

**INSIGHT:** National Oil Palm Project (NOPP) takes off

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# OIL PALM NEWS

**4P Model key for Agriculture Projects: Editor**

In this approach farmers producers are regarded as partners but not as beneficiaries. This means they are involved in decision making and negotiations



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**COVERING OIL PALM DEVELOPMENT**

## OIL PALM PROJECT GOES NATIONAL

**ALLURING FUTURE:** Government of Uganda through the Ministry of Agriculture Animal Industry and Fisheries has launched a National Oil Palm Project rollout to scale Oil palm production to different parts of the country.

**T**hrough a ten year National Oil Palm Project (NOPP), the Ministry is expanding the production of the Oil Palm from 11,348ha to another 17,147ha in the five hubs of Buvuma, Mayuge, Mukono-Buikwe, Masaka-Kyotera and Namayingo.

[>> Full story on page 03](#)



In 2003, Government of Uganda and Bidco Uganda Limited unveiled plans to establish 40,000 Hectares of Oil Palm across the Country and setup Crude Oil mills and a refinery to guarantee market for the Oil Palm farmers produce.



**Minister Ssempijja**  
Applauds Oil Palm  
Expansion

06



**National Oil Palm  
Project (NOPP)**  
Implemented by  
**MAAIF**



**From VODP to  
NOPP - Project  
Manager**

03





THE REPUBLIC OF UGANDA

# MAAIF

Ministry of Agriculture,  
Animal Industry and Fisheries

Mission:

To transform subsistence farming to commercial agriculture

Vision:

A competitive profitable and sustainable agriculture sector

[www.agriculture.go.ug](http://www.agriculture.go.ug)



## Minister's Message

Dear Reader,

The NRM government is committed to supporting key strategic commodities to ensure greater impact on household incomes and national export earnings. Emphasis of the interventions has, therefore, focused on commodity value chains, focusing on research; extension; pest, vector and disease control; provision of inputs; promoting sustainable land use and soil management; post-harvest handling; improving market access and infrastructure; and value addition.

A number of interventions have been undertaken by my ministry have led to increased employment, increased household incomes, food security and even exports.

The government of Uganda's

efforts to reduce importation of crude palm oil, therefore, continue to yield good returns with an increase in production of oil palm fresh fruit bunches and incomes earned by the farmers. The oil palm harvests increased from 37,802 MT in FY 2017/18 to 44,221 MT in FY 2018/19 with an average value of Shs21.1 billion annually.

Households with mature oil palm gardens in Kalangala earn an average of Shs17.2 million each year and are already in the middle-income bracket. The oil palm enterprise in Kalangala produced over 40,000 MT of crude palm oil in 2019 saving the country Shs84.3 billion.

This has been possible by prioritizing and integrating the government's commitments to the agriculture sector and putting

into practice the presidential directives and resolutions in all the programmes and projects such as the National Oil Palm Project.

It is my strong belief that this newsletter will trigger appreciation of investments in oil palm in Uganda that have become a reality and breathed life into our economy. Oil palm is an investment crop that we all need to embrace ■

For God and my Country

**Hon Vincent Bamulangaki  
Ssempiija (MP)  
Minister of Agriculture,  
Animal Industry and Fisheries**



**Vincent Bamulangaki Ssempiija**  
Minister of Agriculture Animal Industry and Fisheries

## Message from the Permanent Secretary



**Pius Wakabi Kasajja**  
Permanent Secretary  
Ministry of Agriculture, Animal Industry and Fisheries

**Dear colleagues and all stakeholders**

I take this opportunity to welcome you to the 1st edition of Oil Palm News, the quarterly newsletter of the National Oil Palm Project (NOPP). This newsletter is in line with the Vision of the Ministry, which is to ensure: "A competitive, profitable and sustainable agricultural sector" as well as the agriculture sector mission, which is: "To transform subsistence farming to commercial agriculture". This edition gives an insight into the NOPP strategic direction for inclusive rural development through growing oil palm as a catalyst for wealth creation and enabling the country to achieve its Vision 2040.

The NOPP strategic plan over the next 10 years puts emphasis on supporting oil palm farmers and non-oil palm communities to ensure that vulnerable groups like women and youth get involved in growing oil palm for sustainable food security and income security.

In this context, I would like to inform you that beginning April 2021, the official planting of oil palm seedlings in Buvuma District by smallholder farmers will commence. The smallholder outgrowers shall also be supported deeply to increase on their capacity and scale.

I believe that the farmer committees and institutions working together with the parish chiefs as well as the

extension workers will mobilize individual farmers to participate in the NOPP interventions to facilitate input distribution, storage and transportation.

The Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) is grateful to its partners, notably the International Fund for Agriculture Development (IFAD), Oil Palm Uganda Limited (OPUL), BIDCO and the farmers for making growing oil palm a reality in Uganda.

I want to conclude by thanking all members who have contributed to this newsletter for your efforts in making this publication a success. I thank His Excellency the President for all the guidance and support towards achieving

the objectives of NOPP in particular and MAAIF in general.

I also thank our Ministers in MAAIF, Ministry of Finance, Planning and Economic Development (MoFPED) and Ministry of Local Government (MOLG) and all line Ministries, Departments and Agencies (MDAs) for their continued collaboration.

We are looking forward to continuing this fruitful, interesting dialogue and exchange of information with you ■

Good Reading!!!

**Pius Wakabi Kasajja**  
Permanent Secretary  
Ministry of  
Agriculture, Animal  
Industry and Fisheries  
(MAAIF)



# Oil Palm Project Goes National

**G**overnment of Uganda through the Ministry of Agriculture, Animal Industry and Fisheries has launched a national project rollout to scale Oil palm production to different parts of the country. Through a ten-year project called National Oil Palm project (NOPP) the ministry is to expand production from originally Kalangala district to other districts. According to Mrs. Connie Magomu Masaba the Project Manager National Oil Palm project, the expansion is based on research indications that oil palm can grow in many parts of the country but also the realization that oil palm has capacity to transform many Ugandans out of poverty.

“We have over the years been in Kalangala district, where oil palm production has been undertaken for last twenty years under Vegetable

Oil Project one and two, this has proven very successful and our partners through discussions with government decided that the crop production is expanded to give opportunity to other farmers to grow oil palm” adds Masaba

The new districts of expansion will include Buvuma, Mayuge, Namayigo, Bugiri, Masaka, Kyotera Mukono and Buikwe. The project team however, reveals that more studies were being done to see the viability of oil palm in northern Uganda.

Connie Masaba further reveals that the ministry working with Oil Palm Buvuma Ltd (OPBL) private sector partner had already established an oil palm nursery in Buvuma with over 300000 seedlings that will be supplied to various Farmers across the country.

The expansion like in Kalangala

district shall operate through a 4P model, where different Partners shall play key roles to implement the expansion. Oil palm Buvuma Limited is mandated to develop seedlings and ensure production, while BIDCO takes center in refining, Farmers associations are key partners in Farmer organization and MAAIF key in monitoring and scaling the project as well as ensuring there is land acquisition.

In a recent interview with the Minister for Agriculture, Vincent Ssempijja, the minister said government efforts to extend the palm oil project to other areas in the country were high priority as the demand for oil palm worldwide continues to grow.

“The demand for oil palm is high and the supply is so low, we still import a lot of oil, Uganda’s oil is rated very good and the bi-products



**A ripe oil palm fresh fruit bunch**

are very good for our people, so this is an enterprise we should put special focus on.” Said Ssempijja.

The minister assures that the ministry believes that the scale

out process will not have more challenges as it was in Kalangala district because there have been multiple lessons learnt over the years ■

## Message from the Project Manager NOPP

**Dear Readers,**

Welcome to the first edition of the Oil Palm News, a newsletter intended to regularly bring to you the latest information in the oil palm sector.

Approximately 20 years, the Vegetable Oil Development Project was implemented in Uganda which has now been transformed into the National Oil Palm Project (NOPP), which is the leading project in the growing of oil palm in Kalangala District. The success of this project is now being replicated in Buvuma District with Mukono, Mayuge, Masaka and Kyotera districts expected to come on board soon.

At the national level, the impact of our interventions is reflected in the impressive performance of the agriculture sector which grew by 4.2 percent up from 3.8 percent in the previous four years. Some of this growth is attributable to the oil palm sector. Oil palm contributes to close to 50 percent of the total agriculture sector’s contribution to the national economy.

Palm oil, the product of oil palm is one of the most versatile products in the world leading to increased demand as the world’s population grows. Uganda tapping into this growing global demand will lead to increased household incomes. This, no doubt, creates great opportunity for scaling out oil palm growing to different parts of the country.

This, as evidenced in Kalangala is



**Minister Vincent Ssempijja (R) and the Project Manager NOPP Connie Masaba Magomu in the middle together with local leaders looking at the map of the land acquired in Buvuma**

likely to trigger the establishment of tourism, improve environmental eco zones and scale infrastructure in the various previously disadvantaged sites in Uganda.

Investing in growing oil palm, therefore, is a key opportunity that will deliver our country to the ‘Promised Land.’

Through this Oil Palm News, NOPP will have regular interactions with you and our other stakeholders in order to create a positive

understanding of the values of growing oil palm and its contribution the economic growth of our country.

To that effect, this newsletter will be a quarterly publication that profiles a cross section of stakeholders, farmers and policy makers among others in Uganda. We will bring you the stories of smallholder farmers, researchers, extension service providers among others while at the same time showcasing the

opportunities the oil palm sector provides to achieve our goal of a “Sustainable and Inclusive Rural Transformation through Oil Palm Investment” ■

Happy reading!!!!

**Connie Magomu Masaba  
Project Manager NOPP**



## EDITORIAL

# Embrace 4P Model Approach for Agriculture Projects



**K**alangala District has been for long referred to as the Poverty Island, which only focused on fishing as a key enterprise. In early 2000s, the Government of Uganda with development partners agreed to roll out an oil palm project on Bugala Island. The project was implemented by the Vegetable Oil Development Project, a project under the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF).

Over the years, this has been one of the country's most successful projects and has transformed both the island and its people. Approximately 11,348 Hacters have been planted by both the smallholders and the nucleus estate. There are 2,063 smallholder farmers of which (30%) 1,454 are women.

During my recent visit to the island to document the success stories of this long journey, I learnt that the Kalangala oil palm story could only happen with the unique approach that was used. This approach is the Public-Private-Producer-Partnership (4Ps) model.

The Kalangala oil palm project is the first major agricultural Public-Private-Producer-Partnership (4P) model in Uganda. It built an innovative partnership between the private sector, local and national governments and farmer organizations.

Under the arrangement, the Government of Uganda (GoU) made available land and provided fiscal incentives to leverage the initial investment from the private sector; the competitively selected private investor then develop a nucleus estate and processing capacity,

and provided seedlings, agricultural inputs and a transparent and reliable market to smallholder oil palm growers, hence the 4P model.

Through the project, GoU has improved critical infrastructure like farm roads, fertilizer stores, ferry services, tractors and provided the growers with financial, technical and organizational support through Kalangala Oil Palm Growers Trust (KOPGT). This has enabled smallholder farmers to plant a new industrial crop up to the same standards as the Oil Palm Uganda Limited nucleus estate, assured them of a market for their produce, and enabled them to become suppliers to the Crude Palm Oil (CPO) mill – making it a genuine 4P model.

The 4P model is primarily built on trust. Transparent land purchases ('willing buyer, willing seller basis') for the nucleus estate and tenants/landlord relationship are the starting point. Clearly defined roles and responsibilities, articulated in written agreements, as well as transparent and formal mechanisms for shared governance and decision-making, have also been essential.

A key factor has been the transparent pricing formula that tags the price of Fresh Fruit Bunches (FFBs) paid to farmers to the average Crude Palm Oil (CPO) price in Malaysia, adjusted to factor in import transport costs. A similar mechanism has been established to determine the charges to farmers for seedlings and fertilizers.

This commitment to transparency will continue to be pursued under NOPP. Effective communication to oil palm farmers right from the start, will be critical, to ensure that they understand the principles behind the partnership, as well as their rights and responsibilities.

Time has been a critical element in building the 4P model, as an inclusive business approach requires consensus building and alignment of different interests, often under less than favourable policy environments and with slow decision-making in the public sector.

Time is required for farmers' acceptance of new technologies and, more generally, for a shift in mindset from subsistence to commercial, business-oriented farming. Knowledge building takes time, not only for farmers but also for the private sector and

Government.

Finally, time is needed for social acceptance by the local communities, to allow for an informed and consensual process of land purchases and identification of the beneficiaries. The National Oil Palm Project (NOPP) will be able to draw on and capitalise the gains from this long-term effort to elsewhere starting with Buvuma District.

For growers to work well with each other, and to develop constructive and effective relationships with both the local technical support service providers and the private sector partner, they need to have strong representative organizations at the block, unit and hub levels, with effective governance and channels for selecting qualified individuals to represent them.

Smallholder oil palm growers are willing to take on responsibilities for quality control and provision of some services – something that needs to be built upon going forward; strong organization can support this process.

The Local Economy Impact Evaluation (LEWIE) findings revealed the importance of oil palm cultivation not only for oil palm farmers but also for the Kalangala economy as a whole.

As oil palm acreage expands, the farmers' demand for labor and other inputs also increases, and payments to the oil palm laborers spreads benefits to their households. As profits increase in oil palm farmer households and wages rise in laborers' households, these households' expenditures on goods and services supplied by other households and businesses in Kalangala increase. Market linkages spread the benefits of oil palm production through the entire Kalangala economy. The study reveals how the Kalangala economy has grown in tandem with oil palm expansion, and why there is a high correlation between acreage in oil palm and new business formation.

It's my wise thought and request to stakeholders that such unique approach of the 4P model be replicated in other projects in Uganda.

**Anthony William Wanyoto**  
Communications and  
Knowledge Management Officer  
Editor – Oil Palm News

# Oil Palm is MAAIF's Golden Project: Lwakuba

**I**n crop production, we support, guide and promote market oriented crop production, in there is value addition, food and nutrition Security and we also enhance the capacity of our clients in investing in Agriculture, Aiming at increased household income and food and nutrition security in Uganda.

Oil palm is one of the strategic commodities that the government and the Ministry of agriculture, animal industry and fisheries are fostering. This focuses on the oil palm crop that produces the palm oil and the oil seeds like the soya bean, the sunflower. All these were being promoted under a project that just ended called the Vegetable oil development project (VODP 1&2) funded by International Fund for Agriculture Development (IFAD). This has now transformed into a project known as the National Oil Palm project (NOPP).

Oil Palm journey started way back in the 90s, there are some officers who were based into Masaka and Kalangala before it was split into Masaka, a gentleman called David Balilonda had these concepts way back in the 90s we started working on the concept and the proposals. These yielded good around early 2000 when government now seriously bought into the proposal and that project of Vegetable Oil was approved, funding then was approved thus enabling implementation. it has gone through a transition and transformation.

To us as a ministry, we see this one as one of the success stories of rural development, recalling kalangala before Oil Palm project, it is very evident that this was a miracle baby that came with golden beads in its fingers. There is significant change.

The Difference in infrastructure development is tremendous, previously on this then remote island, there was no electricity, there were no hotels, yet this was a tourist attraction site. The livelihoods of the people on the islands was basically that of dwellers. But today the livelihoods of Kalangala has tremendously improved especially the farmers who participate in the Oil Palm project.

This can be seen from the houses farmers have constructed, these are permanent houses compared to semi-permanent grass thatched houses in the past. Generally this is attributed to the benefits that they harness from growing the Oil



**Mr Alex Lwakuba**  
Commissioner Crop  
Production MAAIF

Palm.

Its an undisputable fact that the project has generally improved the status and the standards of people living in Kalangala. Initially they were depending mainly on fishing "wake up go to the lake and fish" they were getting food even from outside of the island but now they have been also able to be trained on how to grow a crop that bring money from oil palm and even to diversify using this project and the crop.

The trainings on crop diversification have greatly improved the food and nutrition security and also helped people to grow some nutrient based crops to improve their sources of food and also income especially when the palm is still young.

This project has also ushered in benefits social economical benefits it helps the people to work together to associate there is a group for example KOPGT Kalangala Oil Palm Growers Trust is an association that is local and is in Kalangala that helps that helps in marketing and production of the oil palm in Kalangala.

Generally as the Ministry of Agriculture, we are very proud of this project, it has stood the test of time, one of the longest standing projects at the Ministry is good partner appreciation and focusing on making Uganda a better place.

**Mr Alex Lwakuba**  
Commissioner Crop  
Production at the Ministry of  
Agriculture Animal Industry  
and Fisheries.



# Kalangala oil palm farmers to share billions

**K**alangala district Oil palm growers are walking to their banks with great smiles. This follows a recent payout of over sh5b in dividends from their 10% stake in the Oil Palm Uganda Limited (OPUL) investment. According to Kok Chin the general manager OPUL, the 10% stake was introduced by the Government for the farmers and, over the years, has yielded dividends.

"We are pleased to inform Kalangala Oil Palm Growers Trust (KOPGT) that on November 9, last year, the directors of OPUL resolved to pay dividend of sh5.55b per share, before tax, to the shareholders of the company," a letter by Kok Chin Chong, the company secretary of OPUL, read.

The money is, however, subject to withholding taxes of 15%. Meaning sh832m will be remitted to the Uganda Revenue Authority (URA), meaning

farmers will get sh4.71b net dividend.

Diamond Chancoo, the chairperson of KOPGT, said unlike other companies where dividends are shared among shareholders, the farmers in Kalangala agreed to invest it in social services. "We will invest in community services, such as roads, renovating health facilities and schools so that the community benefits," Chancoo said.

He explained that some of the money will be put in Sseese Oil Palm Growers Cooperative Society (SOPGCO), the farmers SACCOS, so that

**TESTIMONY.** Palm tree growing has transformed lives of many farmers, like Margaret Muhereza, who says she sent her children to one of the best schools in the district.

"I started growing palm trees in 2007 on three acres. We now have 23 acres. I do not regret because I have good life since I can afford most of my needs,"

Muhereza said. She has also constructed a permanent house.

"We have now started other enterprises, such as coffee, bananas, passion fruits and goats. All these are funded by palm oil," she added.

Every month, Muhereza says she gets about sh5m from her enterprises. Farmers can borrow money to improve on their fields.

"Farmers need the money to boost their incomes and enable them set up enterprises," Chancoo said.

The oil palm project is supported by the Government, through the vegetable Oil Development Project, with funding from the International Fund for Agricultural Development.

The oil palm project in Kalangala district began in 2002, under a tripartite public private partnership with OPUL and KOPGT, as the key implementer.

The KOPGT general manager, David Balironda Mukasa, said palm tree growing was started to



boost incomes and the livelihood of the Kalangala households.

There are about 2,063 oil palm tree farmers in Kalangala, with plantations covering 4,848 hectares, whereas OPUL has about 6,500 hectares.

Since the first harvest of fresh oil palm fruit in May, 2010, at least 225,200 metric tonnes have been harvested, amounting to about sh110.5b.

"This is the money that has been circulating in the Kalangala economy for the

last nine years. Most of the development at household level is because of this money," Balironda said.

"For every acre of palm trees planted, you yield about sh2.2m. This money is not only utilized by the farmers, but about 80% goes to the local economy." He attributes the achievement to the unity of the farmers and urges them to form groups.

At inception, the parties, comprising of the Government, BIDCO and KOPGT, signed a tripartite

agreement with guidelines on the running of the project. The Government extends the credit to the out-growers from the IFAD.

In Africa, Nigeria is the leading palm tree grower, followed by Ghana, Ivory Coast, the Democratic Republic of Congo, Burundi and Cameroon. The African oil palm tree is from West Africa, but Asia did more research and development on it.

## Buvuma District on Track for Oil Palm Production

**B**uvuma district is one of the new oil palm production districts. In 2012, Bidco Palm Oil Limited, a regional edible oil manufacturer, unveiled plans to establish a 6,500 hectares (16,000 acres) palm oil plantation and processing factory, beginning in 2013. With another 3,500 hectares (8,600 acres), in a planned outgrowers' scheme, the entire Bidco Palm Oil Project on Buvuma Island is expected to grow to 10,000 hectares (25,000 acres), when completed.

According to Serunjogi Willson, the district Focal person National Oil Palm Project (NOPP) in Buvuma District, Government has already acquired land

and has compensated the residents to establish a nucleus oil palm estates. Serunjogi further explains that engaging the out growers. The nuclear estate we are targeting 6500 acres of land and out growers for the smallholder farmers.

"so far we have secured more than 5014 hectares the nucleus estates. And at the initial state of the smallholder farmers we are targeting 500 acres. So far, we've covered the 360 as that is an issue. So as far as Buvuma district is concerned, we are very ready for the project.

According to Serunjogi, the district has taken up the responsibility to acquire the land for oil palm production.

"when we are getting land or when you're



**Mr Alex Lwakuba Commissioner Crop Production MAAIF**

acquiring land, it is the district responsibility to look for land, look for the landlords to negotiate with the tenants, so that the government can acquire that land and acquiring the land, the government compensates the tenants at the same time the landlord." he adds

Serunjogi says the role of the district has been majorly

to handle complaints that may arise, creating awareness and popularizing the project.

Prior to the project inception, the district administration and a team of farmers, community based facilitators and other key stakeholders made a benchmarking visit to Kalangala Island to study the kalangala oil palm project

and further appreciate the achievements and advantages of such a project.

John Mabilirizi one of the community facilitators says kalangala gave a situation analysis and enabled them to appreciate the project further. "we were able to compare ourselves to the kalangala that has already started. we saw the advantages of having such a project, we realized our people were going to get employment, and even increasing people's income because the essence of this project is improving people's income." Adds Mabilirizi

Serunjogi adds that the district is very ready for the project and has already given out some of

the public land for project implementation. The district administration has also undertaken the task to lobby landlords to also give out land to the government so that government may buy it and give it to the investor for Oil palm planting.

"As Buvuma district, we are looking at transforming our rural people from substance farming to commercial farming, to achieve this, we shall require a good cash crop. So someone will be selling Oil palm fruits to the investor increasing incomes, then some will be getting money from employment." concludes Serunjogi wilson.



# Partnerships Key to Successful Oil Palm Production in Uganda: **Investor**

**Promising Figure:** Oil Palm Uganda Limited an oil palm production company has hailed the use of Four Partnership Model (commonly referred to as 4Ps) as the driver of a successful implementation and growth of the Oil Palm Production in Uganda. Speaking to NOPP News Team, Mr Abbey Mukalu, Human Resource Manager of Oil palm Uganda said the model has been very successful and should be replicated if the country projects are to be successful. Below is the interview:

## Who is Oil Palm Uganda Limited?

Oil palm Uganda Limited is the plantation company for oil palm in Uganda, we are located in Kalangala Bugala Island. we supply the product to BIDCO which is the refinery, many people normally refer to us as Bidco but for us we are open as the plantation and the refinery is in Jinja called Bidco.

## When did this project start and what model is it using?

This project started at around 2003, and it has done a lot for this Island. You find that this was one of the poorest Island in the previous years ranked one of the poorest districts in the previous years. But as we talk today, it's one of the best performing districts because of this oil palm project.

## What Model Has been adopted to ensure project success?

This project was started on the model of 4Ps. These include the Government, outgrowers, Private sector and then there is IFAD. Each of them had a role to play. Of course in the beginning it wasn't all easy but through resilience they all played their roles and made sure that the project is successful. It's one of the successful project working under 4Ps. One of the first successful project in Uganda working under 4ps. This was the first phase towards development of oil palm in Uganda that's why they call it VODP1 and VODP 2. This was the first phase and in the second phase, they plan of extending through other parts of Uganda like Buvuma, Insagobe, even other parts of eastern Uganda where palm oil can

be grown. I will basically look at the role of each party in the development of this project.

Under the Four P-Model who are the Partners and what were their key roles?

The government, When you look at government, there role was to put in place enabling environment for the project to start. Enabling project means what?

The developments like infrastructure was supposed to be put in place by the government. When we came here, the roads were bad, there was only one ferry, one ship laying to Entebbe – Kalangala but out of the negotiations between the private sector and government, government agreed to improve infrastructures in terms of transport like you see now, we have two ferries, this one is crossing and another one is crossing the other side. That project came basically because of the agreement between government and this project, then the power, those were some of the request by the private sector which were met by the government. Then you look at the issue of land, Okul as a company, doesn't buy the land, its government through NOPP or VODP at that time which procures land and they lease to us to grow the palms. So ours is for them to show us the land and then we grow the palms. The moment they provided the land, they provided power, they provided infrastructures like transport, we were able to invest into the palm oil project.

The farmers, there is what we call KOGPT Kalangala Oil Palm Growers Trust,



**Mr Abbey Mukalu, Human Resource Manager of Oil Palm Uganda**

These ones also played a role, they formed themselves into groups of small holders, I find that the nucleus has about 6000 hectares but small holders have about 4000 hectares all together making 10,000 hectares on this Island so they really contribute a lot into the palm industry.

The International Fund for Agriculture development (IFAD), Those were the funders of this project, at first, world bank was there but later on some small challenges they dropped out of the project so IFAD remained funding the project. You see like farmers may not afford to buy the inputs in cash but because IFAD was there, it put

an environment for them to grow the palms, an environment in a way that farmers were able to procure seedlings. These seedlings are costly for example one seedling can go for about fifteen thousand shillings so that imagine if you are planting 10 hectares or 20 hectares or 30 hectares, an ordinary farmer cannot have such funds. Then they also provided inputs like fertilizers and these were to be recovered for quit a long period of time as long as you have palms all these requirements would be given unto you then they are recovered the longest time possible so that's why you see farmers were able to grow this plant. It was a matter of you showing

them the land, after showing the land, everything is done for you and they recover from the volume of sales.

So that's how the 4ps mode works. It has worked well for us and everybody is happy. The company is happy is getting the outputs from the farmers and the farmers are also happy because company pays them on time and they are earning money.

How has this project transformed Kalangala over the years?

When you move around, here the major activity was fishing and people were so poor, but as we talk now you see permanent houses have started developing, you see the road is not all that good but somehow but its ok, it has been graded, last time for you to move from ferry point to come to this place, it would take you about eight hours but now only a few minutes you are here. So all this development is coming because of this project and our farmers are contented unlike other agricultural products where there are a lot of fluctuations and there are disappointments.

Many Farmers in other enterprises complain of big price drops making Farmers unhappy, how do you keep price stable for oil palm?

Here these people in the 4ps model, put up what we call a pressing formula, it's not only us to determine the price of a crop, there is a formula for determination which was agreed upon by these four stakeholders and there is no way you can say that may be the private sector is cheating me. If you compare it with may be sugarcane, only the mill determines the prices but here, the government seats on the committee, the private sector seats on the committee, then there factors they consider like the cost of oil on the world market per bag then they come out with the right prices which our farmers take up. So it a very good project that's say they are very many people and as private sector and government, we tend to role it to other parts of the country to benefit other people. ■



# Make Oil Palm Growing National Campaign: Sekitoleko

**F**ormer Minister of Agriculture, Animal Industry and Fisheries and United Nations retired envoy Her Excellency Victoria Sekitoleko has called on the government to make oil palm production a national campaign program focused on eliminating poverty in the country. Sekitoleko said oil palm has great potential to transform every homestead in Uganda because it can grow in everyone's backyard.

“There is high demand for oil in Uganda, yet the supply is still low because only Kalangala is supplying BIDCO, production has been centered in Kalangala alone, yet research reveals that this crop can grow anywhere, it is time the government rethinks its strategy to awards increased incomes and poverty eradication measures through high-value enterprises.” Said Sekitoleko.



Former Agriculture Minister, Victoria Sekitoleko

Sekitoleko recalls that during her time as Minister for Agriculture, there was a vision to make Kalangala a nucleus district for oil palm

production and seedling development but later this did not take root due to several reasons.

“Then as we planned

Oil Palm production in Uganda, we envisaged Kalangala to be a nucleus district that would supply oil palm seedlings to other

districts across the country, but the myths and politics that surrounded the project establishment made it difficult to scale across the country and changed our plans.” Adds Sekitoleko.

Since 2000, oil palm was established in Uganda, before establishing the high-value enterprise received a lot of resistance from lawmakers and other civil society groups claiming this was going to, the hypothetical fears led to a delayed start of the projects and change of scale-out plans. The ministry of agriculture then established the Kalangala oil palm hub through its vegetable oil development project One.

Victoria Sekitoleko further says legislators, extension leaders, farmers, and policymakers need to be exposed to countries like Japan and Israeli where land use utilization is well maximized, this will help appreciate the resource that exists if we are to help our country attain its vision

2024.

“It is time to expose the key leaders and decision-makers, in Japan land utilization is thorough, three meters from the main road to a homestead people have grown real high-level crops and earn out of them, here, people leave a road reserve of half an acre, which is absurd,” she adds

We need a mindset change for people to accept and understand the value and importance of oil palm, we can make all roads be littered with oil palm. The beauty will be enhanced, tourism will grow but also incomes of our farmers shall be catered for, and youth shall get more employment. I applaud the vegetable oil development project for efforts to make oil palm production an appreciated reality, we expect the Buvuma plant to open up for all farmers way out of the project scope. Everyone should access seedlings.” Concludes Victoria Sekitoleko ■



Bungoma Kalangala main road



Smallholder farmers sort their fresh fruit bunches after harvest



# OIL PALM: Takes Over As Uganda's Growing Sustainable Investment

The Island referred to Ssesse Island where Oil Palm Uganda Limited is located, inherited the name from the time when the Island was infested with tsetse flies and all living beings were removed from the island until recent years where people starting moving back in, in a sporadic manner more so for fishing.

The Oil Palm project in Kalangala is a Government initiated and led project through VODP (Vegetable Oil development Project) with other investors through a Joint Venture between Willmar Group of Malaysia, Josovina Commodities of Singapore and Bidco Oil Refineries of Kenya each a leader in their field. The joint venture between the three formed Oil Palm Uganda Limited and Bidco Uganda Limited. Put together, the project is the single largest single foreign direct investment in Uganda in recent times crossing over 150 Million USD. This project is referred to as the most promising agro industrial project in Uganda.

An eco-friendly crop, palm oil is a source of food security. In the fight against malnutrition in the developing world, palm oil is a healthy and affordable source of energy

and sustenance. Africa currently imports over USD 100 Million worth of Crude whereas the same can be produced locally generating jobs and income for the farmers and saving the exchequer of a huge lumpsum, notwithstanding the fact of putting idle grassland to positive and sustainable use.

Fishing has been the only source of income on the island prior to the Oil Palm Project taking place. Agriculture is Uganda's core competency. However, lack of money and technology means that raw goods are exported, deferring economic benefits to more developed countries. Based on our fundamental philosophy – "From the Soil to the Pan" – The investment is bringing to the country a fully integrated value chain, creating and retaining wealth within Uganda. At its peak the project will make Uganda fully self-sufficient in edible oils, removing the need for nearly \$100 million of oil imports per year.

The project represents a connection to not only the people but also to the land. Oil Palm Uganda/Bidco Uganda Ltd not only adheres to global criteria for sustainable land usage, it has also helped to develop them. These include a zero burning policy, erosion control

and soil conservation. The Complex in Jinja has also invested in environmentally-friendly effluent and sewage treatment plants. In addition to driving macro economic growth, the project is also infusing Uganda with state-of-the-art-agro-technology, local skills development, thousands of jobs and a plethora of downstream activities.

Benefits for man at the Roots.

The Kalangala Oil Palm project is not only an investment towards Uganda's economy, but an opportunity to immensely improve the quality of life on the Island. So far, 1200 workers have been recruited, including local university graduates and a community has been created, completed with housing and a recreational area.

Oil Palm Uganda Limited and its partners in the projects have invested in social infrastructure. The Roads are now passable all year round and the water points can be accessed with ease. Other forms of Infrastructure and services are in the pipeline including electricity, schools, religious and medical centers.

The long term benefits to the economy of Uganda will be massive. Initially, the economy will save in excess of \$ 75 million annually,



A youth farmer weighing his Fresh Fruit bunch in Kalangala block



Smallholder farmers display their harvest

money now used to import crude edible oil from abroad. On completion, Uganda may also become a net exporter of refined palm oil. The economy will also benefit from the transfer of technology and skills.

OPUL is doing this in a sustainable and environmentally friendly way. We are using zero burn technique in our plantation, ensuring that we improve the soil organic matter and fertility. To provide cover to newly cleared land and to control soil erosion, we have planted leguminous cover crops which also add nitrogen into the soil. This in addition to a well-managed forest cover in the areas initially grassland, is of positive environmental benefits.

Through this project, Oil

pam Uganda Ltd aspires to provide the people of Kalangala District with a great opportunity to immensely improve their quality of life. The development plan for this project is tailored to provide wide range of social benefits to the local community, some of which we have already started implementing. We have, for example, started construction and maintenance of roads, set up a clinic and housing for our employees.

Tapping into a gold Mine The Oil Palm is a highly productive source of Oil. For the reason, it has become the prime source of Vegetable oil for many tropical countries and constitutes thirty four percent of total edible oil production worldwide. Some of its varieties are

even being considered for bio diesel in different parts of the world. As a result of the world's rising population and improving economic conditions among the developing countries, there is an increasing global demand for edible oils and fats.

The Kalangala Oil Palm Project is an avenue for Uganda to tap into this growing market. Oil Plans have an economic life of an average 28 years. Oil Palm Uganda's objective is that over this period, Uganda will achieve self-sufficiency in palm oil production. World class plantation management practices are being utilized to ensure a high yield of quality oil all year round.



# Impact of the Oil Palm Development Activities in Kalangala



**St. Theresa Primary School supported by Oil Palm Uganda Limited as a CSR project**



**Bungoma ferry landing site in Kalangala**

## BACKGROUND

Government of Uganda signed an agreement to develop the oil palm value chain in Uganda with BIDCO Uganda Limited in 2003 in which the two parties agreed to establish 40,000 hectares of oil palm across the country of which 23,500 hectares were to be established by the private sector partner while smallholders would be supported to establish 13,500 hectares. BIDCO also agreed to construct palm oil mills and a refinery to guarantee market for the oil palm farmers produce.

BIDCO has so far established 2 Palm Oil Mills in Kalangala and a processing plant in Jinja and guarantees market for all the oil palm fresh fruit bunches (FFB) produced by farmers. Government established the Kalangala Oil Palm Growers Trust (KOPGT) in Kalangala to provide extension and agronomic support to farmers, provide oil palm seedlings and other inputs to farmers, provide marketing services through ensuring the farmers implement best practices in harvesting,

handling and loading their produce, managing the delivery of the produce to the palm oil mills, managing the production loans given to farmers and be the intermediary between the smallholders and the private sector - BIDCO/ OPUL.

## A. PROJECT PROGRESS

The project has empowered the farming community in Kalangala who now have a strong voice and are actively participating in the decision making along the oil palm value chain. So far, the private sector has planted the targeted 6,500 hectares of oil palm while the smallholder farmers have planted 4848 hectares out of the targeted 4,700 hectares of oil palm. The smallholder oil palm farmers in Kalangala are now on average earning UX 15.5 million per household per year and 879 kms of farm roads have been constructed. The palm oil mills in Kalangala produced 24,927 tons of crude palm oil in the entire 2020, and, OPUL and BIDCO paid Government of Uganda taxes (on VAT and Income)

worth UGX 180 Billion in 2017 alone. The table below shows the progress on each of the different project deliverables.

## B. PROJECT IMPACT

The Kalangala oil palm project is the first commercial oil palm scheme in Uganda and has greatly contributed towards the transformation of Kalangala from being among the 5 poorest districts in the 1990's (UNDP 2010). The project in partnership with IFAD carried out a Local Economy Wide Impact Evaluation (LEWIE) in 2017 and the simulations revealed that each additional acre of mature oil palm adds UGX 2.2 million annually to the Kalangala economy (UGX 1.9 million if we adjust for price inflation). Of this, UGX 800,000 goes to households that do not participate in oil palm production. The report also showed that a 1% (108.7 acre) expansion in oil palm plantations raises total cash income in Kalangala by UGX 242 million and total real income by UGX 210.1 million; and that a 10% increase in oil palm

productivity increases total cash income in Kalangala by nearly UGX 5 billion annually, with nearly half of the income gain going to non-oil-palm-producing households. The LEWIE study was led by Prof. Edward Taylor of University of California, Davis.

The Ministry of Agriculture, Animal Industry and Fisheries carried out

an Impact Evaluation in Kalangala in 2016 which found that 95% more houses were constructed using Iron sheets in 2016 compared to 40% in 2002. The study also found an increase in the percentage of households with at least 2 sleeping rooms from 16.4% in 2002 to 78.6% in 2016, most of which (56.6%) used electricity as the main source of lighting,

compared to 0.1% in 2002. In relation to food security, the study found that 70.5% of the households were food secure on the island compared to only 16.4% in 2002. The respondents attributed the improved livelihood characteristics to the increased household income resulting from the growing of oil palm and its multiplier effect.

**Table 1: Outcomes from the Oil Palm investment in Kalangala**

Table showing the benefits from the oil palm investment in Kalangala as at December 2018	
1. Registered oil palm farmers (number of farmers)	2,064 (37% female)
2. Oil palm fresh fruit bunches harvested by farmers (Jan 2010 to December 2018)	143,446 tons
3. Gross income earned by smallholder farmers (Jan 2020 to December 2020)	UGX 69.6 billion
4. Monthly gross income earned by the smallholder farmers	UGX 1.9 billion
5. Area under nucleus estate (private sector controlled)	6,500 Ha
6. Area under smallholder estate	4,848 Ha
7. Smallholder establishment and maintenance loans disbursed to farmers	UGX 52 billion
8. Loans repaid by smallholder farmers	UGX 32.4 billion
9. Area under harvest by smallholder farmers (area with mature oil palm trees)	3,602 Ha
10. Average income per acre per year	UGX 2.6 million
11. Average annual income per household	UGX 15.5 million
12. Taxes paid by OPUL/ BIDCO to Government annually (2017)	UGX 180 billion
13. Taxes paid by Private Sector Partner in taxes	UGX 899.44 billion
14. Employment opportunities created at the Palm Oil Mill and Nucleus Estate	3,000 people
15. Employment opportunities created in the smallholder scheme	900 people
16. Farm roads constructed	879 kms
17. Dividends paid by OPUL to the oil palm farmers (KOPGT)	UGX 17.75 billion
18. Monthly With Holding Tax paid by smallholder farmers	UGX 20 million each month
19. Taxes paid by smallholder farmers on dividends	UGX 500 million



## GOLDEN HOTSPOTS

# Oil Palm Is New Mayuge's Golden Gift: Mabanda

**T**he selection and establishment of oil palm production is a key achievement slated to position the district as the richest in Busoga region and the Eastern part of Uganda. This has been revealed by Mr Martin Mabanda the chief Administrative officer of Mayuge district.

In an interview with Oil Palm New team, Mabanda disclosed that the district was so excited with the oil palm project as this was going to be the springboard for transformation of Mayuge to another status.

"We are very glad that the government of Uganda chose Mayuge to benefit from the National oil palm project. This was based on our ecological suitability and am sure our ability to handle. We are excited because this is going to help us diversify our income. Oil Palm is a golden plant that

our farmers are going to reap big." Said Mubanda

Mubanda, who was formally Chief administrative officer in Bundibugyo district says, it's been long overdue for such commercial, golden crops to reach smallholder farmers in other regions, he testifies that while in bundibugyo district, he saw farmers not only reaping from the palm oil production but also from the leaves of the oil palm plant which make good brooms.

"This Oil Palm if people know how to use it, they will never be poor again, I was in bundibugyo district where I served for almost 15 years and oil palm was a major crop there and Farmers could harvest for production then the surplus or the droppings are prepared for small consumers, Palm oil is a nutritious oil on the skin

and has a lot on health benefits. Says Mubanda

The chief district administrator says the district already anticipates that oil palm is to boost income and infrastructure in the district.

"Mayuge has suffered the crisis of low sugarcane prices. Farmers have been frustrated, so our farmers now need to diversify and oil palm is going to help us a lot diversify and also increase the farmers income. Unlike sugarcane where Farmers require a permit to sell cane, oil palm our farmers will already be in that data base and payments become transparent." Adds Mubanda

Mubanda further says the National Oil Palm Project comes with multiple other opportunities, saying there will be an all-round development cycle. The opportunities will include development of the transport

sector, roads and other supportive infrastructures will be greatly developed.

The increased income to Farmers is another opportunity the district envisages, because if Farmers have enough resources there will be increased investments both in farming and the other sectors which will help our economic development.

"Oil Palm production requires a certain level of organization among Farmers, we know that once our farmers are organized, it will help in mobilization of people so that they use their resources properly, we shall be able to have out technical teams out there in the field to guide Farmers on how to manage and Production. So we look forward to a successful and improvement in their quality of life generally." Adds Mubanda

My Message to Mayuge



**Mr Martin Mabandha the chief Administrative officer of Mayuge district**

farmers is that this is a new crop, it can fetch a lot of money and the good thing also here the government is bringing improved varieties and we expect the output to be very high and the people will benefit and

get better incomes. We also expect more employment.

Mubanda urged farmers to work with district extension teams saying the focus was to support women Farmers and youth groups to engage actively

# Oil Palm Project Ends Masaka's Long Wait: CAO

"We waited for so long. It's our prayer that when production starts, the district gets hands-on and supports this project and also signs a Memorandum of Understanding with these companies that will be in charge to ensure support towards service delivery," says Nathan Lujumwa Chief Administrative officer Masaka district.

He appealed to the National Oil Palm Project to gazette Masaka as the key district for palm oil production.

Lujumwa says since 2005, Masaka district has been waiting to join Uganda's Palm oil producers' basket and this had caused loss of hope. "In 2005, Masaka district was earmarked to be one of the oil palm producing districts,

however, production was never initiated by the vegetable development project that was set up in the neighboring District, Kalangala. Initial arrangements to identify land were made and it was established that there was no land for this cause," he adds.

Lujumwa further revealed that the new National Oil Programme brings new hope to the district because there will be accrued benefits, these will range from payment of taxes, employment of the youth and women, and also they expect to engage with them in other Cooperate Social Responsibilities.

"Initially the project was hindered because the available land was owned by private individuals who were



**Masaka Chief administrative officer Mr Nathan Lujumwa**

hesitant to engage in oil palm farming, however, some of these individuals are now ready to plant palm, alongside private investors who have also started growing of the palm trees." Said Lujumwa.

He reports that among others,

Four Ways Group of companies was leading in private investment in palm oil planting there.

"We have been working with the Ministry of Agriculture through the National Oil Palm Programme to ensure that these

out-growers are supported and also to ensure that the program commences.

"I'm optimistic that the programs are underway and we are about to take off and we shall have another center within the region especially being housed by Masaka district to have serious palm oil production here," Adds Lujumwa

The Chief Administrative Officer said the district had focused on building an out-growers Programme with the hope that the availability of out-growers would increase the acreage under cultivation.

He further called on government support and intervene to expand the project and also building better production partnerships that ensure Masaka farmers' dreams are realized.

"Palm oil production, if

supported and takes off in Masaka district, would be an opportunity for not only Masaka district but also the neighboring districts in the region. First, as a source of employment for our people especially the youth, and also boost industrialization in our region, it will also boost the economy through local revenues and also the national revenues by URA and we are hoping that if these revenues improve the district will be able to enhance its service provision through giving better roads to our communities, health services, education but supporting the entire service delivery system." Lujumwa further explains that the district was anticipating an economic boost at the end of this long wait



# Kalangala Generates Oil Palm Revenue as Host District: CAO



Eria Magumba, The CAO Kalangala District

*Kalangala district is the parent district of Oil Palm in Uganda, Oil Palm News interviewed the Chief Administrative Officer Mr Eria Magumba on the experience of being a pioneer district.. (See full interview)*

## What is the districts contribution to this project?

At the Development of this Project, the district administration was not isolated, entry meetings were within the district, working through the production and marketing departments. The major activity here was fishing. We had natural forest reserves and there was a lot of dealing in timber product, firewood and charcoal. When this Project started, seedlings were brought and the project team started organizing the farmers. The district further helped a lot to ensure that there was acquisition of enough land in this Project. So as of now the district alone surrendered to 6000 hectares of land where these plantations are based.

## Where is the Market and How do farmers benefit?

We have two plants processing the crude oil and we have many farmers, people who were not initially involved in the Oil Palm growing but have taken it up and most of the percentage of people here earn money from Oil Palm. They are like

salary earners let me say so. On a monthly basis, people are paid, you supply your palm oil when you have harvested and every end of the month people receive their pays.

## How did covid Lockdown affect Farmers?

During this period of Covid Lockdown, while in other districts people were calling for support from government and asking for money to buy food, people here were calling for permission to access the banks for money withdrawal. And we were receiving close to three hundred billion to a trillion. This is because that time, we received a lot of rains and thus farmers got a bumper harvest. So at least generally on average, each household was earning two to three million and above. The people with bigger plantations, those are really earning a lot of money.

## How has Oil palm Production enhanced incomes of people in Kalangala?

People are now organized into a cooperatives and have

access to loans. Our farmers can now access loan facility within two hours through their savings, they are bankable now. Farmers now have a cooperative bank where they are picking money, if you have a problem, it's easy for you to go and borrow money within the day you have money and you do other businesses. So on average people are earning money and they have taken up this project and it has supplemented the income of people. All this is attributed to these plantations and partly this is money is given back to the community.

So generally the average income for the district is a bit high compared to other regions. fishing as an activity has lowered down because there was over dispersion because people depended on the lake to survive.

## What are the Direct Benefits for the District?

Project is a good, but the district had a lot of hope in the beginning, the district played a very critical role in organizing farmers, acquiring land from farmers and educating farmers to accept this project. But we don't have much direct income coming in, yet it would also be coming in to supplement our revenue of the district constantly to encourage other districts to know that when such a project comes, they should play a role and they should also add to the revenue sharing if it comes to issues like when I look at the last agreement that was written, the district was excluded yet it played a bigger role, it also surrendered land.

## With Oil Palm Plantations are there other livelihood projects happening?

Oil Palm has a lot of advantages, you find on individual basis farmers are doing other activities within oil Palm. People are rearing goats, these on private basis especially when palm is three years and above, people are rearing cattle. Otherwise if you are just planting coffee, sugar cane or any other fruit, you will not graze animals. so Oil Palm does not stop livelihood projects.

There some individual farmers are



getting brooms, we are seeing Lorries of brooms leaving Kalangala to Kampala. This is also an activity taking place on people's plantations. Whenever they prune, people go and get these left overs and make brooms and they are selling and we are soon any time we are going to tax and get some little income. A sack can have one hundred brooms, so if every sack pays sh3000, that's small money, you may find a lorry is paid a trillion of seven hundred thousand if it's leaving Kalangala, so this can also be an income.

## Any Challenges

The only challenge we have is that Oil palm cannot exist with other crops. That's the only disadvantage I may say, when you commit the land, you have to commit for a period of over twenty (20) years.

Another challenge I may be talking of is because I had people complain on how to determine the price at which they are buying this palm, that the formula is derived from Malaysia, some people have failed to understand that, how does Malaysia price determine the product in Uganda. That's the challenge people have been talking about otherwise we don't have much problems as a district especially the department of production is committed to helping the farmers and the cooperative of the farmers is also highly organized, it is well managed

and that's why you see people are still here.

## NOPP, what can it improve, how can it do better?

NOPP should work closely with the districts because when such project come, into a district we except such districts with such programs having some share, for example if we say people are engaged in commercial farming, how do you tax these people as a district, why should all money go to the center and the district remains with no money. Like as of now you would see Kalangala shining more if it had some percentage even if its 0.01% out of that money into the district it would boost the district and people would be vigilant especially the department of production. Council would be running its activities very well, so you can't eliminate yourself from the district then say you are dealing with the farmers alone. When you are coming in, you come through the district and the district has a role to organize everything, sensitization issues that can come like issues of environment, all those social concerns are done by the district. So if you don't give a room for a district to earn something out of this say you put every farmer who is supplying the palm pays either 0.0% of what has sowed like it was on seasonal produce. ■





Tractors given to KOPGT by Ministry of Agriculture, Animal Industry and Fisheries

# Palm Oil Prices a Cause for Celebration: **Kalangala Farmers**

**O**il Palm farmers in Kalangala district under their association called Kalangala Oil Palm Growers Trust, have thanked the Government and Oil Palm Uganda Limited for the better prices of the palm oil fruits over the recent years.

Currently, a Kilogram of Oil Palm fresh fruit is 854/= as of March 2021 costing over 700/= from way below the then 500/= in the previous years. This the Farmers say is good enough as it covers well the cost of maintaining a palm oil garden and further enables saving for livelihood management.

According to statistics from the Information and Research center, a local research firm in Kalangala, maintaining an acre of palm garden in Kalangala whose productivity is Shillings 1.050.000 every three months requires at most Shillings 700,000.

In an interview with Mr. David Balironda, the General Manager of Kalangala Oil Palm Growers Trust revealed that the current prices are fair and can cover maintenance fees and thus thanked Oil palm Uganda limited for the

continued support.

Balironda further informs that the productivity of the Oil Palm fruit garden is dependent on how it is maintained. Thus urging Farmers to avail extra care for the crops if they are to continue reaping big.

“In the past, some groups of farmers used to claim that the Palm oil Company deducts exorbitant costs from the farmers from transporting their fruits to the extraction factory in Bwendero in Bujumba Sub County and the refinery in Jinja. This we have discussed and the fees were reduced. Farmers are now saving a lot from their efforts” says Balironda.

He further says that, unlike other crops, the price of Palm oil fruits is determined by a pricing formula derived from a tripartite agreement signed on behalf of the Oil Palm farmers by Kalangala Oil Palm grower's trust.

The agreement provides for the determination of the Oil Palm fruit price based on the international market and the parity of importing palm oil fruits and crude oil from Kuala Lumpur, in Malaysia.

Balironda said Farmers are celebrating the favorable

*Before 2018, one kg of palm oil was going for US\$0.77 in 2015 and US\$0.98 in 2017. The highest prices in 2018 for Uganda palm oil per kilogram were for exports to Kenya, Rwanda, India and Burundi respectively.*



KOPGT General Manager, David Balironda

price of Palm oil which compares favorably with the prices of palm in Ghana and Malaysia.

This increased price projection ends the cry of many farmers. A few years ago, oil palm farmers in Kalangala District expressed concern over the low prices of oil Palm. Led by Martin Lugambwa, the chairperson of Kalangala Oil Palm Growers Association, they claimed that the prices have not gone higher than 500/= per kilogram since the plantations started yielding palm oil fruits.

However, the Oil Palm Uganda Limited, Human Resource and acting General Manager, Abby Mukalu indicated that the prices of oil palm in Uganda are the highest in Africa. “We have come a long way and Uganda still enjoys the best oil palm prices.”

Kalangala has a total of 1770 palm oil farmers, 700 of whom are already yielding palm oil fruits.

## Export market prices for Uganda Oil Palm

Market prices for Uganda palm oil have varied across the years. Before 2018, one kg of Oil Palm was going for US\$0.77 in 2015 and US\$0.98 in 2017. The highest prices in 2018 for Uganda palm oil per kilogram were for exports to Kenya, Rwanda, India, and Burundi respectively. The palm oil exports are categorized as:

- Crude palm kernel and babassu oil (HS code 151321)

- Oil Palm and its fractions, whether or not refined (excluding chemically modified and crude) (HS code 151190)

- Oil Palm kernel and babassu oil and their fractions, whether or not refined, but not chemically modified (excluding crude) (HS code 151329)

- Crude palm oil (HS code 151110)

In 2020, the estimated price range for Uganda palm oil is \$ 0.98 and \$ 0.98 per kilo ■



# Dr Muwanga: Recollecting 20 year Journey of Oil Palm in Kalangala

**FOR THE BETTER:** We can say oil palm has brought a multiplier effect in terms of household income. And at least now, we can say there is better land use because we had a big part of land that was not in production. It was just grassland and it was not at first put into use... There is improved performance in financial literacy. All the people under the oil palm project have bank accounts where they can keep their money and actually they are earning on a monthly basis.

**K**alangala is made up of 84 Islands while they scatter in Lake Victoria. As per the administrative units, we have six sub-counties and one town council. But sub-counties are made up of Islands here. There is one sub-county which is made up of 24 Islands, another one 27, another 13. That's the uniqueness of the district while they scatter on Lake Victoria. So find that when it comes to service delivery, service delivery in Kalangala is very expansive given the nature of the district.

But regards Oil Palm growth, the trials started a long time ago, they started in the 1970s but the actual implementation of the Vegetable oil development project (VODP) was the launch of oil palm in Kalangala district, we started in 2002 that's phase 1, then phase was started in 2011, 2010 around that time.

We had an investor and the out-growers, farmers started growing the Oil Palm as out-growers. As by the last report, the old farmers are totaling to one thousand seven hundred and thirteen (1,713), then the new farmers are two hundred and forty-six (246). This is because Oil Palm started on this Island but of now, we have made an extension to two more Islands out of the eighty-four (84) that's Bunama and Buwembe, that's where we have the new farmers that have started growing the oil palm.

So, Oil Palm is basically on three Islands of Kalangala out of the eighty-four (84). So during our implementation, we can say that the Oil Palm has brought a multiplier effect in

terms of household income and employment. Oil Palm has given many people jobs, especially for the out-growers and even the other side of the investor. And at least now, we can say there is better land-use than before, previously we had a big part of the land that was not in production. It was just grassland.

#### Tourism:

Oil Palm has become a tourist attraction, both nationally, internationally, on the continent, and also for the indigenous community. People travel to the island to enjoy the breeze created by the palms, the scenery created by the Palm is great. Luckily, even other services have improved like there is a transfer of services and now we even have power and recently they launched another project whereby we are going to strengthen the power system from Masaka which will be connected to the one that KIS is providing.

Though Oil Palm, there is improved performance by Farmers, the financial literacy is high. All the Farmers under the Oil palm have bank accounts where they can keep their money and they are earning every month.

#### Education:

Oil Palm has contributed to the performance of our education in the district. the investor (OPUL) has built several schools, imported good teachers, and paid them well. Previously, for example, the district got zero (0) first grades, but now these schools have changed the trend, we get more than enough first grades. The fact that people are now earning



**Dr. Muwanga Edward, Production and Marketing Officer  
Kalangala District**

on the monthly basis, many now can afford to take their children to better schools.

#### INCOME Generation:

We have two (2) factories in the district and the per capita income under the oil palm project has reached nine hundred and forty (940,000) thousand Ugandan shillings. This gives an average annual

per capita income of 11.2 million per farmer. The average is 940,000 Ugandan shillings per month. And we can say that more than 600 oil palm farmers can earn to the tune of 20 million per year. Over 600 farmers can earn like 200 million. So you can see that it has contributed to the multiplier effect in the district.

#### Land Utilization:

We as a district started a long time ago, however, the takeoff was not for everyone, and some people did not grow oil palm because of one or two reasons. Some people didn't have land where they would grow the oil palm, others preferred fishing but also the availability of land. In Kalangala, we have ninety-eight (98) villages but sixty-four (64) are landing sites. And you find that most of the people at the landing site do not own land, so it became very difficult for them to participate when it came to growing oil palm in the district.

the alternative livelihood project, to begin with for the first three years, it will be catering for people who didn't grow Oil Palm. Then those who grew oil palm will be brought on board after. And it is alternative life because it is also going to cater to the skilling of vulnerable people and special interest groups. Through NOPP, People will build capacities to acquire even good skills especially those who do not own land. They are going to be trained and introduced to some enterprises like salons, crafts, weaving, and others.

It has not been a smooth journey, but a resilience, continuous information to farmers, and adoption of the PPP model, this has been a success. We want NOPP to even be a more successful project because it has great interventions.

#### Coming of NOPP:

a Vegetable oil development project (VODP) has transformed into the National Oil Palm Project (NOPP) because NOPP is now bringing on board interventions and also scaling up to capture whoever didn't grow the oil palm. This is still within the Oil Palm project area. They have introduced

**Dr. Muwanga Edward is the District Production Marketing Officer Kalangala district/ coordinator HIV.**



**A truck of the KOPTG transporting fresh fruit bunch from smallholder farms**



**A mature fresh fruit bunch**





# Oil Palm Uganda Limited Procures Seedlings for New Oil Palm Hubs

**O**il Palm Uganda Limited has procured seedlings to enable availability of seedlings for new farmers across the country, the seedlings being prepared under a large seedlings facility at Buvuma island is set to cater for over 500 new oil palm farmers across the country.

“We have a broader expansion plan it’s in high gear, we have already procured the seedlings, the nursery has been raised for over 40,000 seedlings and these are for farmers. Due to covid we had some delays, however, we are hopeful that these seedlings will be ready by April 2021 to reach the different Farmers, by this time, we shall also have more seedlings being developed to give other farmers.” Said

Abbey Mukalu the Human Resource Director at Oil Palm Uganda Limited (OPUL).

Mukalu reveals that the distribution of the oil palm seedlings shall not be done directly by OPUL but through the established partnerships, which involve various stakeholders. This is to ensure only ready and capable farmers access the loaned seedlings and inputs. He appreciated the National Oil palm project for support towards the success of this new expansion Programme saying it clearly indicates governments commitment to the expansion.

“The National Oil Palm Project (NOPP) has done its part, they have secured the land and they have given us the land to start as a company and even saw the other day they advertised jobs for a hub, NOPP hub

which is going to run that project. As private sector we don’t deal directly with the farmer but we deal with them through some kind of cooperative with everything we put there, inputs, fertilizers, seedlings then that cooperative is the one to deal with individual farmers and know what each farmer may have taken so much seedlings and the timeframe in which that farmer will pay.” Adds Mukhalu.

According to Mr Mukalu, In Buvuma district where the nursery is set up, there is also already a hub which is going to run more projects and OPUL had already deployed their staff, Started construction of houses.

OPUL is also venturing in expansion programs outside Kalangala, these include Masaka, in Kyotera where the National Oil Project has availed land to the company

to establish the oil palm production.,

“NOPP has given us land in Kyotera and we are investing in Kyotera equally. So those are some of the expansion programs we have other than Buvuma. And Mayuge? Mayuge will be the catchment area for Buvuma. But those out growers are going to be catchment

areas for Buvuma. We think we can get about 40,000 hectares of land in Mayuge from outgrowers up to Namayigo that’s the focus. So we are in Masaka, Kyotera and Buvuma. Currently those projects are ongoing.” Revealed Mukalu



Oil Palm seedling nursery being prepared in Buvuma district



# Uganda's Oil Palm Journey



President Museveni plants an Oil Palm tree to launch Oil Palm growing in Uganda



Agriculture Ministry officials inspect one of the first Oil Palm garden



Preseident Museveni recieves a gift from Oil Palm investors after its launch



Local Oil Palm filter



VODP Project |Manager Connie Masaba guides partners as they plant first Oil Palm seedlings in Kalangala district



First Oil Palm seedling nursery in kalangala Buvuma district



Oil Palm seedling nursery being prepared in Buvuma district



A Farmer prepares to plant his first Oil Palm seedling



Farmers participate in preparation of Oil Palm seedling nursery in Kalangala district



VODP Project Manager inspects an Oil Palm nursery in Kalangala district





KOPGT Resource centre



Achievements of the Oil Palm Story Water Transport has been eased



Small Holder Plantation in Njoga village with farm roads, Kalangala district



A Female Farmer in Kayunga Block



Ms. Nabosa E. old house and new house



Harvesting



Mr. Balyanomotanda Ssekaja, a former fisher man



Small holder oil palm farmers are Involved in other enterprises, in Bbeta East & West Blocks, Kalangala district





Oil palm Growers Trust truck with farmer harvests being taken to OPUL mill for processing



The Kyabazinga of Busoga, Nadiope, watering an oil palm seedling during his tour of Kalangala District's oil palm project



An oil palm truck delivering fresh fruit bunches at the oil palm mill for processing



farmers' oil palm fruits at the mill



A couple that is part of the smallholder program giving IFAD delegates a tour of their oil palm garden



Permanent Secretary inspecting the Buvuma new ferry under construction in Mwanza



The oil palm nucleus at Bwendero during its early stages (2008)



Smallholder farmers briefing MPs of the National Economy Committee of Parliament during an over sight visit





A fertiliser store which serves the oil palm farmers in Bugala island



A farmer access road in the Smallholder garden



Fresh Fruit Bunches in the Small Holder Plantation



Smallholder farmers house



First Oil Mill 40tons per hour, Bwendero, Kalangala district



Alternative livelihoods: Small holder oil palm farmers are Involved in other enterprises, in Bbeta East & West Blocks, Kalangala district



Working Together for Success - Kigundu and his wife



Ms. Nabosa E. standing next to her newly acquired boda boda



# Understanding Oil Palm Crop and its Opportunities



Oil Palm seedlings being managed at a nursery centre in Buvuma district

**O**il Palm crop is a plantation crop, but uniquely this is a long term benefit crop which basically is intended to commercialize Agriculture and also create rural industrialization.

Uganda being a country that has got all the conducive climate and ecological factors for producing the oil palm along the Victoria region including the islands, originally palm oil crop was planted in Kalangala district and is now expanding to Buvuma including the mainland areas so oil palm is becoming a very important economic crop for industrialization, livelihood improvement and of course ultimately answering the visionary mission of the country of reducing poverty and transforming lives from subsistence farming to commercialization Agriculture.

The Oil Palm crop has come

with number of opportunities first of all the natural resource base endowed in this country. Uganda is fertile country there is no question about that we have all the factors that are favorable for growing the oil palm because the rains are evenly and uniformly distributed bi-model rainfall patterns which along lake Victoria around beyond 1000mm average rainfall received throughout the year which is conducive for production of oil palm the soils are suitable and in most parts of the country and most parts of the country especially target areas that we are talking about as well as the cheap labour that exists and the market opportunities because this crop right now as we talk Uganda imports a substantial amount of oil from outside which takes away the foreign exchange which would be an alternative money that we would have used in other areas because this country we really



Charles Sembatya, Project Agronomist

produce our own oil we can sustain our own demand the national demand as well as selling the surplus to the neighboring countries which already have the demand which is exceedingly high that we cannot even meet the demand so those are some of the opportunities and of course we are fighting poverty in our country.

The oil palm crop is a cash crop, which if planted has a total productivity life of 25 years. After these 25 years, oil palm trees will be cut down then new planting will take course like now as we approach mature stage for oil palm plantations in Kalangala.

In order to explore the value chains of palm oil, factories have already been set up in Jinja to refine the products of oil palm.

"The crop is expanding, so we need to maintain the strategy of developing oil

palm, Expanding oil palm crop coverage to consolidate oil palm production just like sugarcane is entrenched. Wherever oil palm goes there will be industries there will be employment there will be other institutions coming up like generation of power schools and health facilities.

Palm Oil crop brings a lot of holistic opportunities, wherever there is oil palm we know that the economic activities of the farmers will improve lifestyle, enhance Farmers awareness on the social economic situations eg farmers knowledge about HIV/AIDs, helping them on saving and investment, farmers will now also focus at some economic activities like transportation, engaging in storage, provision of Agriculture inputs.

**Charles Sembatya Project Agronomist.**



# Land Acquisition Process For Oil Palm in Uganda

**Insight:** Kabuye Kyofa is the Mobilization, Participatory and Planning Officer at National Oil Palm Project (NOPP) Previously an Oil Palm Coordinator under Vegetable Oil Development Project Phase One and Two. He gives us the insights and procedures for land acquisition , compensation and development.



Kabuye Kyofa is Mobilization, Participatory and Planning Officer

The project started 25 years ago, though the practical bit started about 17 years ago when government signed a cooperating agreement with BIDCO Oil Refineries Limited which BIDCO was supposed to establish a company to operate in Uganda because these BIDCO refineries is based in Kenya and it was a consortium of companies planters practitioners and then merchants so they established a company in Uganda which is called BIDCO UGANDA LIMITED.

Land compensation and acquisition remain a very big component for successful implementation of palm oil in Uganda. As an agreement, government pledged to look for land to total get the 26500 hectares and offer this land to BIDCO Uganda Limited those subsidiary companies to grow oil palm in the country. But with the following the studies which were conducted between 1992 up to 2000 discovered some areas were found to be very suitable for oil palm growing. And these were kalangala Bugala island in particular Bundibugyo the mainland we talk of those areas around the Lake Victoria.

So they started with

finding land in the kalangala because it was the most suitable in the scale of preference, so Kalangala as their most suitable and the agreement was they develop 10,000 hectares of Oil Palm been divided as far as benefits 35% the small holder farmers and 65% for the nuclear system. So in order to full fill the agreement BIDCO established Oil Palm Uganda limited just as you got the details on the other side, and Oil Palm Uganda limited was responsible for developing plantations is mainly plantation company in Kalangala .

However, they were supposed to do it jointly hand in hand with the small farmers because his small holder farmers lacked the knowledge and the expertise of oil palm growing being a new crop in the country. So government had, it provides 7700 acres of land to the company, which is leased for 99 years and 99 years means for planting cycle of oil palm because each cycle takes a maximum of twenty five years, twenty five years, at the same time, had to mobilize farmers on their own lands, so that they can be taught and guided on how to grow oil palm.

Land Acquisition:, we are more of engaged so much in land acquisition. So, government was

supposed to buy land or government has been buying land on a "Willing Buyer Willing Seller" basis. Basically we follow all the policies and the rules and regulations and consenting land and we are guided by the Constitution of Uganda .we are guided by land Act, the acquisition policy (two policies), the land policy, the NEMA Act and even the Forestry act, For each of these ACTs we have the reason why we are guided by those various ACTs in the land acquisition process, but only in all in all is the major one is the Constitution of the Republic of Uganda. That's why we buy land as a piece. I mean, it would be land on a waiting with Seller Buyer basis, because also we are guided by funders international practices of "Free Prior Informed Consent."

Free prior informed consent. (FPC) policies, means if you want to buy my land, first of all, One must be informed in time. Sometime you must give land owner something to understand what they are being told. Secondly, One must agree, whether the landlord or the tenant.

How we acquire land, the processes we go through, One must agree as a person, then when information is availed to a tenant, As a tenant on this land, one must agree

that indeed Okay, you've come, you're new and you want to buy my land yes, then we sit down and discuss the procedures? We discuss what are we going for?, what are the do's and don'ts?, What are my rights as a person with them we use our own.

In land acquisition, we have three things which are very important to focus. 1.The people using land and what are their details.2.Details of those people who just have access to land. These may not necessarily be using it but they have access. 3.Ownership. So that of course you go with the country's land categorization in terms of the ownership.

The "Willing Buyer Willing Seller" basis applies to both the landlord and the tenant so squatters if you want to use that right. So when we buy land or the processes will go through landlords, Much of the time landlords who offer the land

come to us and we offer the land.

Of course initially we advertised as the project. Then VODP2 did various kind of mobilization system reaching out one on one. They talked to land owners who then brought in their titles.

During that period, the practice was one receives 50% of the money, they would then clear the land. The major aim is to allow project acquire land without any encumbrance that was another condition OPUL or the planting company BIDCO in short and their subsidiaries do not want and cannot touch any land which has got any encumbrance, so it must be encumbrance free.

That was the agreement. Government must give them encumbrance free land. So the practice of A landlord's clearing off the tenants became hard after some time, especially when we

entered into the second phase of the project, one because of the, the economic nature and the level developments which have reached, most people were now demanding for more and the level of awareness had now become a bit high, people were now informed fully informed than before. So they were demanding for more money.

The government can even pay to the landlord. So we had to seek permission drives a cabinet decision. And we took on the second policy of acquisition, buying land as it is, land as it is means you the landlord you bring your title, we'll go through the procedures we agree, then we value you, after the valuation guided by the Chief government valuer, they value of tenant at once and then we pay both at once so that the landlord takes his portion and tenant takes their portion too■



Land owners sign off documents leasing off their land for oil palm planting



# SUMMARY OF THE RESULTS OF THE LOCAL ECONOMY IMPACT EVALUATION OF THE OIL PALM DEVELOPMENT ACTIVITIES IN KALANGALA

The Kalangala Local Economy Wide Impact Evaluation (LEWIE) was designed to evaluate the impact of oil palm production on incomes, welfare, production activities of project beneficiaries (oil palm farmer households) as well as non-beneficiaries in Kalangala district. The LEWIE was led by Prof. Edward Taylor of University of California, Davis, who worked with a team from the Ministry of Agriculture, Animal Industry and Fisheries and was completed in October 2017. Below is a summary of the findings:



A view of the oil palm garden part of the nucleus estate

## 1. Per capita income:

The per-capita expenditures of both permanent residents (both oil palm farmers and non-oil palm farmers) and workers in the estates (both nucleus and smallholder) exceed the average per capita income of Uganda. Kalangala residents were found to earn approximately UGX 3.3 million (USD 908), the worker households' expenditure was UGX 2.8 million (USD 778) while the average per capita GDP for Uganda was USD 615.3 in 2016.

## 2. Business formation:

There has been an evident increase in the establishment of businesses in Kalangala. The study found that 20% of all oil palm households operate at least one small business in Kalangala while 50% of non-oil palm farmers operate at least one business in Kalangala. The average age of the businesses was 5.2 years and business formation increased after 2007 and especially after 2010, when oil palm harvesting started in Kalangala.

## 3. Impact of additional acreage of oil palm:

A 1 acre expansion of oil palm increases the total real income earned in Kalangala to UGX 1.93 million annually. The additional acre also increases employment in oil palm by approximately 31 additional worker days the largest income gain is to the oil palm producing households whose real income raises by UGX 1.02 million per additional acre of oil palm. The findings showed

that the real income in households that do not cultivate oil palm increases by UGX 800,000 and oil palm worker households by UGX 110,000. The additional acre also increases retail sales in Kalangala by UGX 660,000 and expands non-agricultural production by UGX 490,000.

The study also showed that a 1% increase in mature oil palm acreage (equivalent to 108.7 additional acres of mature oil palm) increased the real income in Kalangala by

UGX 210 million.

## 4. Impact of the change in price for oil palm fresh fruit bunches:

The findings showed that a 1% price increase raises the value of oil palm fruit production by UGX 187.5 million. This results in a UGX 410 million real income increase in Kalangala. The study showed that the price increase stimulates production in all sectors except fish. The

retail sales rise by UGX 141 million while crop and livestock production increase by UGX 15 million and 14 million respectively, and other production in Kalangala increases by UGX 105 million.

## 5. Impact of increased productivity on oil palm plantations:

The study found that a 10% increase in oil palm productivity for smallholder farmers raises real income in Kalangala by UGX 4.3 billion shillings with UGX 1.8 billion being gained by non-oil palm producing households and UGX 2.2 billion shillings being gained by oil palm farming households. Households of the oil palm labourers also benefit from higher productivity on the oil palm plantations with a real income of UGX 225 million.

## 6. Fertilizer application:

73% of the oil palm households applied fertilizers while only 16% of the other

farming households (non-oil palm) applied fertilizers.

## Conclusion:

The LEWIE findings revealed the importance of oil palm cultivation not only for oil palm farmers but also for the Kalangala economy as a whole. First of all, as oil palm acreage expands, the farmers' demand for labor and other inputs also increases, and payments to the oil palm labourers spreads benefits to their households. As profits increase in oil palm farmer households and wages rise in laborers' households, these households' expenditures on goods and services supplied by other households and businesses in Kalangala increase. Market linkages spread the benefits of oil palm production through the entire Kalangala economy. The study reveals how the Kalangala economy has grown in tandem with oil palm expansion, and why there is a high correlation between acreage in oil palm and new business formation.



Harvested fresh fruit bunches from a small holder farmer





THE REPUBLIC OF UGANDA

# MAAIF

Ministry of Agriculture,  
Animal Industry and Fisheries



Mission:

To transform subsistence farming to commercial agriculture

Vision:

A competitive profitable and sustainable agriculture sector

www.agriculture.go.ug

## NATIONAL OIL PALM PROJECT

**Reporting Date:**  
September 2020

**Project Name:** National  
Oil Palm Project (NOPP)

**Project Code:** 1508

**Effective Date:**

November 29, 2018 **First  
Disbursement Date:**

September 13, 2019

**Project duration:** Ten  
(10) years **Loan Amount:**  
USD 75.82 Million Grant

**Amount:** USD 1.21  
Million

**Project areas:** Buvuma  
hub, Mayuge hub (Mayuge,

Namayingo, Bugiri),  
Masaka hub (Masaka,  
Kalungu, Kyotera) Mukono  
hub (Mukono, Buikwe

& Kalangala); areas for  
research trials in the  
different agro- ecological  
zones.

**Goal:**  
Inclusive rural transformation  
through Oil Palm investment.

**Objective:**

To sustainably increase rural  
incomes through opportunities  
generated by the establishment  
of an efficient oil palm industry  
that complies with modern

environmental and social  
standards.

**Specific Objectives:**

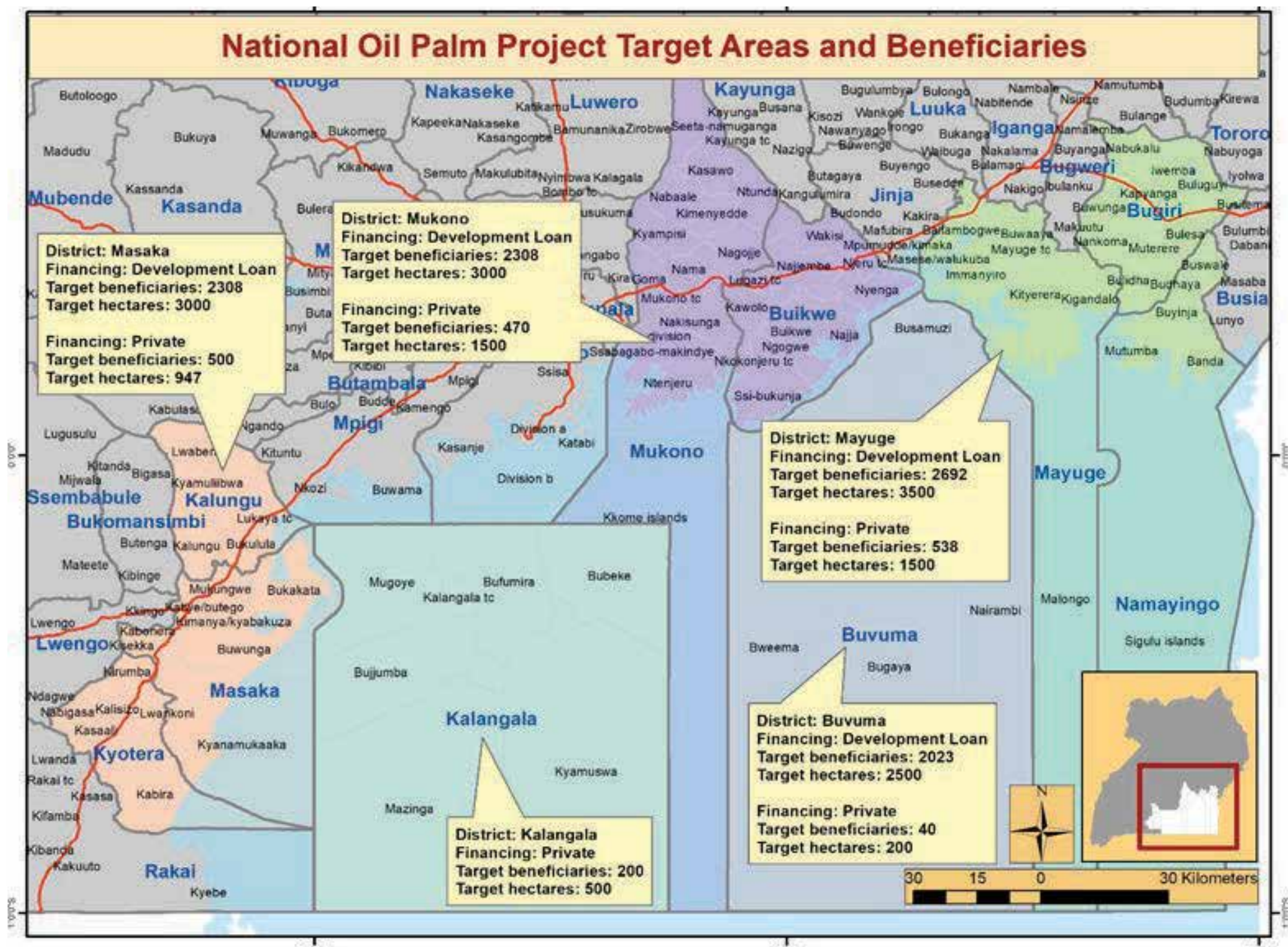
- To scale up investment

in smallholder Oil Palm  
development.

- To diversify and  
enhance resilience of rural  
communities among Oil

Palm Growers.

- To establish a regulatory  
and institutional framework  
for the Oil Palm subsector





# Unveiling National Palm Oil Project

## Ministry of Agriculture, Animal Industry and Fisheries

### Vision:

A competitive profitable and sustainable agriculture sector

### Mission:

To transform subsistence farming to commercial agriculture

### What is National Oil Palm Project (NOPP)?

The National Oil Palm Project (NOPP) is a ten-year project, facilitating a Public-Private-Producer-Partnership (4P), that was signed into effectiveness on November 29, 2018, between the Government of Uganda (GoU) and the International Fund for Agricultural Development (IFAD) – the Public sector. The IFAD financing includes a US\$ 75.82 million loan and a US\$ 1.21 million grant.

The lead agency is the Ministry of Agriculture, Animal Industries and Fisheries (MAAIF), implementing NOPP through a Project Management Unit. The other key players are BIDCO Uganda Limited – the Private sector, and Smallholder farmers – the Producers, who together have shares in a holding company for primary processing.

The project will be implemented in five “hubs”: Buvuma hub, comprising of Buvuma district, Mayuge hub, comprising of Mayuge, Namayingo and Bugiri districts, Masaka hub comprising of Masaka, Kalungu and Kyotera districts, Mukono hub comprising of Mukono and Buikwe districts, and Kalangala hub, comprising of Kalangala district.

### Key Results Areas (KRAs)

NOPP will concentrate its activities on smallholder Oil Palm development as detailed below:

In Kalangala Hub: Project activities will support 200 farmers to establish 500 ha of palm using commercial loans; and support those with immature oil palm plantations established towards end of VODP2.

### Buvuma Hub:

Project activities will be undertaken on Buvuma Island in Buvuma District.

A total of 2,500 hectares of smallholder plantations and 5000 hectares under nucleus estate. A total of 2,063 all holder farmers are targeted.

### Mayuge hub:

Under Mayuge Hub, a total

of 5000 hectares of Oil Palm plantations will be planted by smallholder farmers, of which 3500 hectares will be under project development financing and 1,500h will be from farmers’ own funding or with support from financial institutions. A total of 3,230 smallholders are targeted. Mayuge hub will cover parts of Mayuge, Bugiri and Namayingo districts.

### Masaka Hub:

This hub is also referred to as greater Masaka Hub. A total of 5,000 hectares of Oil Palm plantations are to be raised by smallholder farmers. A total of 2808 smallholders are to benefit from the project. Masaka, hub will include parts of Masaka, Kalungu and Kyotera districts.

### Mukono Hub.

This hub will raise 5000 hectares of Oil Palm plantations by smallholder farmers. Of this, 3000 hectares will be raised with project loan funds and 2000 hectares using farmer own financing or from financial institutions. 2,778 households will be targeted. Mukono hub will include parts of Mukono and Buikwe district.

### Kalangala Hub (Bugala and outlying islands),

where it will consolidate the investments to date. The project will support development of 500 hectares of Oil Palm plantations by farmers using own financing or accessing production credit from financial institutions. The Project will also support farmers with immature palms with fertilisers and maintenance of the plantations.

NOPP will undertake research activities in different parts of the country to determine suitable areas for future oil palm expansion. Areas for research trials include Mid Western, Northern and Eastern Uganda. A firm commitment by the private sector to invest in the CPO mill to serve the local supply by farmers in these hubs is a requirement for development of the Oil Palm plantations.

### Our Goal. Development Objective. Specific Objectives

Overall goal: Inclusive rural transformation through Oil Palm investment.		
Development objective: To sustainably increase rural incomes through opportunities generated the establishment of an efficient Oil Palm industry that complies with modern environmental and social standards.		
Specific Objectives		
Component 1: Scaling-up investment in smallholder Oil Palm development.	Component 2: Livelihoods diversification and resilience.	Component 3: Oil Palm Sector Development Framework
i. To develop smallholder Oil Palm plantations ii. To establish and support Oil Palm Grower organizations; iii. To establish and support infrastructure for Oil Palm development	i. To promote sustainable and inclusive livelihoods opportunities – both agricultural and non-agricultural – for oil palm and non-oil palm growers; ii. To mitigate the potential social and land tenure related risks.	i. To establish the enabling conditions for the sustainable scaling-up and long-term development of the Oil Palm subsector.

The National Oil Palm Project (NOPP) targets 42,885 households, representing 214,425 beneficiaries, over the project life. Of these, 11,079 households will be targeted for Oil Palm growing, 23,739 households for alternative economic opportunities and 8,067 households for mitigation of social risks. Justification

The investment in Oil Palm in Kalangala brought about a substantial and transformative socio-economic impact in the district. The Project piloted an innovative public-private-producer-partnership (4P) through an integrated processor/nucleus estate/smallholder model. Some 1,8002,063 households and firms benefited directly as oil palm outgrowers, while another 3,000 people gained employment on the nucleus estate and mill or on the smallholders' plots. The expanding national and regional markets for

vegetable oil means there is growing private sector interest in the oil palm industry; and smallholder farmers in other districts of Uganda are keen to take up the crop.

We see the area under smallholder oil palm production will increase to 19,700 hectares; 1,580 kms of access and farm roads will be constructed; 100 metric tons/ hour Crude Palm Oil milling capacity will be installed in Uganda; 23,922 households will be enabled to take up alternative economic opportunities; 16,193 people will have improved ownership or user rights over land; and, a 10% increase will be realised in yield on the oil palm demonstration plots through improved agronomic practices.

Financing Table	
Sector	Agriculture
Vote	Ministry of Agriculture, Animal Industry & Fisheries
Vote function	Crop
Project Title	National Oil Palm Project
Project Duration	10 years (2018/19 – 2027/2028)
Estimated Project Cost	USD 210.5 million
Funding Source	GOU USD 11.2 million (5.3%) IFAD Loan USD 78.82 million (38%) IFAD Grant USD 1.2 million (0.6%) Private Sector USD 90.6 million (43.1%) Reflows of VODP2 development loans USD 13.8 million (6.6%) Farmers USD 17.2 million (8.2%)

Ministry of Agriculture, Animal Industry & Fisheries  
National Oil Palm Project (NOPP)  
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[youtube.com/user/noppTV](#)





# Smallholder Farmer Social Empowerment in Kalangala

The project enabled smallholder farmers to acquire and adopt a new crop and new technologies in crop production and management. The project led to increased incomes that enabled household farmers to educate their children in good schools. In Kalangala, 83% of the households could not educate their children before the project. It has been established that the oil palm project equipped farmers with the capacity to educate their children in good schools. Kalangala has 22 primary schools (18 Government aided, one private and 3 community schools), 3 secondary schools and 2 tertiary institutions. Despite the presence of these schools, some farmers send their children to neighboring districts like Kampala and Masaka which are known to be of a higher standard than those in Kalangala district. The project enabled farmers to meet medical expenses and in oil palm a clinic was set up at Bwendero to provide health services.

The project encourages land owners and tenants to register with KOPGT as smallholder farmers and empowers them through the formation of unit and block committees, and membership in the Kalangala Oil Palm Growers Association, (KOPGA). In the units and blocks, farmers are given skills in group dynamics, leadership, business management, project planning and management, monitoring and evaluation, financial management and credit and saving training. Through such organizations farmers learnt how to elect their leaders, conduct meetings and make reports. Farmers are now organised under Ssesse Oil Palm Growers Cooperative (SOPGCO).

In KOPGA, the smallholder farmers hold annual general meetings and elect their leaders every two years. Women make at least one third of the unit, block, and KOPGT leadership. Some of the oil palm farmers have taken up political leadership at different administrative levels because of the capacity they have from the project. There is increased agricultural productivity was one of the remarkable achievements of the project. Farmers shifted from subsistence farming to production for income.

The smallholder farmers have been linked to the only commercial bank on the island through which they receive their loans from KOPGT and their earnings from oil palm sales. This has exposed them to the use of financial services in volumes that have attracted a second financial institution in Kalangala district. Money saved is being used to buy physical assets like land, vehicles, building permanent houses and setting up businesses such as wholesale and retail shops. The improved road network especially to the oil palm farms has helped farmers in marketing their

produce and merchandise.

One of the female project beneficiaries in Kalangala called **Euralia Nabbosa** said "Before the Oil Palm project, I was just a house wife. My husband was a fisher man and I cultivated a small plot of land for some food. If my husband didn't give me money, then I could not buy salt or soap.

When the LCs came to teach us about growing oil palm, my husband said he would continue fishing and he didn't want to be a farmer. So, I registered and decided to become a farmer. I now have a garden of 10 acres for myself and 3 acres for my children.

I have been able to move from the wooden house in which we used to live and now I have built this house here. You can see I have put a garage because I also want to buy a car. I am also dying to buy a plot on the mainland in Masaka, so that I can put up rental houses. So far, I have bought one plot in the trading center in Kalangala. I also want to get more farm land. I want to be a land lord and be able to give my children school fees to go to the best schools.

I would still be just a housewife who sits at home waiting for my husband to come back from the lake and buy salt, food, clothes, soap, and other household things. Now, I feel I am a useful woman, I have built the house in which we live, and I am so happy that I am a farmer of oil palm."

**Mr. Balyanomutanda Ssekaja** is an oil palm farmer in Bujumba block, in early 2000, he was a fisherman earning 200,000 UGX per month. In 2005 when oil palm was introduced, he was hesitant to participate since returns from oil palm were to take a minimum of 5 years before they are realised. When he realized how the livelihoods of his neighbours and other members of his community were changing as a result of oil palm growing, he decided to register with the project in 2008 with 6 acres. He later expanded to 8 acres and now has an average production of 5.5 tons of FFB per month. His monthly income has since increased to UGX 1,800,000 per month. With this income, he has been able to acquire a car, construct a house, and educate his children.

Mr. Balyanomutanda now employs three labourers, one permanent and two seasonal. He informed the survey team that he is planning to set up another oil palm plantation on Bubembe island where he had acquired 10 acres of land. Below is a caption of Mr. & Mrs. Balyanomutanda's house before the project and after the project.

**Mr. Samuel Kigundu** is an oil palm farmer in Kayunga block who started growing oil palm in 2006 with only 4 acres of land. After realizing that oil palm growing was

profitable, he, jointly with his wife expanded their oil palm plantation to



Mr. and Mrs Lawrence Mutagubyas newly completed house



39.5 acres. Mr. Kigundu was initially a subsistence farmer earning a monthly income of UGX 100,000 in 2005 but is now a prominent commercial farmer who currently earns UGX 4,750,000 per month. He employs three permanent labourers of Ssesse origin on his plantation. He also managed to buy livestock to diversify his earnings using the savings from oil palm growing. He has managed to construct a house and educate his children, two of whom have attained University degrees.

**Ms. Nanyonga** is small holder oil palm farmer in Bbeta East block, she used to depend on her Late Husband for all her needs as he was a timber dealer. When he passed on, he left her with some land measuring 8 acres. She needed money to look after the children and family at large. She was convinced by her children to grow Oil Palm as it's the in thing in Bugala. She has not regretted as the income has educated her children and been able to build a good home and her dream is to buy a car.

**Mr. Ssessanga** is an oil palm farmer in Kasekulo is an heir in the family. He started growing oil palm on some of the land. He is currently growing oil palm on 15 acres

and currently earns UGX 3,500,000 per month. He has also diversified into alternative livelihoods that include goat, Cattle and turkey rearing. He has been able to marry and managed to construct a house and educate his children, in good schools in Kampala.

**Mr. and Mrs. Mutagubya Lawrence** are oil palm farmers in Bujumba block who pioneer harvesting farmers of oil palm in 2006.

The have managed to construct a house and live a comfortable life as witnessed in their home.

**Ms. Namubiru** is small holder oil palm farmer in Mulora Village, Bbeta East block, I was a local brew seller struggling with life. When I heard about Ebinazi I asked the leaders in my area to give me more information. I started to plant on my 4 acres and have bought more land now to expand. "Oil palm is my father and mother as my life has changed, I have built a good house and able to look after myself"

Am a small holder oil palm farmer in Mugoye Village, Mugoye town, the additional Income from our Oil Palm garden has helped us educate our children and look after my grandchildren. I have 7 acres under oil palm

## OBITUARIES

R.I.P  
Rest in peace

**Recognition of Farmers that have contributed to oil Palm Project but are now deceased**

### Oil Seeds Component

James Epilo was a committed agricultural professional with keen interest in rural transformation and development work. He had core competencies in the implementation of programmes in agricultural sphere including agricultural extension, agribusiness value chain development. As Oil Seeds Coordinator Under Vegetable Oil Development Project.

He was energetic, result oriented, quick to assimilate new ideas, concepts and eager to learn and innovate and continuously enjoy taking on new duties and responsibilities.

James recently got involved in an accident as he was on his way home, His contribution to Oil seed in Uganda is unforgettable. He will be remembered for scaling various Oil palm technologies.

May His Soul Rest in Peace.

### Kalangala Oil Palm Farmers

1. Zalwango Betty - Bbeta West
2. Kidomoole Njawuzi
3. Kageme - Bbeta East
4. Augustine - Bbeta West
5. Kalanda Charles - Bbeta West
6. Kasule Gingo Godfrey Bujumba
7. Kaggwa Charles - Kagulube
8. Namusoke Betty - Kagulube
9. Kankaka Patrick - Bbeta East

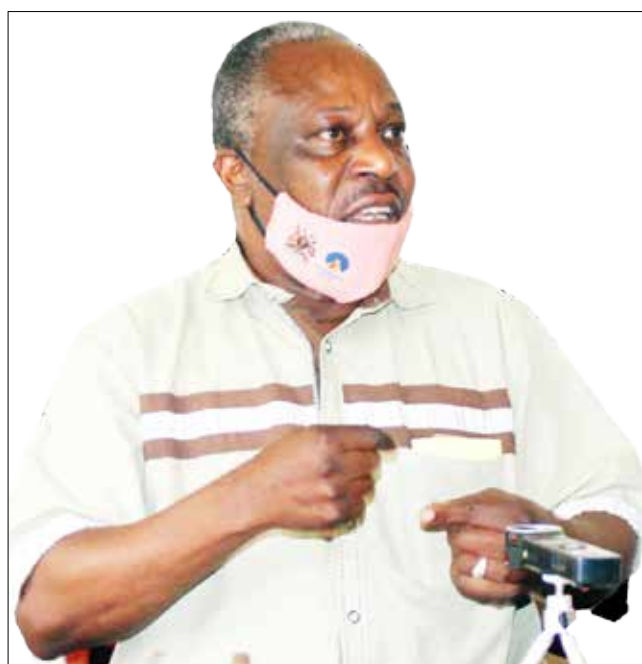
Some truth in life are hard to accept. Your memories will never be forgotten!

Rest in Peace!



# Kalangala no longer the Island of Poverty

**Promising future:** Daniel Kikoola is the former Resident District Commissioner (RDC) to Kalangala district, however, unlike many, he is proud to be a native of the now great kalangala district and one of the pioneer Farmers of Oil Palm 20 years ago. Daniel over the years was privileged to be District Governor of Kalangala approximately (20) twenty years. Kikoola gives his recount on what drove him into Oil Palm farming and what were the key driving factors to the possible growth of this once politically castigated enterprise.



**Mr. Daniel Kikoola, Former  
Residence District Commissioner, Kalangala District**

**W**hen the oil palm project was being introduced and I had three elements that drove me to support the project.

One is that I am a born of this place. I have seen my grandfather and my father all dying in absolute poverty and I was wondering whether we should continue with this trend, so I thought hard about this oil palm project that was being promoted and when we went to discuss about it I saw it was a good opportunity for our people.

Two, its layout was very inviting, am saying many projects come up and say we want your tittles, collaterals there was nothing of that kind, all you had to was to have the land and then give the requirements to grow the oil palm. So I wasn't worried that maybe my peoples land

my land was to be taken away. It was quite very clear.

The third one, which is now very evident as I will tell you is that other components that were part of the oil palm project that people don't know is actually government is part of the project. This is part of the project we are seeing that is part of the oil palm project, I was talking about electricity you can find other parts without electricity and say why kalangala but it was part of those requirements that we see that are bearing fruits for now.

Then we are taking about roads, the network here is wonderful, to be honest before, we did not have a network, but now when you traverse the island, it's not like anywhere else.

Of course our roads are still not so good and require maintenance but we all know that a road is like a stomach

when you eat in the morning you need a refreshment in the evening. But am proud that oil palm brought us roads that reach all the fishing places which wasn't the case before.

Transport: So it's not only for the oil palm farmer but it's for every person. Then I don't know where you passed but there is water transport the ferry. But it was seen by government that we need to put up reliable and safe means of transport. These are the things am showing you to prove what oil palm has brought if it had not been this project the data component wouldn't have been necessary let me put it that way ok it would be good but there wouldn't be any justification for them so what am trying to show us that the oil palm project has done so good.

Poverty Eradication; The COVID-19 lockdown era, RDCs were very powerful, we were the ones offering travel permits. In Kalangala, farmers were here not to ask food but to ask to use bodaboda to run to the banks and withdraw money. They told us their money was deposited by the investor and they needed access. Right and left they were asking for that, when you look at the attachment area for the

project. Its evident, this is not what it means to be rich but you can see the housing you can see the vehicles motorcycles these are all fruits of the oil palm project.

There are many invisible benefits, when you go out there, you may be surprised to see that the children of those people its an indicator that people have the money.

Lastly, Even with COvid here, we have seen some development, there has been creation of employment. You know these brooms that are used as requirements at schools, these are made from those leaves of the oil palm trees. Women are getting engaged in that you see trucks and Lorries. Of course we have a challenge and we are going to see how we manage that because they over prune and that's not good but these are people who never thought they would benefit from the oil palm project. Am saying this is very good after all we are done with the fisheries which was one of our basic activities we have done it badly the lake has been badly harvested and there is much that is being done by the UPDF and other organizations to see that we put order to the lake but this is a good alternative for our communities.



## FACT FILE

### Technology Processes In Oil Palm Production



**Some of the Oil Palm products**

BIDCO Uganda Ltd. is the only company of its kind in the region to have a fully integrated enterprise resource planning (ERP) and intelligence resource planning (IRP) systems. BIDCO was the first company in the sector to venture into electronic commerce and the first to network all its multi-location facilities, through V-Sat and the Internet.

BIDCO's modern refinery produces palm oil to international standards. It has mechanical and automated handling systems that operate continuously. Bio-mass powered boilers that produce superheated steam, used to generate electricity through turbine generators. The lower pressure steam from the turbine is used for heating purposes throughout the factory. Upon refining, the oil is separated or fractionated into liquid and solid phases by thermo-mechanical means and the liquid fraction also known as olein is extracted, which is used extensively as a liquid cooking oil. Furthermore, Vitamins are added and the products are fortified to ensure the consumer benefits to the optimum. BIDCO's processing operations are automatically controlled and routine sampling and analysis by process control laboratories support smooth and efficient operations.

BIDCO's laboratory ensures that key tests are conducted appropriately. Today BIDCO's laboratory possesses state of the art equipment such as the Near Infra Red System, which tests moisture content of the oil, while simultaneously undertaking a myriad of other tests. This makes certain accuracy, in all processes a merit passed on to the consumer under the Soil to Pan Philosophy.

Institutions and households have access to high quality brands such as Kimbo, Cow Boy, Ufuta, Golden Fry and the uniquely Ugandan product Fortune Brand. The Uganda National Bureau of Standards fully recognizes BIDCO products.



## RESEARCH

# OIL PALM RESEARCH GUIDES PRODUCTION LOCATIONS IN UGANDA

**RESEARCH:** *Dr. Gabriel Damulira a senior research officer of National Agricultural Research Organisation (NARO) based at National Agriculture Resource Research Institute (NACRI) in Namulonge is head of the Horticulture and oil palm research program. He is also the coordinator of the oil palm research in Uganda.*



**Dr Damulira explaining the history and impact of research in Oil Palm in Uganda.**

## A brief on Oil palm research in Uganda

Oil palm research started around 1900 when the first introductions were made at the botanical gardens, it was intended as a cash crop that would be used for enhancing the economy as well as generating income, even though at the time it was not introduced directly to the farmers.

Around 1940, a few observation trials were done, these focused on looking at how these materials can perform under Ugandan conditions. These research activities showed that oil palm could do well in the country. Seeing that these few introductions

had done well, there was then nationwide research using materials that were brought from West Africa under National Coffee Research Institute (Kituza - Mukono District), and trials were established in 1971. (Kituza, Nakabango, Bundibuygo and Bugala Island.)

From these trials, several observations were made which showed that oil palm can be grown in several places but might not readily be commercially viable. The research in Bugala Island returned optimal yields that made it sufficient for economic purposes and thus it was confirmed that oil palm can be grown

economically and sustainably in the Islands of Kalangala.

In 2005, the establishment of commercial production of oil palm started in Kalangala. As of today, we have about 11,484 (eleven thousand four hundred and eighty-four) hectares currently under oil palm production. Nevertheless, after commercial production started, it was realized that Bugala Island alone could not accommodate the acreage the country needed without breaching its ecological capacity and this development meant researchers had to look at other options.

Therefore, research started along with the offshore districts of Mayuge, Bugiri, and Masaka. In all these processes, research takes the front position because we first do the research then inform the policymakers and also the investors that where you are going oil palm can be economically grown.

So having realized that there was a shortage in Kalangala,

research-informed policymakers that the new areas were potential areas for oil palm production. Trials were then established in Masaka, Mayuge, Buvuma, and Bugiri, from 2005 under the Vegetable Oil Development Project. From the results of this research, these have now been established as commercial hubs with more research being done in Rakai under the National Oil Palm Project. (NOPP)

That notwithstanding, the process continues and it's anticipated that in the next ten years, those places having undergone commercial production there will be also a need for other areas under which oil palm can be grown. And that's the reason under NOPP, we are looking at a situation where we are to establish other fifteen (15) adapted trials across the country or in other parts of the country to identify other possible areas where oil palm can be grown. To emphasize that, we are in the process of importing

research materials to use in conducting adaptive trials. Before the end of VODP, new trials were established in Gulu and Amuru.

Going forward, since we need other areas where oil palm can be grown more research is necessary. And still under research, even in the presence of production constraints. But having gone through the history of oil palm research in Uganda, I would want to say that oil palm has many opportunities, when look at the oil palm demand or generally vegetable oil demand in Uganda is extremely high yet the production is low. Currently, we stand at 240,000 (two hundred and forty thousand) metric tons of vegetable oil demanded annually. But when you look at the current production, we are not yet even 100,000 (a hundred thousand) metric tons. Meaning that there is still an opportunity to produce the deficit and also to offset the vegetable oil imported from outside the country ■



**Dr Damulira shows a new variety of Oil palm being studied at Namulonge, NARO is breeding early maturing oil palm plants**





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National Oil Palm Project  
(NOPP) Uganda**NATIONAL OIL PALM PROJECT (NOPP)**

**Congratulates**  
**H.E Yoweri Kaguta Museveni**  
**upon Successful re-election as**  
**President of the Republic of Uganda.**

