	0.34%
Buvuma Oil palm development	11,104,671,750	3,601,335	38.04%
New oil palm area identification	345,200,000	98,629	1.04%
Subtotal Oil palm	20,208,376,827	5,880,468	62.12%
Oil seeds			
Farmer groups extension	6,443,444,000	1,840,984	19.45%
Seed production	1,586,099,333	453,171	4.79%
Value chain	254,585,667	72,739	0.77%
Subtotal Oil seeds	8,284,129,000	2,366,894	25.00%
Project management			
Project management	4,267,504,400	1,219,287	12.88%
Subtotal Project management	4,267,504,400	1,219,287	12.88%
Grand Total	33,133,272,527	9,466,649	100.00%

5.2 Release of funds during the Year 2015/16 – GOU Funds.

GOU was required to provide counterpart funds for some of the Project activities in accordance with the terms and conditions of the financing agreement. GOU allocated UGX 13.20 billion (USD 3.77m) for project activities. So far (July 2015 to June 2016), a total of Ushs 10.15 billion has been released amounting to 100.00% performance. Most of these funds were released for acquiring land in Buvuma for oil palm development -the nucleus estate.

5.2.1 Release of IFAD funds

The project operates two Designated Accounts at Bank of Uganda; Farmers account with a ceiling of USD 1.0M and VODP operations Account with a ceiling of USD 4.0M. The project received USD 1.11M for farmers' loans and USD 1.16M for other activities under VODP2 against two withdrawal applications; No. 38 and 39. WA 41 was paid after June 2016 and there are two applications in the pipeline; WAs. 047 and WA 048.

Table 5.3: Replenishment of the special accounts

Date	WA	Account	USD
20/10/2015	36	VODP Operations Designated account	781,655.36
21/12/2015	38	VODP Operations Designated account	1,109,095.78
21/01/2016	39	Framers loan Designated account	1,156,328.14
Total			3,077,088.28

5.3 Project Expenditures/disbursements

5.3.1 Direct Payments

The Project made direct payments amounting to Ushs 4.20 billion (USD 1.21M) during the period between July 2015 and June 2016.

Table 5.4: Direct payments

WA	PAYEE	USHS	USD
040	Rwambuya	399,399,600.00	110,400.00
042	Nile Fishing	351,833,088.00	102,400.00
043	OPUL	2,074,951,739.45	594,548.86
044	Motor Care	331,157,169.42	95,403.00
045	FAO	439,982,355.38	130,538.42
046	OPUL	598,624,909.44	178,311.83
Total		4,195,948,861.69	1,211,602.11

5.3.2 Disbursement of funds to Implementing Agencies

KOPGT operations

(i) Cash releases for farmer loans

A request of UGX 519m from KOPGT was released for smallholders' loans. A total amount of UGX 14.25 billion (USD 5.44M) has been disbursed under VODP2. This amount when added to the UGX 5.56 billion (USD2 .84M) disbursed under the first phase, amounts to UGX 19.81 billion (USD 8.28M) disbursed to Kalangala Oil Palm Growers Trust (KOPGT) as cash for onward lending to farmers.

(ii) Inputs (In-kind) Loans

In this financial year, OPUL has been paid UGX 2.07 billion (USD 0.59m) .The total payment to OPUL for inputs under VODP2 is UGX 16.1 billion (USD 6.18M). This when added to the funds paid to OPUL under VODP 1 amounts to UGX 20.87 billion (USD 8.48M).

The total KOPGT funds disbursed to KOPGT (cash loans plus input loans) amounts to Ushs 40.7 billion.

These funds have supported 1,700 farmers to establish 4,300ha of oil palm. KOPGT has so far recovered a total of 6.3 billion from farmers of oil palm.

(iii) KOPGT Operating and training costs

PMU disbursed UGX 791 million to KOPGT since July 2015 for operations activities, amounting to a total disbursement of UGX 3,881 million for KOPGT operations activities and payment of staff salaries. KOPGT was able to pay its 25 staff members and support oil palm farmers in maintaining their gardens, transportation, grading and payment of ffbs.

(iv) Kalangala District Local Government (KDLG) operations

The project has so far release 865.49M for roads and monitoring to Kalangala District local Government. Funds were not disbursed to Kalangala District Local Government since July 2015 due to the fact that the road unit repairs had not been completed.

(iv) Buvuma District Local Government (BDLG) operations

163.48M was disbursed to Buvuma for oil palm activities in June 2016.

Table 5.5: Disbursements for Oil Palm Activities

Entity	Cum to Jun 2015	Jul – June 2016	Cum to date
KOPGT operations	3,090,344,663	790,550,142	3,880,894,805
KDLG	403,866,200	261,485,865	665,352,065
BDLG	576,583,673	163,476,100	740,059,773
Total	4,070,794,536	1,215,512,107	5,286,306,643

(iv) Disbursements to Research Institutes under NARO

A total of 630m was disbursed to research institutes under NARO since July 2015 increasing the total amount disbursed to NARO institutions to 1,083m.

Table 5.6: Funds disbursed to Research Institutes under NARO

Institute	Cum to June 2015	Jul-Jun 2016	Cum to date
COREC	310,181,680	263,764,600	573,946,280
NaCRRI	103,222,700	213,932,800	317,155,500
NaSSARI	39,575,000	152,030,000	191,605,000
Total	452,979,380	629,727,400	1,082,706,780

Disbursements to Uganda National Bureau of Standards (UNBS) for Quality Assurance and Standards activities

UGX 97 m was disbursed to UNBS for quality assurance and standards activities during the year. This when added to UGX 15m disbursed last financial year brings the total amount to UGX 112M.

Table 5.7: Funds disbursed to UNBS

Institute	Cum to Jun 2015	Jul – Apr 2016	Cum to date
UNBS	15,156,470	96,910,000	112,066,470
Total	15,156,470	96,910,000	112,066,470

(v) Disbursements to Districts under Oilseeds

A total of 222M was disbursed to districts for oilseeds activities in since July 2015. The project has far disbursed 404M to 36 districts to facilitate the implementation of oilseeds activities in the project area.

Table 5.8: Funds release to districts

District	Cum to Jun 2015	Jul – Apr 2016	Cum to date
Agago District		12,694,920	12,694,920
Amuria District	4,050,000	6,750,000	10,800,000
Amuru District	8,960,000	14,000,000	22,960,000
Apac District	8,100,000		8,100,000
Arua District	4,425,000	7,450,000	11,875,000
Bugiri District	8,408,000		8,408,000
Bukedea District	7,575,000		7,575,000
Bulambuli District	11,120,000	6,131,000	17,251,000
Busia District	4,687,000	5,661,000	10,348,000
Dokolo District	13,025,000	13,025,000	13,025,000
Gulu District	5,278,500	7,500,000	12,778,500
Kaberamaido District	4,450,000	7,100,000	11,550,000
Kaliro District		6,500,000	6,500,000
Katakwi District	14,681,500	14,681,500	14,681,500
Kiryandongo District	10,687,500		10,687,500
Kitgum District	13,820,000	20,880,000	34,700,000
Kumi District	7,050,000		7,050,000
Lamwo District	5,465,000	6,580,000	12,045,000
Lira District	7,070,000	6,746,000	13,816,000
Manafwa District	4,175,000		4,175,000
Maracha District		7,000,000	7,000,000
Masindi District	9,860,000		9,860,000
Mbale District	4,230,000	9,600,000	13,830,000
Moyo District	4,175,000	7,000,000	11,175,000
Nebbi District	5,218,000	7,798,000	13,016,000
Ngora District		13,290,000	13,290,000
Oyam District	12,955,000		12,955,000
Pader District	4,161,500	7,636,500	11,798,000
Pallisa District	8,264,000		8,264,000
Serere District	4,175,000	6,035,000	10,210,000
Sironko District	3,750,000	7,500,000	11,250,000
Soroti District	4,250,000	6,550,000	10,800,000
Tororo	4,371,000		4,371,000
Yumbe District	4,008,000	6,946,000	10,954,000
Zombo District	3,750,000		3,750,000
Grand Total	177,738,500	222,054,920	403,543,420

Table 5.9: Financial performance by Category against budget for the Period July 2015 to June 2016

CATEGORY	BUDGET	ACTUAL		
	AMOUNT (UGX)	EXPENDITURE	VARIANCE	%AGE PERFORM
GOU				
118389 Vehicle, Equipment and materials	120,000,000	100,035,668	19,964,332	83.36%
118393 Small holder Oil Palm	12,185,032,081	11,421,241,914	763,790,167	93.73%
118396 Extension service	382,517,191	318,243,164	64,274,027	83.20%
118397 Salaries	232,442,519	230,609,882	1,832,637	99.21%
118399 Operating cost	276,800,000	205,773,539	71,026,461	74.34%
Sub total Gou	13,196,791,791	12,275,904,167	900,923,292	93.02%
IFAD				
118389 Vehicle, Equipment and materials	822,157,000	692,478,400	129,678,600	84.23%
118390 Materials	876,928,000	844,832,594	32,095,406	96.34%
118392 Civil works	1,039,946,000	321,899,570	718,046,430	30.95%
118393 Small holder Oil Palm	4,367,192,000	4,226,506,549	140,685,451	96.78%
118395 Consultancy, training and workshops	2,891,296,750	2,129,634,255	761,662,495	73.66%
118396 Extension service	5,708,824,000	2,663,418,985	3,045,405,015	46.65%
118397 Salaries	2,507,132,586	2,306,098,820	201,033,766	91.98%
118398 Operating cost	1,723,004,400	1,422,835,313	300,169,087	82.58%
Sub total IFAD	19,936,480,736	14,607,704,486	5,328,776,250	73.27%
Grand Total	33,133,272,527	26,883,608,653	6,249,663,874	81.14%

5.4 2015/16 Budge performance for IFAD loan funds

During the period July 2015 to June 2016, a total of Shs 26.88 billion was spent on project activities, representing a budget out-turn of 81.14%.

- **Vehicle, Equipment and materials:** The project acquired 32 motor cycles for districts to facilitate oilseeds activities. Additionally, 3 pickups were purchased to facilitate oil palm and soybean research by NACRRI and quality assurance and standards work by UNBS.
- **Materials:** 9,950kgs of sunflower, 11,600kgs of soybean and 2,100kgs of sesame were purchased for use in extension services to oilseeds farmers.
- **Civil works:** The project paid the final certificate for KOPGT fertilizer store and started on the demarcation of roads (40kms) on Bubembe.
- **Small holder Oil Palm:** The project purchased 1,041.65 tons of fertilizers and 5,991 seedlings for oil palm farmers. Loans of UGX 1.2bn in cash were disbursed for oil palm maintenance. This enabled 1,450 farmers to maintain their fields.

- **Extension service:** Pay for Service providers were paid a total of UGX 1,405M for the oilseeds extension. This led to: 1,126 farmer groups being mobilized and trained in oil seeds value; Smallholder farmers through their farmer groups being supported to plant 39,860 hectares of oil seeds with majority under soybean (67%) in season B 2015; Sunflower yield per hectare increasing to 1.3 tons per hectare while the soybean yield per hectare increasing to 0.9 tons per hectare.
- Payment of Salaries to project staff and operating costs enabled the project:
 - To initiate partnership arrangements with 40 higher level farmer organizations.
 - Collect 19,465 tons of fresh fruit bunches valued at UGX 9 billion benefitting 766 farmers from 2,500 hectares of mature oil palm gardens in Kalangala.
 - Recovered UGX 2.6 billion loan funds from the oil palm farmers.
 - Trained 1,770 smallholder farmers (37% female) on agronomy, FFB grading, quality assurance and environmental management

5.5 IFAD loan variances

Material variances are due the following reasons;

- a. **Civil Works;** Utilization of funds is attributable to the passing of the Project Engineer and breakdown of the road equipment. The engines have been fixed, tested and are to be delivered to Kalangala.
- b. **Extension services;** the percentage performance is at 46.65%. The underperformance was caused by non-contracting of 5 new Pay for Service Providers and late renewal of the old service providers. Additionally, the introduction of a treasury single account has affected the utilization rate of funds by the districts.

5.6 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.

5.7 Final Audit

The Auditor General's office carried out the audit of 2014/15 financials and activities and submitted a report to the Project in December 2015. However, IFAD's copy was erroneously delivered to The World Bank and the PMU got to know in March 2016.

5.8 Over all Loan Performance

The overall VODP 2 loan performance stands at 55.14% disbursement including WAs in the pipeline.

Table 5C: Status of funds USD as at 15/09/2016								
Category	Category description	Allocation	Disbursement	%	W/A pending: 41A, 47 & 48	Expenditures Not yet claimed	Subtotal	%age
118389	Vehicles and equipments	6,829,851	1,377,824	20.17%	345.77	755.80	1,378,926	20.19%
118390	Materials	2,219,701	340,560	15.34%	130,963.52	141,395.38	612,919	27.61%
118391	Pontoon landing sites	1,272,836	-	0.00%			-	0.00%
118392	Other Civil works	2,033,433	503,208	24.75%	73,295.70	32,512.31	609,016	29.95%
118393	Smallholder oil palm development	12,464,478	11,155,194	89.50%	624,672.60	123,883.32	11,903,750	95.50%
118394	Oil seed Guarantee Fund	1,428,060	-	0.00%			-	0.00%
118395	Consultancies, Workshops and Training	3,213,134	1,299,071	40.43%		571,101.86	1,870,173	58.20%
118396	Extension services	9,623,881	904,665	9.40%	719,547.39	432,314.74	2,056,528	21.37%
118397	Salaries and allowances	5,075,821	2,334,630	46.00%		779,637.93	3,114,268	61.35%
118398	Operating costs	3,073,433	1,644,410	53.50%		481,101.28	2,125,512	69.16%
	Unallocated	4,765,373		0.00%			-	-
	Total	52,000,000	19,559,563	37.61%	1,548,825	2,562,703	23,671,090	45.52%
	<i>Initial Deposit</i>		<i>5,000,000</i>				5,000,000	
	TOTAL	52,000,000	24,559,563	47.23%	1,548,825		28,671,090	55.14%

6.0 PROCUREMENT AND DISPOSAL OF PROJECT ASSETS

Under VODP Phase two (VODP2), the procurement function/ procurement and disposal activities have been handled by the Project's Procurement & Disposal Unit and approved by the Project's Sub-Contracts Committee (with delegated powers as per PPDA Act 2003) and has been operational for the last three years. The Project's Procurement Unit and Sub-Contracts Committee is supervised by, and reports to the Ministry Contracts Committee.

As of September 2016, the VODP2 Sub-Contracts Committee was constituted of four (04) members as the contract for the fifth member who was the substantive Secretary to VODP2 sub contracts committee expired on 6th September, 2016. Arrangements are underway by the ministry of Agriculture to get the contract renewed so that the committee can be fully constituted.

To-date, thirty nine (39) sub-contracts committee meetings have been held since July 2012 in which period 98% of the procurement requests have been approved. The total number of macro procurements (above UGX 5 million) handled since July 2012 to-date are one hundred forty three (144). The total number of micro procurements (below UGX 5 million) handled to-date is 369. Total number of procurements handled to-date is 513.

Table 6.1: Summary of procurements processed from July 2012 to September 2016

SUMMARY NUMBER OF PROCUREMENTS PROCESSED											
	2012		2013		2014		2015		2016		
<i>Month</i>	<i>Micro</i>	<i>Macro</i>	<i>Micro</i>	<i>Macro</i>	<i>Micro</i>	<i>Macro</i>	<i>Micro</i>	<i>Macro</i>	<i>Micro</i>	<i>Macro</i>	<i>Totals</i>
<i>January</i>	0	0	0	4	13	0	1	13	12	6	49
<i>February</i>	0	0	9	3	18	0	5	5	11	5	56
<i>March</i>	0	0	4	0	5	6	7	0	9	3	34
<i>April</i>	0	0	10	9	12	8	6	1	6	2	54
<i>May</i>	0	0	9	6	6	0	6	2	6	4	37
<i>June</i>	0	0	9	5	4	6	12	0	12	0	48
<i>July</i>	27	0	10	5	8	10	15	2	15	1	93
<i>August</i>	0	2	0	0	5	0	15	8	15	2	47
<i>September</i>	0	0	3	6	7	0	3	0	13	0	32
<i>October</i>	1	3	0	4	0	8	7	0			23
<i>November</i>	0	2	0	0	-	-	12	0			14
<i>December</i>	12	0		5	-	-	9	0			26
TOTALS	40	7	54	47	78	38	98	31	99	21	513
	<i>Total Micro</i>										369
	<i>Total Macro</i>										144
	<i>Total Procurements</i>										513

Note: The above figures exclude the procurements still in progress (where contracts are not yet signed)

The monetary value of all procurements handled (Value of all contracts placed including those not yet paid for) since July 2012 to September 2016 (4 Financial Years) is UGX 13,833,831,481. The value of micro procurements (less than UGX 5 million) is UGX 631,303,168 and the total value of macro procurements to-date is approximately UGX 13,202,528,313 (95.4%).

Table 6.2: Annual procurement figures from July 2012 to September 2016

ANNUAL PROCUREMENT FIGURES BY VALUE IN UGX'000										
2012		2013		2014		2015		2016		GRAND TOTAL
Micro	Macro	Micro	Macro	Micro	Macro	Micro	Macro	Micro	Macro	
66,819.20	474,580	79,311.90	2,420,119	194,245	3,974,023	290,927.30	1,757,300	285,963.00	4,290,543	13,833,831.40

The Service Cost Panel (SCP) for Kalangala Oil Palm Growers Trust (KOPGT) is fully constituted with all the six (06) members with the mandate to reviewing procurements requests for KOPGT for supplies, services and works including prices for agro-inputs supplies by OPUL

and other service providers. The procurement manual for guiding the SCP and staff of KOPGT is in advanced stages of being reviewed and adopted.

1. CHALLENGES FACED

- i) Delays due to difficulty by users to draw specifications/Terms of Reference/BOQs/statement of work has always posed a big challenge especially consultancies that have faced delays.
- ii) Bureaucratic delays especially in approval of procurement requisitions by the different authorities in the ministry have always caused delays in processing
- iii) Delays in paying suppliers/service providers have created some mistrust by service providers and may lead to increase in costs of future services/supplies.
- iv) Currency fluctuations against the budgeted procurement amounts renders budget estimates unrealistic against prevailing market rates.
- v) Fixed Contract prices for 2 years like the case for the Pay For Service Providers (PSF) may render contract implementation difficult.

2. POSSIBLE SUGGESTIONS.

- i) Continuous engagement by procurement office with users to submit specifications/Terms of Reference/BOQs/statement of work to procurement unit in a timely manner to fast track procurement processes.
- ii) IFAD could organize some regional procurement training workshops where procurement cadres from different countries could interact, learn, share experiences and templates so as to improve on procurement best practices and procedures.
- iii) Contracts for duration of more than one year should have a price variation clause to cater for possibility of inflation.

ANNEXES

Annex I: RECOMMENDATIONS BY SUPERVISION MISSIONS AND ACTION TAKEN

ACTION AND RECOMMENDATION FOR SUPERVISION MISSION OF OCTOBER 26TH TO NOVEMBER 06TH, 2015

OIL PALM COMPONENT			
Agreed action	Responsibility	Agreed date	STATUS:
Finalize and disseminate the GPS data	PMU	30-Jan-16	Data entry completed. Report preparation ongoing
Roll-out PM&E trainings for farmers	PMU	30-Jan-16	Incorporated in the UCA activity
Finalize the agreement with UDB for fertilizers' loan scheme	KOPGT	31-Dec-15	Agreement finalized and fertilizer credit disbursed
Conduct trainings on harvesting standards	KOPGT	30-Nov-15	Trainings organized on the harvesting standards in conjunction with OPUL
			Farmer leaders from various units visited OPUL to determine the grading standards
			More trainings planned for this season
Identify and support farmers who	KOPGT/Unit	30-Nov-15	Farmers identified and support extended to them for a quarter.

are unable to harvest on time	lead.		Use of centralized labour gangs being experimented on.
			Plans under way to have labour gangs at Block level
Analyze District Land Board report and farmer lists for Bunyama	PMU	30-Mar-16	The list is available with KOPGT and the district.
Finalize the procurement for repair of road equipment	PMU	31-Dec-15	Procurement completed and the road equipment being repaired.
			The repair of the bull dozer has been finalized and awaits being returned and fixed back in the body and tested in Kalangala.
			Repair of other equipment on going.
Enter MoU with KDLG for road equipment management	PMU	31-Dec-15	MOU in place for road equipment management with KDLG The new arrangement of working with PMU under the Project Engineer slowed by the loss of the engineer. To be re-discussed when the project recruits another engineer
Start participatory road demarcation on Bubembe	PMU/KOPGT	31-Dec-15	Road demarcation on Bubembe completed.
			Considering opening of roads using labour based approach.
			Discussing this with Kalangala and Namalere Engineers.
Complete road construction on Bugala	PMU	30-Jun-16	Progress was slowed by the need to have the road equipment repaired first.
Start road construction on Bunyama	PMU	31-Aug-16	Discussion on going for use of labour based approach to road construction. Kalangala Engineers leading the discussions.
			Road equipment still under repair
Develop participatory road maintenance plan	PMU/KOPGT	31-Mar-16	Road maintenance plan development ongoing. Efforts slowed by lack of an Engineer. Draft is available

Ensure commencement of ferry services design study	MAAIF/MoW	31-Dec-15	Have had difficulty getting Ministry of Works to undertake the study.
			Project considering use of the available funds to design and build.
			According to the focal person in Ministry of Works, it may be possible to do both using the available funds, since we are planning for only Bunyama and Bubembe while Bukasa is no longer included.
Launch procurement process for KOPGT boats	PMU	31-Dec-15	Progress has been hampered by failure to get consensus from the users-farmers on the type of boats.
			Recent discussions suggested that we procure a locally built wooden boat that can be used by farmers as a matter of urgency, which is not expensive (About USD 14,000). This is being pursued with the support of the district and KOPGT.
			The procurement for the cargo boat which is made of steel is to take the form of design and build. This is because it has been difficult to determine the specifications.
			Bidding documents from Ministry of Works Marine Engineers are being finalized before submitting to IFAD for clearance.
			The specifications for the 8 seater half cabin boat are yet to be concluded.
Take decision on fertiliser store construction methods	PMU	31-Dec-15	The process of testing the use of the Hydraform machine slowed down by the loss of the project engineer. Project working with the Kalangala District Engineer in the meantime as the project recruits another engineer.
Single-source UCA for support to KOPGA	PMU	28-Feb-16	Contracts committee approved the procurement. Request for no objection NO submitted.
			In the meantime, the project is working with UCA to support the farmers' organisations as the procurement is concluded.
Appoint the KOPGT external auditor	KOPGT	30-Nov-15	KOPGT sought Expression of Interest for External Auditor awaiting board approval
Establish technical sub-committee	KOPGT	15-Nov-15	Oil palm pricing subcommittee established and sits monthly.

on prices			It is composed of 2 farmer representatives from each Block, District Commercial Officer as the Chairperson, OPUL representatives, KOPGT Secretariat representatives (Credit Officer as secretary and General attends), Chairperson KOPGA and PMU represented by Oil Palm Coordinator. So far, 7 meetings have been held.
Conduct training on price formula for unit and block leaders	KOPGT	30-Nov-15	Training on price formula for unit and block leaders was conducted
			Training continues as new farmers reach harvesting stage and pricing becomes critical to them.
			Plans are under way to use the radio and other avenues to continue training on the pricing mechanism.
Pricing committee to meet every 6 months	KOPGT	Continuous	The Pricing Committee is slated to meet in second week of June 2016 to review that undertakings of the subcommittee.
Post minutes of sub-committee meetings on notice board	KOPGT	Continuous	Done
Undertake exit interviews for outgoing staff	KOPGT	30-Nov-15	Continuous
Advert for field officers and store keeper	KOPGT	30-Nov-15	Interviews completed and successful candidates will report on 1/6/2016
			5 field officers and stores officer recruited
Submit to IFAD ToRs for HR consultancy	KOPGT	20-Nov-15	HR consultancy completed and the report shared with KOPGT and PMU
Mobilize HR consultancy support to KOPGT	IFAD	10-Dec-15	HR consultancy completed and the report shared with KOPGT and PMU
Order seedlings for 500 ha planting	PMU	31-Dec-15	Request for quotation sent to OPUL
			Discussions with OPUL on whether to set up a nursery on Buvuma or keep using the Kalangala Nursery undertaken. Agreed that the most cost effective is setting up a nursery on Buvuma Island. Quotation awaited from OPUL. Contracts Committee approved sole procurement from OPUL

Establish minimum capacity in Buvuma	PMU	30-Apr-16	Request for minimal staff presented to Project Steering Committee (PSC). PSC subcommittee to study the detailed concept on the staffing before advertising can take place. Staff expected by 1/ 07/2016
Commit budget for Buvuma (USD 800,000) in FY 2016/17	MFPEP/MAAIF	30-Mar-16	Budget requirement included in the project budget that has been submitted to MAAIF
Submit work plan and budget for oil palm research to PMU	NaCCRI	15-Nov-15	Work plan and Budget submitted and integrated
Plant trial plots in Namulonge	NaCCRI	31-Dec-15	Preparations made and the planting of the trials set for this season. Preparations to pick the seedlings from Kalangala are under way.
Plan for short-term training abroad	NaCCRI	31-Mar-16	A trip planned for September 2016 to Ghana. Contacts to the host yet to be made with guidance from Oil Palm Expert.
			A trip to Malaysian Palm Oil Research 9Palm Oil Board and Council) being explored.
PROJECT MANAGEMENT UNIT			
Advertise for COM/KM, Procurement and M&E Assist. positions	PMU	31-Dec-15	The positions were presented to the Project Steering Committee.
Submit final draft of the MTR report to IFAD	PMU	15-Nov-15	Done
Provide final comments on MTR to GoU	IFAD	30-Nov-15	Done
Submit request for amendment of the FA	PMU	31-Dec-15	Done
Finalize baseline studies	PMU	31-Dec-15	Done
Submit updated version of the RMF to IFAD	PMU	30-Nov-15	Done
Organize a technical workshop on oil palm farm model	IFAD	30-Nov-15	Done

Complete oil palm impact study	PMU	30-Jun-16	TOR finalized to be discussed during the Mission
Complete oilseeds outcome study	PMU	30-Jun-16	-do-
Finalize procurement of MIS	PMU	31-Jan-16	CC approved method of procurement and shortlist of firms.
Hold sensitisation meetings on NEMA recommendations	PMU/KOPGT	28-Feb-16	Done
Recruit a firm to establish the extent of encroachment in Kalangala	PMU	30-Nov-15	Procurement completed, best evaluated bidder selected and LPO to be issued
Consider streamlining of procedures for approval of payments.	MAAIF	Continuous	Done
OILSEEDS COMPONENT			
Submit to IFAD shortlist of PSPs	PMU	15 Nov 2015	Submitted and received a NO Received technical and financial proposals. Technical proposals evaluated and based on evaluation results and clearance from IFAD, financial proposals of successful bidders were evaluated and negotiations at end of April, 2015. Negotiation report will be presented and discussed by contracts committee next week, to be followed by seeking for NO clearance from IFAD before entering into contract with the new PSPs. Contracting is hoped to be completed by June 2016.

Issue RFP for PSPs	PMU	30 Nov 2015	RFP issued to 21 firms, however only 11 submitted their bids by closing time on 22 nd January 2016.
Submit to CC proposed modifications for contract review of PSPs	PMU	31 Dec 2015	Performance assessment of PSPs for first year done at hub level and by PMU. Based on review reports, proposals for contract modifications including contract expansion were presented to the contracts committee.
Single-source UCA for support to HLFOs	PMU	28 Feb 2016	Procurement process on-going.

Produce hub-specific action plans for seed demand forecasting	PMU	31 Dec 2015	Seed demand by hub was generated from farmer groups and shared with seed importers and farmer groups multiplying seed and PSPs. In the same way, PMU and seed importers shared information on seed quantities and varieties imported, seed/input dealers and organized farmer groups in the hubs as potential seed buyers.
Agree on 2-years WPB for local hybrid seeds	PMU/NaCCRI	31 Dec 2015	Met with NaSARRI team on 30 th Nov. 2016 in Serere. NaSARRI team has submitted an activity plan and budget to PMU for consideration.
Produce a seed forecasting/production plan for soybean seeds	PMU/NaCCRI	31 Dec 2015	Met with Soybean team and NaCRRI in December 2015. The team has submitted an activity plan and budget to PMU for consideration, based on seed demand projections.
Prepare viable seasonal investment plans for consideration by FIs	PMU/PSPs	31 Jan 2016	
Replicate VSLA training where appropriate	PSPs	Continuous	VSLA training has been included in PSPs activities for the 2 nd year and budgets for Cash boxes and stationery included.
Set up a governance mechanism for 4P grant	SNV	31 Dec 2015	In liaison with SNV, a governance mechanism for 4P grant has been put in place.

ANNEX II. THE VODP 2 RESULTS FRAMEWORK

LOGICAL FRAME WORK FOR THE VEGETABLE OIL DEVELOPMENT PROJECT PHASE 2 WITH RIMS 1ST AND 2ND LEVEL INDICATORS

<i>Narrative Summary</i>	<i>Verifiable Indicators</i>	<i>Unit</i>	<i>Baseline 2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>MTR 2014</i>	<i>2016</i>	<i>EOP 2018</i>	<i>Means of Verification</i>
Goal:										
1.0 Contribute to sustainable poverty reduction in the project area.	1.1 50% of households with improvements in assets ownership index at project completion.	%					¹		50%	RIMS Baseline, and Completion Surveys.
	1.2 20% reduction in the prevalence of child malnutrition, by gender (height/age, weight/age, weight/height)	%					¹			Uganda Bureau of Statistics.
Purpose/Objectives:										
2.0 Increase the domestic production of vegetable oil and its by-products, thus raising rural incomes for smallholder producers and ensuring the supply	2.1 Level of vegetable oil self-sufficiency increased from 30% (2008 baseline) to over 60% by project completion (2018).	%		30%?			¹		60%	UBOS statistics on Ugandan vegetable oil production. database.
	2.2 Increased per capita vegetable oil consumption from 5.6 Kg/capita in 2008 year to 7.0 kg by 2018.	Kg/capita		5.6?			¹		7.8	FAO food balance sheet The figure is the DES: Dietary energy supply. The figure is an annual mean level, thus there is no distributional analysis as with HH surveys. Thus it cannot

¹ Data shall be available after baseline survey data analysis

<i>Narrative Summary</i>	<i>Verifiable Indicators</i>	<i>Unit</i>	<i>Baseline 2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>MTR 2014</i>	<i>2016</i>	<i>EOP 2018</i>	<i>Means of Verification</i>
of affordable vegetable oil products to Ugandan consumers and neighbouring regional markets.										be only for the project area, must be for the country as a whole. Is updated annually by FAO, but calculations seem to still be based on the 2005/6 HH survey, with some assumptions about development. Urban/rural disaggregation seems to be possible. The DES is also used to estimate levels of undernourishment, but the definition is different than the RIMS malnourishment indicator used by IFAD.
	2.3 Oil palm and oilseeds profitably produced by smallholders.									Baseline studies and PCR.
	2.4 Households receiving project services	No of HHs	1,115	1,118	1,353	30,932	Achievement : 22%		140,000	Project M&E
1. Outcome: OIL PALM CONSOLIDATION AND EXPANSION										
3.0 An integrated oil palm industry to supply national and	3.1 Crude palm oil annual production increases from 0 tonnes in 2009 to 35 000 tonnes by 2018.	Tons	4,692	10,475	13,552	19,209	Achieved: 24%	24,050	28,500	OPUL and KOPGT databases, reports BOPGT reports

Narrative Summary	Verifiable Indicators	Unit	Baseline 2010	2011	2012	2013	MTR 2014	2016	EOP 2018	Means of Verification
export markets in compliance with modern environmental standards and providing equitable returns to smallholder producers.										Project M&E database
	3.2 Smallholders earning net incomes of USD 700 per ha per year at full development.	USD					Updated farm model:		1,500	
	3.3 Operational self-sufficiency of KOPGT in 2016	Yes/No	No	No	No	No	No			
OUTPUTS New oil palm areas identified	4.1 40,000 ha identified for oil palm plantations by 2018	Ha	10,197	11,705	13,937	15,806	15,806		40,000	Project progress reports and M&E database OPUL and KOPGT databases
Kalangala Oil Palm Scheme completed and producing	4.1 6,500 ha of nucleus estate planted in Kalangala by 2016	Ha	5,939	5,939	5,939	6,440	6,440	6,500		KOPGT reports BOPGT progress reports
	4.2 4 700 ha planted by smallholders in Kalangala by 31 Dec 2016	Ha	2,258	2,366	3,498	3,863	3,863		<u>4,700</u>	Special studies District Local Government reports
	4.3 1 800 smallholders served by KOPGT	No.	1,115	1,118	1,353	1,610	1,610		<u>1,800</u>	
	4.4 KOPGT re-structuring agreement signed by 31 Dec 2013.	Yes/	No	No	No	No	No		<u>Sugg est</u>	

<i>Narrative Summary</i>	<i>Verifiable Indicators</i>	<i>Unit</i>	<i>Baseline 2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>MTR 2014</i>	<i>2016</i>	<i>EOP 2018</i>	<i>Means of Verification</i>
		No							<u>2018</u>	
Sustainable Oil Palm Development	4.5 Three island environmental monitoring plans for smallholder oil palm completed and being implemented.	Number	1	1	1	1			<u>3</u>	
Buvuma Oil Palm Scheme established	4.6									
	4.7 5000 ha smallholder land planted by 2018 in Buvuma	Ha	0	0	0	0	0		<u>5,000</u>	
	4.8 2 500 farmers served by BOPGT.	No.	0	0	0	0	0		<u>2,500</u>	
	4.9 All oil palm activities (plantation, mill & refinery) are in compliance with NEMA regulations.	%	100	90%	90%	90%	90%		<u>100%</u>	
	4.10 Kms of farm roads constructed/rehabilitated	Kms	210	210	210	210	210		<u>210</u>	
2. Outcome: Oil Seeds Development										
5.0 Continued upscaling of Lira to a modern agro industrial hub for	5.1 Mill capacity utilization increased from 30% in 2009 to 85% by 2018.	%	30	-	51%				<u>85%</u>	Millers study
	5.2 Farmers growing oilseeds with net cash earning per ha per season of	Easter n Hub	-	-	-					Baseline study, Completion report

Narrative Summary	Verifiable Indicators	Unit	Baseline 2010	2011	2012	2013	MTR 2014	2016	EOP 2018	Means of Verification	
oilseeds and the emergence of Eastern Uganda, Gulu and West Nile as hubs for oilseed production.	US\$350 increased by 10% each year in each hub	West Nile								Farm models Production statistics from MAAIF M&E system UOSPA/UNFFE/OSSUP statistics Mid-term/project completion reports	
		North Hub									
		Lira Hub									
	5.3 Oilseeds production of sun flower and soya bean increased by 10% each year	Sunflower	70,000								
		Soybean									
		%									
	5.4										
	5.5 Number of secondary farmer organisations operational/functional	Number									
	5.6 Number of farmers using purchased quality controlled seed	Number									

<i>Narrative Summary</i>	<i>Verifiable Indicators</i>	<i>Unit</i>	<i>Baseline 2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>MTR 2014</i>	<i>2016</i>	<i>EOP 2018</i>	<i>Means of Verification</i>
OUTPUTS 6.0 Production of certified good quality seed and oil Smallholders farming oilseeds as a business and operating in groups to sell increasing volumes of crushing material to millers	6.1 20 MT each of foundation/ breeder seed of hybrid parental lines of sunflower, ground nuts and soybean produced annually by NARO	Sunflower								OSSUP reports NaSARRI/ NaCRRRI/ MAAIF Seed Certif. Rep. UBOS reports DAO quarterly report NAADS tech. report Impact assessments and surveys VODP2 progress reports MAAIF farm survey reports Impact assessments and surveys VODP2 progress reports using Info. from millers, UBOS and UNBS reports, and mobile service provider
		Soybean								
		Sesame								
		Ground nuts								
	6.2 90% of oilseed growers buying quality controlled seed by 2014	Sunflower								
		Soybean								
	6.3 10% annual increase in the hectares under oil seeds cultivation in each regional hub	Ha	80,000			93,856 ²	111,152		<u>140,000</u>	
	6.4 Number of farmers reporting an average yield of 1.7 t/ha for	Sunflower							<u>1.1</u>	

² 45,0007 ha from farmer learning platforms added to the 80,000 ha from baseline

<i>Narrative Summary</i>	<i>Verifiable Indicators</i>	<i>Unit</i>	<i>Baseline 2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>MTR 2014</i>	<i>2016</i>	<i>EOP 2018</i>	<i>Means of Verification</i>
	sunflower and 1.1t/ha for soybean	Soybean							<u>1.1</u>	
	6.5 5 900 farmer groups (with 30% participation of women) receiving extension services from the project by 2018	Farmer groups				737	2,394		<u>5,900</u>	
		% women				30	30		<u>30%</u>	
	6.6 1000 Farmer groups bulk selling by 2015.							1000		
	6.7 90% of the medium/large-scale millers attain UNBS quality certification by 2018.								<u>90%</u>	
	6.8 Amount of credit facility disbursed to value chain actors by participating financial institutions	Ushs.	0	0	0	0	2.1 billion			
	6.9 Number of beneficiaries of the credit facility.	HHs	0	0	0	0	1,385			
3. Outcome: Project Management										
7.0 Project Management helping	7.1 IFAD loan 55% disbursed by 30 June 2015 and 100% by 31 June 2019	% per financi	0%	11%	13.5%	19.7%	32.3%		<u>100%</u>	VODP2 progress reports.

<i>Narrative Summary</i>	<i>Verifiable Indicators</i>	<i>Unit</i>	<i>Baseline 2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>MTR 2014</i>	<i>2016</i>	<i>EOP 2018</i>	<i>Means of Verification</i>
farmers to provide growing amounts of crushing material for processing in edible oil & earning better incomes		al year					3			IFAD loan disbursement report Audit reports in line with IAS.
8.0OUTPUTS 8.1 Project Management fully operational	8.1 Full staff of qualified professionals	Number	2	2	12	13	13		<u>13</u>	Audit reports PMU financial reports VODP2 project progress and M&E reports
8.2 Oilseed subsector platform (OSSUP) providing forum for stakeholders	8.1 Percentage of actions that OSSUP platform meetings agreed upon that have been implemented	%					0%			
	8.2 Timely preparation and execution of AWPB (budget performance by financial year).	%			58%	59%	68%		<u>Y</u>	
	8.3 Timely submission of mandatory reports		Y	Y	Y	Y			<u>Y</u>	
	8.4 Timely submission of withdrawal requests		Y	Y	Y	Y			<u>Y</u>	

BOLD: RIMS INDICATORS

³ September 2014

ANNEX III: MAJOR PROCUREMENTS CARRIED OUT SINCE JULY 2012

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

- **The contract for construction and finishing of a 700 square metres fertilizer store** for Kalangala Oil Palm Growers Trust Secretariat in Kalangala district was signed on 2nd April 2014 with M/s Muga Services Ltd of P.O. Box 13130, Kampala at Ushs. 1,051,075,263= (Uganda shillings one billion fifty one million seventy five thousand two hundred sixty three shs only) and construction is nearing completion. Work is expected to be completed latest by May 2015.
- **The contract for consultancy services for financial management technical assistance** to Kalangala Oil Palm Growers' Trust (KOPGT) for one year was signed on 4th March 2014 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-imburseables and miscellaneous expenses, exclusive of local taxes. Final draft reports have been submitted for comments.
- **The contract for consultancy services for carrying out Baseline Survey** with GIS mapping for the Oil Palm Component in Buvuma (lot 1) was signed on 20th September 2014 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 reimburseables 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) was signed on 20th September 2014 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 reimburseables and miscellaneous expenses, exclusive of local taxes. Final draft reports have been submitted for comments.

- **The six (06) contracts for consultancy services in Agricultural Extension Services and Business Partnerships Development** under the Oil Seeds Component in regional hubs of Arua, Lira ,Gulu and Mbale with;
 - ✓ **M/s West Nile Private Sector Development and Promotion Centre/ Nile-Pro Trust Limited/Arua District Farmers’ Association Joint Venture** of P.O Box 225 Nebbi, for Consultancy services in Agricultural Extension Services and Business Partnerships Development under the Oil Seeds Component-Arua Hub at a sum of Ushs 408,850,000 (Four hundred eight million eight hundred fifty thousand shs) for the first year operations, exclusive of local taxes. contract signed on 23rd July 2014
 - ✓ **M/s Agency for Sustainable Rural Transformation** of P.O Box 263 Lira, for Consultancy services in Agricultural Extension Services and Business Partnerships Development under the Oil Seeds Component-Lira Hub at a sum of Ushs 421,370,000 (Four hundred twenty one million three hundred seventy thousand shs) for the first year operations, exclusive of local taxes. contract signed on 25th July 2014
 - ✓ **M/s International Institute of Rural Reconstruction(IIRR)** of P.O Box 35536 Kampala, for Consultancy services in Agricultural Extension Services and Business Partnerships Development under the Oil Seeds Component-Gulu Hub at a sum of Ushs 379,913,750 (Three hundred seventy nine million nine hundred thirteen thousand seven hundred fifty shs) for the first year operations, exclusive of local taxes. contract signed on 15th October 2014
 - ✓ **M/s Uganda Oil Seed Producers’ And Processor’s Association (UOSPA)** of P.O Box 26357 Kampala, for Consultancy services in Agricultural Extension Services and Business Partnerships Development under the Oil Seeds Component-Lira Hub at Ushs 312,500,000 (Three hundred twelve million five hundred

thousand shillings) for the first year operations, exclusive of local taxes. contract signed on 15th October 2014

- ✓ **M/s Community Resource Development Initiative (CRDI)** of P.O Box 6653 Kampala, for Consultancy services in Agricultural Extension Services and Business Partnerships Development under the Oil Seeds Component-Mbale Hub at Ush 337,480,000 (Three hundred thirty seven million four hundred eighty thousand shillings) for the first year operations, exclusive of local taxes. contract signed on 15th October 2014

- ✓ **M/s Eastern Private Sector Development Centre(EPSEDEC)** of P.O Box 306 Mbale, for Consultancy services in Agricultural Extension Services and Business Partnerships Development under the Oil Seeds Component-Mbale Hub at Ushs 389,540,400 (Three hundred eighty nine million five hundred forty thousand four hundred shillings) for the first year operations, exclusive of local taxes. contract signed on 15th October 2014

- **Provision of annual Group Personal Accident/Workman's Compensation insurance** cover for 24 (twenty four) VODP2 Project staff effective 3rd April 2014 was 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.

- **Provision of private security services** for regional hub offices in Arua, Gulu, Lira and Mbale has been signed effective 4th March 2014 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 providing security services in those hubs.

- **Office accommodation for PMU** at Jocasa House with Mr John G Rwambuya of P.O. Box 12225, Kampala was renewed effective 1st August 2013 for two years (till 31st 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).

- **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.
- **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.
- **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. The motor cycles have been delivered and payment is being processed.
- **Supply of 13 units of D/cabin pickups, 01 saloon car, 02 units of station wagons** by M/s Kampala Nissan Ltd at a price of USD 435,897 and EUROS 73,644. The Contract was signed on 26th September 2013. The vehicles have all been delivered and all payments cleared.
- **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 was signed on 4th April 2013 and the trucks were delivered in Kalangala in good condition and are functioning well.
- **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 and the two consultants (M/s Atacama Consulting/Coastal & Environmental Services JV and M/s Associates for Strategic Resource Development and Environmental

Management Ltd (ASRDEM) have each submitted final draft reports being discussed with NEMA/the project team.

- **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. To-date, both consultants have identified and processed documentation for 2618.5 hectares
- **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) were bought and are sufficient for the available staff. Payment was effected
- **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. Solar power is still functioning well
- **Improved seeds for farmer learning sites (2013, 2014);** supply and delivery of improved variety sunflower seeds (PAN 7033, EASAF-1H, EASAF-2H, SESUN 1, SESUN 2 New Sunfola, NK FERTI); Soybean seeds (Maksoy 1N, Maksoy 2N, Maksoy 3N, Maksoy 4N and 5N); sim sim and Ground nuts ; fertilizer DAP, agro-chemical Agropyrifos were purchased and distributed to farmer groups for the farmer learning platforms in Arua, Gulu, Lira and Mbale hubs. The estimated cost involved was UGX 488,200,000.

- **Construction and finishing of a fertilizer store for KOPGT** with M/s Muga Services Ltd of P.O. Box 13130 Kampala, for construction and finishing of a 700 square metres fertilizer store for Kalangala Oil Palm Growers' Trust in Kalangala district at a Contract Sum of Ushs. 1,051,075,263= (Uganda shillings one billion fifty one million seventy five thousand two hundred sixty three only) including contingencies at 5% and excluding local taxes. Currently, the store is nearing completion.

- **Supply of seeds for Season A 2015 (planting season) for farmer learning platforms in Arua, Gulu, Lira and Mbale;**
 - ✓ Supply of 400kgs of SESUN 1, 400kgs of Sesun 2, 1200kgs of New Sunfola, and 2000 kgs of NK FERTI sunflower seeds by M/s Uganda Oil Seed Producers and Processors Association (UOSPA) at a contract price of UGX 140,000,000
 - ✓ supply of 400kgs of EASAF-1H Sun flower seeds, 400kgs of EASAF-2H Sun flower seeds by M/s East African Seeds (U) Ltd at a contract price of Ushs 21,200,000
 - ✓ supply of 675 kgs of Serenut 5R, 675 kgs of Serenut 6T, 540 Kgs of Serenut 4, 540 kgs of Serenut 2 and 270 Kgs of Red beauty-local ground nut seeds at a contract price of Ushs 27,000,000 by UOSPA
 - ✓ Supply of 2000 Kgs of Soybean Maksoy 1N, 2200 kgs Soybean Maksoy 2N 600Kgs of Soybean Maksoy 3N, 600 Kgs of soybean Maksoy 4N, 600 Kgs of Soybean Maksoy 5N, 600 Kgs of Namsoy 4M soy bean seeds at a contract price of Ushs 51,900,000 by M/s MAK Seeds Ltd
 - ✓ supply of 320 Kgs of sesim 1, 380 Kgs of sesim 2, 800 Kgs of sesim 3 and 80 Kgs of Sesim local sim sim seeds at a contract price of Ushs 19,860,000 by UOSPA
 - ✓ supply of PAN 7033 sunflower seeds to cost UGX 72 million
 - ✓ supply of 2050 kgs of fertilizer NPK/DAP, 90 litres of Agro- chemical Agropyrifos, 160 litres herbicides (broad spectrum) at a contract price of Ushs 11,685,000 by M/s Global Agro Inputs Ltd

- **Other contracts completed during this period include;**
 - ✓ supply of 30 pcs of GPS Machines/handsets at a total contract price of UGX 70m
 - ✓ supply of assorted office stationery by M/s Harrina Enterprises at a total contract price of UGX 70,020,000
 - ✓ supply of 2015 VODP2 branded Gift Diaries, Wall calendars and Desk -Top calendars at a contract price of UGX 34,999,390 by M/s Orchard Agencies Ltd,
 - ✓ supply of Colour printer for PMU and, Photocopier and Generator for Buvuma Office at a cost of UGX 18 million

 - ✓ supply of one satellite map/image taken between 2005 – 2007, and one satellite map/image taken between 2012-2014 on Bugala and Buvuma islands by M/s Regional

Centre for Mapping of Resources for Development at a contract price of UGX 22,899,000

PROCUREMENTS IN PROGRESS:

- supply of 2,000 pcs of Post-Harvest handling materials (Heavy duty tarpaulins)
- supply of protective kits (1,200 pcs of hand gloves, 1,000 pcs of respirators, 1,000 pcs of coveralls and 1,200 pcs of farmer's gumboots)
- Supply of 32-units of Motor cycles
- Supply of 03-units of motor vehicles
- Provision of Air Time for Radio talk show on FM stations in the hubs