

Uganda

Vegetable Oil Development Project 2 Supervision Report

Main report and appendices

Mission Dates: 16 September-11 October 2019
Document Date 20/12/2019
Project No. 1100001468
Report No. 5216-UG

East and Southern Africa Division
Programme Management Department

Abbreviations and Acronyms

AWP&B	Annual Work Plan and Budget
CC	Contracts Committee
COREC	Coffee Research Centre
DAO	District Agricultural Officer
DLG	District Local Government
FFB	Fresh Fruit Bunches
FLP	Farmer Learning Platform
FY	Financial Year
GIS	Geographic Information System
GPS	Geographic Positioning System
GOU	Government of Uganda
IFAD	International Fund for Agricultural Development
KOPGA	Kalangala Oil Palm Growers Association
KOPGT	Kalangala Oil Palm Growers Trust
M & E	Monitoring and Evaluation
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MoFPED	Ministry of Finance, Planning and Economic Development
MTEF	Medium Term Expenditure Framework
NAADS	National Agricultural Advisory Services
NaCRRRI	National Crop Resources Research Institute –Namulonge
NARO	National Agricultural Research Organization
NaSARRI	National Semi Arid Resources Research Institute – Serere
NEMA	National Environment Management Authority
NGO	Non-Governmental Organization
OPUL	Oil Palm Uganda Limited
PDU	Procurement and Disposal Unit
PMU	Project Management Unit
PPPP	Public-Private-Producer Partnerships
SPA	Special Account
SDA	Safari Day Allowance
SOE	Statement of Expenditure
UNBS	Uganda National Bureau of Standards
USD	United States Dollars
UGX	Uganda Shillings
VODP2	Vegetable Oil Development Project – Phase 2

A. Project Overview

Region:	East and Southern Africa Division	Project at Risk Status:	Not at risk
Country:	Uganda	Environmental and Social Category:	A
Project Name:	Vegetable Oil Development Project 2	Climate Risk Classification:	2
Project ID:	1100001468	Executing Institution:	not available yet
Project Type:	Agricultural Development	Implementing Institutions:	not available yet
CPM:	Lakshmi Moola		
Project Director:	Connie Magomu Masaba		
Project Area:	Kalangala District, Eastern and Northern Uganda		

Approval Date:	22/04/2010	Last audit receipt:	08/02/2019
Signing Date:	21/10/2010	Date of Last SIS Mission:	11/10/2019
Entry into Force Date:	21/10/2010	Number of SIS Missions:	17
Available for Disbursement Date:	21/10/2010	Number of extensions:	1
First Disbursement Date:	03/06/2011	Effectiveness lag:	6 months
MTR Date:	not available yet		
Original Completion Date:	31/12/2018		
Current Completion Date:	31/12/2019		
Financial Closure:	not available yet		

Project total financing

IFAD Financing breakdown	IFAD	\$52,000,000
Domestic Financing breakdown	Other Domestic	\$5,480,000
	National Government	\$14,140,000
	Private sector local	\$70,380,000
	Beneficiaries	\$3,890,000
Co-financing breakdown,	SNV Netherlands Development Organization	\$285,000
Project total financing:		\$146,175,000

Current Mission

Mission Dates:	16 September-11 October 2019
Days in the field:	6
Mission composition:	Pontian Muhwezi, IFAD Country Programme Officer (Team Leader, Dr. Rose Namara, M&E and Targeting Specialist; Davis Atugonza, Finance Management Specialist; Stella Okot, IFAD Finance Analyst; and Mohamed Abdel-Latif, Procurement Specialist.
Field sites visited:	Kamuli, Mayuge, Jinja, Namutumba and Kalangala Districts

B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		4	Assessment of the Overall Implementation Performance		4

Effectiveness and Developmental Focus	4	Project Management	4
Effectiveness	5	Quality of Project Management	5
Targeting and Outreach	4	Knowledge Management	5
Gender equality & women's participation	4	Value for Money	4
Agricultural Productivity	4	Coherence between AWPB and Implementation	3
Nutrition	N/A	Performance of M&E System	5
Adaptation to Climate Change	4	Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)	

Sustainability and Scaling-up	5	Financial Management and Execution	4
Institutions and Policy Engagement	N/A	Acceptable Disbursement Rate	4
Partnership-building	5	Quality of Financial Management	3
Human and Social Capital and Empowerment	5	Quality and Timeliness of Audit	5
Quality of Beneficiary Participation	4	Counterparts Funds	6
Responsiveness of Service Providers	5	Compliance with Loan Covenants	5
Environment and Natural Resource Management	4	Procurement	3
Exit Strategy	4		
Potential for Scaling-up	5		

Relevance

C. Mission Objectives and Key Conclusions

Background and Main Objective of the Mission

This supervision and pre-completion mission took place from 16 September to 11 October 2019, with the main objective to assess overall project progress; preparedness of the PMU and the Government for the timely completion of planned project activities; also to provide support and guidance for the preparation of the Project Completion Report (PCR). The team comprised of the Country Programme Officer and the Targeting and M&E Specialist, together with some PMU staff spent 4 days in the field in Eastern Uganda focusing on oil seeds, in the districts of Kamuli, Jinja, Mayuge and Namutumba, where it interacted with farmers, private service providers (PSPs) and local government officials. The Finance team spent 3 days in Kalangala, focusing on oil palm, and interacted with farmers, KOPGT, Kalangala DLG and OPUL. The rest of the days were spent in Kampala with PMU staff and other partners from MAAIF and MFPED. The mission would like to thank the Government of Uganda (GoU) and other partners for their collaboration and support.

In close collaboration with the PMU, the mission examined the progress under each component, identified key constraints and made recommendations to facilitate completion of remaining activities for the achievement of the overall project objective. The Mission shared its key findings and recommendations with the PMU and MAAIF at a meeting, chaired by Mr. Richard Kabureeta, who represented Commissioner, Planning – MAAIF, on 25 October 2019.

The second phase of the Vegetable Oil Development Project (VODP2) entered into force in October 2010. It is implemented by the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) over a period of 8 years, with project completion date set as 31 December 2018. The total cost of the project is USD 147.2 million, financed as follows: an IFAD loan of USD 52 million; an IFAD grant of USD 1 million to SNV to support the Uganda Oilseeds Subsector Platform (OSSUP); an investment by Oil Palm Uganda Ltd (OPUL) of USD 70 million to establish the nucleus estate and processing capacity; Government counterpart financing equivalent to USD 14.4 million; co-financing of USD 340,000 by SNV for the IFAD grant; USD 4.4 million of reflows from the oil palm development loan to be reinvested in the project; USD 1 million of own revenue generated by the Kalangala Oil Palm Growers Trust (KOPGT); and an estimated in-kind beneficiary contribution of USD 3.9 million in the form of labour for the establishment of the oil palm plantations. The project development objective is to *increase the domestic production of vegetable oil and its by-products, thus raising rural incomes for smallholder producers and ensuring the supply of affordable vegetable oil products to Ugandan consumers and neighbouring regional markets*. A Mid-Term Review was undertaken in November-December 2014. The Oil Palm Component was completed in December 2018 while complete for the Oil Seeds Component was extended to 31 December 2019.

Key Mission Agreements and Conclusions

The key mission agreements and conclusions are as follows:

- Overall, the project is on course to substantially meet its development objective and targets. Under the oil palm component, smallholder farmers have established 4,848 hectares, surpassing the target of 4,700 hectares. Of the 2,063 smallholder farmers, 39% are women compared to the target of 30. Kalangala Oil Palm Growers Trust (KOPGT) is now a relatively strong institution that is operating without project support and has so far received over US\$ 3 million in dividends, as the holder of 10% shares in Oil Palm Uganda Limited (OPUL). The major concern on KOPGT however is that virtually all financial ideas in IFAD commissioned study: "Technical, Operational and Financial Review for Operational Self Sufficiency Commissioned" by IFAD in November 2018 have not yet been implemented; and it has posted an operational loss of UGX 238.5 million for a six-months period ending June 2019, making its financial self-sustainability uncertain. **Agreements:** (i) Extend the contract of the consultant that has helped in the clean-up of the KOPGT loan portfolio to also orient the stores and transport accounts; (ii) KOPGT should acquire a comprehensive financial management software to correctly link expenditures to cost centres.
- Under the oilseed component, the project has supported 5,311 farmer groups (FGs), which is of 90% of the overall target. There has been a tremendous increase in adoption of improved seed varieties for soybean and sunflower. This together with use of improved agronomic practices has significantly increased productivity. The average 2018 Season B sunflower yield across the project area reached 1.5 tons per hectare (88% of the project target), while the average soybean yield in the same season reached 1.4 tons per hectare (127% of the target).
- On preparedness for completion, it should be noted that the Oil Palm Component completed in 2018. The key activities remaining under Oil seeds include construction of storage facilities for selected higher level farmers' organisations (HLFOs), consolidation of FG support by PSPs and capacity building of HLFOs by Uganda Cooperative Alliance (UCA). Construction of storage facilities has not started due to delays in the procurement process and shortage of funds available. **Agreements:** (i) First-track the process of reimbursing funds to PSPs for the work done to enable them complete the remaining activities by 31 December 2019; (ii) Construction of storage facilities not to be pursued; (iii) PMU will inform the FGs that were meant to benefit from storage facilities and link them to other opportunities in MAAIF.
- On preparations for the project completion report (PCR), the Oil Palm component has a comprehensive data set

on input-output indicators and has had a number of studies such as the Economy-wide Impact Assessment. The project has also commissioned a firm that has started work on the PCR for the Oil palm component and the first draft report is expected by mid-December 2019. Regarding the Oil Seeds component, verification of data recording and reporting shows some inconsistencies which could be a result of data entry errors and use of different data recording and reporting tools by different PSPs and DLGs. In addition, the maturity levels of the different FGs is not yet established to determine those which are strong, weak or average. **Agreements:** (i) Hire a team of research assistants to support PSPs and hub coordinators to undertake a data validation and cleaning exercise, by 15 November 2019; (ii) Conduct a group maturity assessment exercise for all FGs participating in oil seeds and grade them accordingly (which will also inform the start of NOSP implementation; (iii) Hire a consulting firm to undertake an impact study for oilseeds component by end of November 2019; and (iv) Based on the Oil Palm PCR and Oil Seeds Impact study, prepare a consolidated overall project's PCR by mid-March 2020.

D. Overview and Project Progress

Component 1: Oil palm consolidation and expansion in Kalangala

The oil palm component of the VODP 2 was completed on 31 December 2018 and closed on 30 June 2019. By end of August 2019, the project had sustainably established a commercial oil palm scheme in Kalangala with a 11,348-hectare plantation of which 6,500 hectares were under the private sector partner – OPUL while the project had supported 2,063 smallholder farmers (39% female) to establish a 4,848-hectare smallholder/ out grower scheme. The project has provided a proof of concept for implementation of a Public Private Producer Partnership (PPPP) model in the agriculture sector and has formed the basis from which most of the new project and program designs are made.

Oil palm planting in Kalangala District :By August 2019, the total oil palm coverage in Bugala, Bunyama and Bubembe islands was at 11,348 hectares. The private sector nucleus estate remained at 6,500 hectares while smallholder scheme expanded from 4,424 hectares in June 2018 to 4,848 hectares (103% of the target).

Loans provided to smallholder farmers for oil palm production:Between July 2018 and August 2019, cash loans amounting to UGX 189 million were provided as maintenance loans to 113 smallholder farmers on 319 hectares. The project also paid UGX 6.9 billion for fertilizers in Kalangala. This increased the total amount disbursed to KOPGT for smallholders for oil palm development activities to UGX 53 billion.

Fresh fruit bunches (FFB) harvest by smallholder oil palm farmers:The volume of FFBs harvested by smallholder farmers continues to grow steadily. In the months of April and May 2019, the farmers harvested 5,573 tons and 5,811 tons respectively, the highest ever monthly FFB harvests in Kalangala since January 2010 when farmers started harvesting. Also, the FFB harvests by financial year increased from 37,802 tons valued at UGX 21.4 billion in FY 2017/18 to 43,262 tons valued at UGX 20.6 billion in FY 2018/19 showing that FFB harvest had a 13% increase but the value of production went down as a result of lower average prices. Limited application of fertilizers by some smallholder farmers however, is hampering improvement in the level of yields, in comparison with the nucleus estate.

Recovery of the loans to the oil palm smallholder farmers:Between July 2018 and August 2019, KOPGT recovered a total of UGX 7.376 billion. This increased the cumulative loan recoveries from the smallholder oil palm farmers to UGX 25.858 billion as at end of August 2019. Comparing the loan recovery by financial year, there was a reduction in the annual recoveries from UGX 6.7 billion in FY 2017/18 to UGX 6.4 billion in FY 2018/19, due to a reduction in FFB prices.

Supporting infrastructure for oil palm development:All road works in Kalangala were completed in December 2018. Between July 2017 and December 2018, 235 km of new farm roads were constructed while 78 km were maintained on Bugala Island. A further 52 km and 67 km were constructed in Bunyama and Bubembe Islands respectively. Construction and maintenance of farm roads were carried out using force account mechanism with equipment and personnel from the Namalere based Agricultural Mechanization Project by MAAIF and hired equipment, which is a good sign of sustainability capacities.

Support to other selected infrastructure activities for design and construction of landing sites; design and construction/supply of ferries were to be financed through bridging between VODP2 and NOPP.

Component 2: Oil Seeds Component

Performance of Pay for Service Providers (PSPs).Cumulatively, all the 11 Pay for Service Providers (PSPs) have provided a package of support to 5,311 FGs involved in oil seeds production, which is 90% of the overall target of 5,900 FGs. These included the new FGs taken on after December 2017, and they will have had the minimum support for 4 seasons by the project completion date. Hence, the revised target of 5,311 FGs agreed at MTR has been reached. The package includes: provision of extension services largely through farmer learning platforms (FLPs) where demonstrations are conducted; linkages to input and output markets (to in suppliers and produce buyers); capacity building in Farming as a Business and post-harvest handling; financial literacy including training in VSLA methodology.

While performance of the PSPs has been good with respect to implementation, for the current year ending 31 December

2019, their financial progress is so far been below 50% largely due to delays in processing funding to them. This is caused by the lengthy verification process of the work done. **Agreement:** PMU will first-track the verification of work done and reimbursement of funds to PSPs to enable them complete activities in time.

Adoption of improved oil seeds technologies: The project has done well in promoting improved oil seeds technologies and encouraging farmers to demand for and purchase the highly productive oil seeds varieties that have been introduced through farmer learning platforms (FLPs). The number of farmers using improved sunflower and soybean varieties has gradually increased across all the four hubs. Overall, the number of farmers who purchased and planted improved sunflower seed increased from 22,368 in December 2017 to 33,016 in December 2018 while the number of farmers who purchased improved soybean seed increased from 18,105 in December 2017 to 26,875 in December 2018.

Promotion of improved oil seeds varieties has been through partnership with Makerere University and NARO to produce soybean breeder and foundation seed since 2013. So far, Makerere University has developed and released five soybean varieties that are superior, high yielding (2500-3500 kg Ha⁻¹), and adapted to most agro-ecological zones in Uganda. The soybean breeding and seed system project is currently multiplying and disseminating foundation seed for production in Uganda and has disseminated over 150 tons of Foundation seed since the projected start. To ensure easy access to improved soybean seed, the project has, in partnership with the Integrated Seed Sector Development programme (ISSD), supported selected FGs to engage in local seed business (LSB) in aspects of quality seed production through trainings and inspection of their seed production fields. These LSBs include Bala women and Youth and Alito Joint Christian in Kole District, Aluga Co-operative in Alebtong District, Mayuge District Farmers Association and Butagaya soybean agribusiness in Jinja District. For sunflower, access to improved seed has been largely through linkages with importers of AGSUN and PANNAR varieties from South Africa.

The mission has noted that adoption of improved varieties together with better agronomic practices have tremendously increased productivity. The average 2018 Season B sunflower yield across the project area reached 1.5 tons per hectare (88% of the project target), while the average soybean yield in the same season reached 1.4 tons per hectare (127% of the target).

Performance of Uganda Cooperative Alliance (UCA) The project partnered with UCA to support the formation and strengthening of farmer organizations in the oilseed sector under the project in the 4 hubs. This was to ensure that the farmer groups are sustainable after the implementation of VODP 2. Overall, UCA has achieved their targets on the formation of Higher Level Farmer Organizations (HLFOs) where 26 have been registered out of the targeted 25 (104%); the target of 15 existing HLFOs strengthened in governance and oil seeds enterprises has been achieved (100%); 25 of the 26 new newly formed HLFOs have been strengthened and supported to acquire functional leadership and management systems; 798 of the targeted 800 lower level farmer organisations have been registered as members of Area Cooperative Enterprises (ACEs); 798 out of the targeted 450 are fully registered farmer groups in oil seeds production clusters with at least 50% of the members being women; and, 49 clusters out of the targeted 45 clusters have been formed and supported to deliver production and marketing support to their members.

Linkages to financial services: In an effort to support farmers to improve production, the project facilitated linkages with financial institutions for farmers to access production credit. The project established partnerships with four financial institutions which are Uganda Development Bank Limited (UDBL), FINCA Uganda, Opportunity Bank, DFCU Bank and Post Bank Uganda at the start, and through successful partnership more financial institutions have come on board including Pride Microfinance, Microfinance Support Centre, Centenary Rural Development Bank, Barclay Banks and Savings and Credit Cooperatives (SACCOs). This brings to a total of 10 commercial financial institutions providing financial services to oilseed producers in the 4 hubs. PSPs have continued to link strong HLFOs and mature Village Savings and Loan Associations (VSLAs) to access credit for oilseeds production. Cumulatively, the credit disbursement portfolio accessed by the oilseeds farmers through direct linkage is a total of UGX 3,363,854,000, benefiting 3,959 (with 36.6% being females) as of 31 August 2019. The smallholder farmers have paid back UGX 1,511,940,523 (UGX 1.5 billion). The mission commends this as a sign of increased trust of smallholder farmers by financial institutions.

VSLAs: The project has promoted the establishment and or strengthening of VSLAs in all the 4 Hubs as an alternative source of funding for farmers who are not able to access production loans from the formal financial. Service providers have ensured that all the groups are trained on savings and loan association methodologies. As at 31 August 2019, savings mobilised among the oilseeds FGs are valued at almost UGX 3.6 billion and loans valued at UGX 2 billion. PSPs have been recently supporting the FGs to use the VSLA saving funds to bulk purchase inputs at beginning of the season, guided by the seasonal actions plan. For mature VSLAs, efforts have started to link them to formal financial institutions for safe custody of the funds as well as for engagement with the banks for other financial services. In the last one year, the project conducted a VSLA Training of Trainers (ToT) of the 98 community based facilitators (CBFs) in Gulu and West Nile hubs to harmonise the VSLAs based on methodology guidelines. Capacity building of CBFs is also contributes to sustainability of VSLAs.

Linkages to produce markets: The project has facilitated linkages between FGs and millers/ stockists to ensure a steady market for farmers produce. This has largely been through encouraging farmers to bulk their produce in order to attract big buyers. While the target was to have at least 1,000 FGs involved in bulking by end of 2018, the actual number reached was 2,645 FGs, (which is 265% of the project target) by the end of Season B 2018. The farmers have appreciated the value of bulking their produce which enables them to negotiate as a group, and the millers are willing to offer relatively

higher prices for bulked produce due to reduced transaction costs on their part.

Agreed Action	Responsibility	Agreed Date
Financing of PSPs Financing of PSPs First-track the verification of work done by the PSPs and reimbursement of funds to them to complete activities in time.	PMU	12/2019

E. Project implementation

a. Development Effectiveness

Effectiveness and Developmental Focus		
Effectiveness	Rating: 5	Previous rating: 4

Justification of rating

The project is on course to substantially meet its development objective and targets. Under the oil palm component, smallholder farmers have established 4,848 hectares, surpassing the target of 4,700 hectares. Of the 2,063 smallholder farmers, 39% are women compared to the target of 30. KOPGT is now a relatively strong institution that is operating without project support. Under the oilseed component, the project has supported 5,311 FGs, which is of 90% of the overall target. There has been a tremendous increase in adoption of improved seed varieties for soybean and sunflower. This together with use of improved agronomic practices has significantly increased productivity. The average 2018 Season B sunflower yield across the project area reached 1.5 tons per hectare (88% of the project target), while the average soybean yield in the same season reached 1.4 tons per hectare (127% of the target).

Log-Frame Analysis & Main Issues of Effectiveness

The log frame is updated with midterm values and annual performance statistics per indicator until 2018. The 2019 performance values are not yet reflected in the log frame. The project is on track to achieve its intended outcomes as indicated above. The oil palm component has attained its targets and or performed above the set target on most indicators with exception of Buvuma oil palm scheme which did not take off due to delays in acquiring land for the private partner. The oilseed component equally met its set targets with exception of an indicators on mill utilisation capacity where data proved difficult to capture from millers. The project risks and assumptions were regularly monitored and mitigation measures applied and revisions made at MTR, thus no further major risk is envisaged to adversely affected the project.

Development Focus		
Targeting and Outreach	Rating: 4	Previous rating: 4

Justification of rating

VODP2 targeted smallholder farmers. The oil palm component reached 2,063 smallholder farmers of which 39% are women compared to a target of 30%. Smallholder farmers established 4,848 hectares against the target of 4,700 hectares. The oilseed component, is benefitting 5,311 farmer groups in 52 districts. Farmer have been trained in agronomy, post-harvest, marketing, gender which skills have been used to increase production, market access to their produce, and change in labour sharing patterns between men and women and farming as a business. Linkage to banking institutions and availability of VSLA loan and credit services enabled farmers to access funds to invest in production activities.

Main issues

Smallholder farmers (including women) have participated in the Oil Palm component of the VODP2. By June 2019, the project had supported 2,063 smallholder farmers, 39% are female against the target of 30%. The project established a commercial oil palm scheme in Kalangala with 11,348-hectare plantation of which 6,500 hectares were under the private sector partner – OPUL and 4,848-hectare by smallholder farmer against the target of 4,700hectares. The project MIS disaggregates data by sex

Interventions such as cash loans targeting smallholder farmers has enabled farmers to purchase inputs and maintain oil palm plantations. Mature oil palm gardens have enabled smallholder farmers to have a steady income source.

Construction and maintenance of roads, landing sites, fertilizer stores, and ferries for oil palm development has increased

access to farms and services. For instance, the 52 km of farm road network in Bunyama and 67 km in Bubembe Islands completed in December 2018, has already improved FFB collection from the outlying islands.

The oil seed development component is benefiting a total number of 5,311 farmer groups against the target of 5,900 farmer groups representing 90% achievement. The project did not engage new groups after Season A 2018 as it was not possible to work with them for 4 seasons before closure of the project. As the numbers of FGs are not consistent throughout the implementation period, there is need to update group registers to ascertain the numbers of households reached and also ascertain numbers of farmers consistently involved in sunflower and or soybean growing enterprises.

Oil seed component is implemented by service providers, local governments and Uganda cooperative alliance. To date 11 private service providers (companies) provide extension services, linkages to inputs and markets serving 5,311 farmer groups. The District Local Governments are supposed to reach the sub-counties that are not reached by the PSPs and quality control of the PSPs' work. To date data is scanty on the numbers of groups and households served by DLGs. Evidently farmers have been trained in agronomy, leadership and management of groups, post-harvest handling and value addition, and have been linked to input dealers and markets for soybean and sunflower products. This has facilitated bulking of produce, price negotiations with millers and buyers as well as input suppliers.

Agreed Action	Responsibility	Agreed Date
Group Registers Update group registers, clearly identify which FGs are involved in oil seed production per season	PSPs and Hub Coordinators and M&E Officer at PMU	12/2019
Data Capture data on number of groups and households served by District Local Governments in the MIS including case stories	Hub Coordinators and M&E Officer at PMU	12/2019

Gender equality & women's participation

Rating: 4

Previous rating: 4

Justification of rating

Oil palm and oil seed value chains can quickly lead to gender equality and women's empowerment. Participation of women in the project stands at 39% against the target of 30%. Men and women met by the mission reported changing gender relations in terms of workload patterns e.g. men are also involved in all activities of sunflower and soy bean production just as women. Women have access to money through VSLAs to hire land and extra labour to undertake production of oilseeds. Decision making at household is equally changing, e.g. there is more joint decision making in choosing when, how much to plant, how much to sell and how to use incomes from sales. Both men and women have benefited by earning income, acquiring assets such as land, building houses, and domestic animals. Women's self-esteem has been strengthened as well. Evidently communities are better as one of the Village Council chairperson, noted, 'am one of the less stressed chairpersons in this sub county because the youth are no longer involved in gambling and alcoholism', due to their involvement in oil seeds enterprises.

Main issues

The VODP2 Gender and Women's participation strategy intended to: increase women's participation and benefit from oil palm and oil seed interventions; increased influence of both men and women in decision making at household and community levels; and equitable balance in workloads and in the sharing of economic and social benefits between women and men. A gender and poverty analysis of traditional Oilseeds Value Chains was undertaken at the beginning of the project, with a focus on identifying gender inequalities and poverty issues related to access to seeds, production and harvesting, extension, marketing, market intermediaries, processing and value addition and retailing. Some of the issues identified included unequal division of labour, limited participation of women in decision making, unfair sharing of benefits/income from produce. Some of the proposed strategies that VODP2 focused on included;

- Promoting HH planning as part of extended PPM&E
- Participatory VCD workshops and provision for quotas to ensure women farmers, small scale market intermediaries and women and small-scale retailers represented at VCD stakeholder workshops
- Technical service provision to farmer groups
- Group formation and strengthening
- Business skills provision to farmer groups, market intermediary groups, processors and value addition groups and retailer groups
- Discussing risks of HIV/AIDS related to VCD at stakeholder workshops

Overall participation of women in VODP2 stands at 39% against the target of 30%. A total of 805 women participate in oil

palm enterprise and 40,770 in oil seeds. Evidence from group discussions the mission conducted in Jinja, Kamuli, and Mayuge districts suggest that gender inequalities are quickly changing in the soybean and sunflower value chains. Labour sharing patterns are changing in that both men and women plough gardens, weed, and harvest, thresh and get involved in bulking their produce and negotiating prices for their produce. In a family meeting both decide on how to use the income from the sales and decision to sell own produce by women is also often binding. Men have taken on soybean and sunflower growing because one is able to harvest three times compared to sugarcane which takes 18 months, also sugarcane growing demands a lot of capital which is always borrowed from off takers and at the end limited income to farmers. During group and individual discussions, women attested that men have not interfered in their incomes from soybean and sunflower.

Women noted that being in groups has helped them to build their self-esteem, acquire friends, learn new skills in nutrition, adding value to produce e.g. making soy milk, soy pancakes and soy source which improves household nutrition and also earns income. From Soybean growing some women have bought assets like land, chicken, goats, cows, and other have built houses and paid school fees for their children. Others have acquired the ability to rent land for soybean growing and hire ox-ploughs to plough their gardens, an indication that women can take more decisions. Men equally have joined farmer's cooperatives than before and realised the value of oilseeds e.g. they have taken on community leadership roles, earned income and purchased items like land, motorcycles and oxen. The youth are said to have picked interest in soybean growing and adding value to soybean which has become full time employment and source of income.

Agreed Action	Responsibility	Agreed Date
Piloted Household Document the results of the piloted household mentoring approach in relation to gender equality and poverty reduction at the household level.	PSPs and Hub coordinators	12/2019
Case Stories Capture more case stories from men, women, and youth so as to document their experiences. The subsequent studies like the impact study should have a concrete section on gender analysis.	PMU	03/2020

Agricultural Productivity

Rating: 4

Previous rating: 4

Justification of rating

Under the oil seeds component, adoption of improved varieties together with better agronomic practices have tremendously increased productivity. The average 2018 Season B sunflower yield across the project area reached 1.5 tons per hectare (88% of the project target), while the average soybean yield in the same season reached 1.4 tons per hectare (127% of the target). Productivity for smallholder farmers under the oil palm component remains below that of the nucleus estate, with the average in 2018 at 14 tonnes per hectare for smallholder farmers, while it was 18 tonnes per hectare in the nucleus estate.

Main issues

The key reason for yields of smallholder oil palm growers being below those of the nucleus estate is due to limited and or poor application of fertilizers. KOPGT is addressing this through use of gangs.

Nutrition

Rating: N/A

Adaptation to Climate Change

Rating: 4

Previous rating: 4

Justification of rating

Adaptation to climate change has largely been done under the oil seeds component with introduction of improved varieties that mature faster and are a bit drought tolerant, plus demonstration on better soil and water management. Under oil palm, the project has promoted the planting of leguminous cover crop, front stacking, implement circle weeding, zero tillage, zero burning and forest protection through boundary roads.

Main issues

Both oil palm and oil seeds growing are based on rain-fed practices.

b. Sustainability and Scaling up

Institutions and Policy Engagement	Rating: N/A	Previous rating: 4
Partnership-building	Rating: 5	Previous rating: 5

Justification of rating

VODP2 as a follow-on project to VODP1 is one the projects that has demonstrated a clear Public-Private-Producer partnership in Uganda. The project has a clear mechanism where the oil palm private investor (OPUL) is working well with the farmers' organisation in Kalangala District, plus the GoU. The roles of each party are clear and GoU has focused more on provision of public services like transport infrastructure. Under the oil seeds component, the project has facilitated linkages between FGs and some millers which has led to establishment of business partnerships where markets are guaranteed.

Main issues

While partnerships are very strong under the oil palm component, the long-term sustainability of those established under oil seeds is not yet certain as some FGs keep on changing partners to supply to, depending on market demands. In addition, multi-stakeholder platforms initiated in the early stages of the project are no longer as active as they used to be.

Human and Social Capital and Empowerment	Rating: 5	Previous rating: 5
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Justification of rating

Under the oil palm component, the farmers' organisation, has transformed into a strong cooperative – the Ssesse Oil Palm Growers Cooperative (SOPGCO). Oil palm growers are further organised in units and blocks through which they coordinate with KOPGT in accessing inputs and transportation of FFBs to the crude oil palm (CPO). SOPGCO has created one of the strongest SACCOs in the country, as it has a very strong production base.

Under the oil seeds component, with support from UCA, 6 HLFOs have been registered, 15 existing HLFOs have been strengthened in governance and oil seeds enterprises, 25 newly formed HLFOs have been strengthened and supported to acquire functional leadership and management systems; 798 lower level farmer organizations have been registered as members of Area Cooperative Enterprises (ACEs); and, 49 clusters have been formed and supported to deliver production and marketing support to their members

Main issues

KOPGT is now a relatively strong institution that is no longer operating with project support. It has so far received about US\$ 3 million in dividends as holder of 10% shareholding in OPUL. While these are commendable, its sustainability is not yet certain. GoU still needs to support KOPGT in especially implementing recommendations of the IFAD commissioned study on: *“Technical, Operational and Financial review for Operational Self Sufficiency Commissioned”* by IFAD in November 2018.

Quality of Beneficiary Participation	Rating: 4	Previous rating: 4
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Justification of rating

The quality of beneficiary participation under both oil seeds and oil palm components is satisfactory. Under oil seeds, FGs leaders have taken on key roles of contacting agro-input dealers for seeds and millers/ stockists that buy their produce. Farmers also actively participate in FLPs and handle their production activities up to the level of bulking. Under the oil palm component, farmers establish and maintain their gardens and are repaying the loans acquired, regularly. The studies that have been carried out by the PMU have provided evidence of wide scale access to the technologies and knowledge promoted by the project, and adoption of the recommended agronomic practices.

Responsiveness of Service Providers	Rating: 5	Previous rating: 5
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Justification of rating

Under oil seeds, the PSPs plus UCA have done a commendable job in facilitation FGs, through provision of extension services, market linkages, training in farming as a business and capacity building in management and governance aspects. Under the oil palm component, both KOPGT and the private sector partner (OPUL) are providing good quality extension services, credit and support in transportation of FFBs..

Main issues

While PSPs are doing good job, in the current year, they have had challenges of delays in having reimbursements of their

funds by the PMU. The PMU needs to address this for the PSPs to complete the planned activities by 31 December 2019.

Agreed Action	Responsibility	Agreed Date
Performance of service providers Fast track reimbursements of funds to PSPs to enable them complete their activities in the current year	PMU	12/2019

Environment and Natural Resource Management

Rating: 4

Previous rating: 4

Justification of rating

The oil palm component has consistently performed in an environmentally sustainable way. This is through maintenance of the buffer zone on the lake shore, planting cover crops and support to Kalangala DLG on tree planting. While the project has done well on protection of the environment, clearance of some forests on private lands has taken place. KOPGT will need to continue partnering with the Kalangala DLG in replanting of marginal areas and replacing some of the tree cut.

Exit Strategy

Rating: 4

Previous rating: 4

Justification of rating

Under the oil palm component, the project maintained the tripartite agreement between Government of Uganda, Oil Palm Uganda Limited (OPUL) and Kalangala Oil Palm Growers Trust (KOPGT). KOPGT was facilitated to be financially viable and continue to provide technical support to farmers and operate a financial trust. District Local Governments will continue to maintain the public infrastructure and provide social services. Under oilseeds, the project has built capacity of farmers to form and strengthen production groups; linking farmers to other value chain actors; and, providing extension services to increase production and productivity. UCA has supported FGs to form or join existing HLFOs and further built capacity of the HLFOs on cooperative development and the Business Model Canvas. The project has facilitated linkages between the farmer groups and nine financial institutions on the one hand, and supporting the formation and strengthening of VSLAs.

Main issues

The long term sustainability of KOPGT remains an issue of concern as it has posted operating losses of UGX 238.5 million, for a period of six months up to June 2019, partially because of not implementing the efficiency recommendations made in November 2019. Further support to address this issue will be considered during implementation of NOPP.

Under the oil seeds component, focus will be on consolidation of market linkages and promotion of LSBs. With UCA support to promotion of HLFOs, the project has created strong grounds for sustainability.

Potential for Scaling-up

Rating: 5

Previous rating: 5

Justification of rating

GoU and IFAD have already designed and approved a bigger investment in oil palm – NOPP, while a National Oil Seeds Project is also under design. Similar models on PPPP are being developed in the sugarcane sub-sector in Northern Uganda.

c. Project Management

Quality of Project Management

Rating: 5

Previous rating: 4

Justification of rating

The PMU is fully staffed and has of recent had to handle tasks of implementing VODP2, design of NOSP and start-up activities of NOPP, which have exerted a heavy workload on them. The recent recruitment of some of the core staff for NOPP should relieve the PMU of much of the pressure.

While the PMU has been overall performing well, of recent they've had significant delays in handling procurements, for example that of contractors to construct storage facilities for selected HLFOs, that unfortunately have to be stopped as there's not enough time and not enough funds.

Main issues

In the last one year, the PMU has been heavily engaged in start-up activities for NOPP and design of NOSP. This has

implied additional responsibilities which has affected the pace of the performance of the PMU on implementation of VODP2.

Knowledge Management	Rating: 5	Previous rating: 5
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Justification of rating

VODP2 has had a comprehensive and active communication and knowledge management strategy aimed at enhancing visibility and learning. For both oil palm and oil seed, newspaper articles, radio talk shows using local radios, picture albums, exhibitions and social media platforms have been utilised. The project has documented 150 case stories out of 400 targeted, to show case the outcomes and impacts of VODP2. Of recent, there has been limited bad publicity of the project as key stakeholders such as farmers and local government officials have been involved in knowledge management activities and are in position to make clarifications whenever approached.

Main issues

Several communication and knowledge management strategies have been put in place to ensure visibility of the project practices and results and also enhance learning from the project. For oil palm component, a number of awareness creation and sensitisation meetings on issues of land ownership and utilisation, employment to the nucleus estate and Palm Oil Mill were undertaken. Several newspaper articles, photographs, radio sound bites and documentaries were produced and provided the public with information about how VODP2 has improved rural livelihoods to overcome poverty. VODPs has engaged local newspaper editors who have even visited project sites to avoid misreporting. Other knowledge management and communication activities have included; radio talk shows on local radios like Baba FM, Busoga 1, Voice of Busoga, Apex FM, City FM and Kiira FM; and participation in agriculture exhibitions to share Oil Palm value chain and changing lives as a result of Oil Palm project. Several knowledge learning materials including FAQs, Harvesting Charts and brochures have been developed and shared. The PMU team noted 'at least now we have better publicity compared to few years ago' and there is evidence of human Interest stories run in the Harvest money pull-out of New Vision and watchdog online publication newspaper cuttings on office notice boards.

With oils seeds component, success stories were documented, articles, photography and video documentation is in place and a repository is yet to be shared. Radio messaging and talk shows on rainfall and seasonal information were hosted on local radios (Open Gate FM, Time FM, Elgon FM, NBS FM, Etop FM, Rupiny FM and Arua FM). Participants included Hub Coordinators, PSPs, UCA and selected farmers. Drawing from project performance information, learning materials have continued to be shared including; manuals, Fact Sheets, Farmer Registers and project brochures. The MAAIF website and social media accounts are also utilized by the project to share information. Due to improved communication and knowledge management, VODP2 is consulted on review of the National ICT Strategy for the Agriculture sector and many other projects continue to visit VODP2 to learn, especially about oil palm and the PPPP model.

The project has consistently documented lessons learnt in the project reports and supervision monitoring reports. These lessons are informed by monitoring and evaluation data in the project MIS, and are consistent with implementation experiences. These lessons have been consolidated in one VODPs Lessons Learnt document in preparation for PCR and Impact studies.

Value for Money	Rating: 4	Previous rating: 4
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Justification of rating

There is not enough data for rating this. Therefore, a default rating of 4 is applied.

Coherence between AWPB and Implementation	Rating: 3	Previous rating: 3
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Justification of rating

There is not enough data that can be relied on to measure the coherence between the work plan and budget. There's however, anecdotal evidence to rate it as moderately unsatisfactory. There are some activities have been implemented but are not yet paid for, e.g. those implemented by PSPs, which have not yet been reimbursed. The key payments lined-up are: (i) the regional lab for vegetable oil which will absorb about UGX 4.7 billion (USD 1.3 million); (ii) Pay for Service Providers (PSPs) will absorb UGX 3.6 billion (USD 1.0 million); (iii) UCA about UGX 700 million (about USD 0.2 million); and (iv) support for seed production about USD 0.2 million. Significant delays in procurement have been experienced and as such construction of storage facilities for selected HLFOs has to be dropped.

AWPB Inputs and Outputs Review and Implementation Progress

AWPB Review

Currently, VODP2 is implementing an 18-month work plan and budget. While PSPs and UCA have performed relatively

well in relation to capacity building under the oil seeds component, reimbursements to them for the funds used in pre-financing, has been very slow. In addition, the project has been very slow with implementation of the procurement plan, that is at the same time difficult to assess its performance due to lack of timely update.

Performance of M&E System	Rating: 5	Previous rating: 4
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Justification of rating

VODP2 database shows consolidated data on project outcome and output indicators. The Oil Palm component has a comprehensive data set on input-output indicators and has had a number of studies such as the economy- wide impact assessment report and impact study for oil palm and is currently undertaking the PCR. The Oil Seeds Component has updated data on outputs and outcomes and had two annual outcome studies and a Randomized Control Trial done through an IFAD and 3iE Research Window. However, verification of consistence in data recording and reporting of oilseeds shows some inconsistencies which could be a result of data entry errors and use of different data recording and reporting tools, e.g. PSPs don't use the same data collection tool (SASAKAWA SG 2000 and Send a Cow). There's also limited staffing at hub level to undertake data validation.

M&E System Review

VODP2 has a functional M&E system. The MIS has basic frameworks such as the log frame, the RIMS tables, outcome and output tables and data collection, consolidation and analysis tools. A review of the PMU data base shows consolidated data on project outcome and output indicators. This is consolidated from seasonal reports submitted by KOPGT on oil palm and hub coordinators on oilseeds. However, verification of consistence in data recording and reporting shows some inconsistencies which could be a result of data entry errors and use of different data recording and reporting tools. For example, the data collection tool used by one PSP, SASAKAWA SG 2000 on beneficiary groups is different from the one used by SEND A COW in the same hub. The number of FGs bulking comes in as a figure with no reliable source at hub level. In preparation of the PCR, there is need to undertake a data validity and cleaning exercise. Update number of farmers in groups and number of farmers per group involved in a specific oil seed enterprise. Since there is limited staffing at hub level, the mission recommends that a team of research assistants is recruited to support PSPs and Hub coordinators to undertake data validation and updating exercise to ensure consistence and reliability.

VODP2 has RIMS updated tables dated April 2019 and PMU had planned to undertake the next update in March 2020. The next update will be done in January 2020.. For indicators such as reduction in the prevalence of child malnutrition anecdotal data from case studies at PMU and data from UBOS can be used to fill this gap.

Outcomes: MAAIF has undertaken two outcome surveys of the VODP2 oilseed component in 2017 and 2018 focusing on (a) productivity of the oil seed crops in the different project areas; (b) Access to inputs; and (c) access to Markets. Results of both studies indicate increase in production of oil seeds. For the 2017 outcome survey, data was captured on 4 oilseeds including simsim, ground nuts, Soybean and sunflower and in 2018, the survey concentrated on sunflower and soybean. A review of the reports show that these studies are useful in showing statistical significance of VODP2 indicators. The PMU also benefited from a Research Window by IFAD and 3iE where a Randomized Control Study under the oil seeds component was carried out by Researchers from University of Milan. The study found that the project had positive and significant effect on immediate outcomes and found that the project had fostered commercial farming, productivity and market engagement. The PMU under the communication and knowledge management is in the process of capturing 400 case stories and videos to supplement the outcome surveys. The process of capturing these case stories is reliable as it captures more details on a given beneficiary or case and involves validation.

Impact study. While the Oil Palm component has had a number of studies such as the economy wide impact assessment report and impact study for oil palm, the Mission has agreed with the PMU to procure a consulting firm to undertake impact study for the oil seeds, the actual study is expected to be completed by 29 February 2020.

Agreed Action	Responsibility	Agreed Date
Research Assistants Hire a team of research assistants to support PSPs and hub coordinators to undertake a data validation and cleaning exercise among other issues update number of farmers in groups and number of farmers per group involved in a specific oil seed production	PMU	10/2019
Support Consulting Team Continue to support the Consulting team to complete the PCR for Oil Palm	PMU	10/2019
Impact Study Hire a consulting firm to undertake an impact study for oil seeds component and consolidate the two studies into on PCR for VODP2	PMU	12/2019

Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)

Rating:

d. Financial Management & Execution

Acceptable Disbursement Rate

Rating: 4

Previous rating: 4

Justification of rating

The project is in its last and 9th year of implementation and its disbursement rate is 92%. There has been one extension but only covering the oil seeds component. With completion date as 31 December 2019, activities to absorb about USD 3.7 million still available at IFAD will have to be completed by that date. No slippage should be allowed and all critical lined-up activities to absorb the remaining funds should be completed by 31 December 2019.

Main issues

The project has made a cash flow/ treasury plan to absorb the remaining funds. The key items lined-up are: (i) the regional lab for vegetable oil which will absorb about UGX 4.7 billion (USD 1.3 million); (ii) Pay for Service Providers (PSPs) will absorb UGX 3.6 billion (USD 1.0 million); (iii) UCA about UGX 700 million (about USD 0.2 million); (iv) support for seed production about USD 0.2 million. If the lined-up activities are implemented without any slippage, disbursement should be able to close in the region of 98-100%. All activities like the construction of stores that cannot be completed by 31 December 2019 have been left out in the cash flow plan. All the bridging contracts between VODP2 and NOPP have been settled for the portion that was expected from VODP2. There is enough fiscal space to cover the key completion/ closure studies and even the proposed validation of data studies.

Recovery of the authorised allocation which is XDR 3.9 million should be well linked to the treasury plan and a revised recovery plan should, therefore, be submitted to IFAD.

Agreed Action	Responsibility	Agreed Date
New recovery plan Submit to IFAD a recovery plan that is well linked to the Disbursement Plan	Financial Controller-PMU	10/2019
Remittance of KOPGT funds KOPGT to continue to remit any reflows to Ministry of Finance until such a time when the funds will be needed for investment in oil palm development and there is an agreed financial framework for this.	KOPGT	

Fiduciary aspects

Quality of Financial Management

Rating: 3

Previous rating: 4

Justification of rating

The PMU the systems continue to be strong except for management of some imprest advances to staff, a number of KOPGT financial systems have not improved; in fact there is some decline, therefore, the downgrade of this rating to 3.

Main issues

Commitment control is not strong enough at PMU. The Procurement section is not providing Finance with consolidated contract registers showing balances still payable on a contract by contract basis. Contract Monitoring forms duly linked to the contracts are not systematically maintained. With the planned departure of the Financial Controller by 31 December 2019, arrangements should be put in place to ensure a smooth closure especially recovery of the outstanding Authorisation and final audit.

Through the SOE spot checks the mission noted the following; (i) Generally Contract Monitoring Forms for payments that have more than one instalment are lacking as supporting documentation to the payment vouchers and are not even linked to the contracts register. (ii) Advances to staff to carry out activities are posted as justified in the advance ledgers on the same date when the advances have been issued. This is misleading since the actual expenses occur after the dates of payment in addition aging of advances as an internal control measure cannot be utilised. (iii) Transactions totalling UGX 117, 565,000 have questionable dates. (iv) Out of the sampled transactions for SOE spot checks, 3 missing vouchers (Ref. Nos. 6649, 6520 and 6348) under KOPGT were identified totalling UGX 45.31 million. The KOPGT Finance manager acknowledged that they should be co-mingled in the many voucher files. (v) Finally it was noted that excess expenditure included in WA 65 of UGX 36 million (USD 9,416.79), should be recovered by ACDdeducting from the next WA.

KOPGT FM issues are:

- Virtually all financial ideas in IFAD commissioned study on Self Sufficiency Commissioned" done in of November 2018 have not yet been implemented.
- For the six-months to 30 June 2019, KOPGT posted an operational loss of UGX 238.5 million partially because of not implementing the efficiency recommendations above. This loss is traceable to the loss made on transport business segment. Performance on fertiliser-mark up is not well analysed. On other operating costs KOPGT has tried to manage costs. The challenge is now the segments that should actually be sustaining themselves are not being optimally managed.
- Currently generating segmented reports for the key profit centres: (i) fertilizer, (ii) transport, (iii) credit segments is not being done as had been agreed. KOPGT will need some hand holding to professionalise the management of its stores and transport segments.
- The management of fertiliser stores has a lot to be desired. Proper stock take was last done in January 2018, stock cards are not updated, system is not proof enough that for every release a farmer's account is debited.
- There is work overload on the remaining finance team given the staff turnover. Credit management is now being handled by the finance team.
- KOPGT's overall Operational Self Sufficiency (OSS) ratio is not monitored. Key entries for key income sources had not be posted in the tally accounting system.
- Progress has been made towards using SAP as the software for sales and marketing. Farmers payments for September 2019 (and moving forward) ffb sales will be paid through SAP. KOPGT needs to move SAP to the next level after this success, to use it for credit management as the immediate need. For lack of funding (about UGX 800 million), phase 2 did not proceed and yet pearl has been discredited. The outstanding loan portfolio of about UGX 43 billion is now in excel which is risky.
- KOPGT as the holder of the 10% shares in OPUL has so far received dividends amounts to UGX slightly over UGX 10 billion. A lot of excitement from stakeholders is being generated on how to use these dividends with all sorts of social development ideas coming-up. The policy agreed between IFAD and GoU is that these dividends should be used to enable the survival of KOPGT to offer services to farmers. KOPGT offers many public good elements that so far are not being fully charged to farmers.
- The interest journal has not been posted due to the ongoing discussion to apply the simple interest rate and from which cut-off. This has continued to delay the roll out of full loan statements to farmers.

Agreed Action	Responsibility	Agreed Date
Post the interest journal using the MAAIF Post the interest journal using the MAAIF recommended simple interest from the date of harvest.	KOPGT	10/2019
Ensure that the missing vouchers are located Ensure that the missing vouchers are located and kept in the proper file. In addition review the finance filing system to ensure easy retrieval of vouchers.	Finance Team	10/2019
Dividends from OPUL Dividends from OPUL to be retained to support the KOPGT farmers sustainability	KOPGT Board	12/2019
Improvement on monitoring of Commitments Improvement on monitoring of Commitments at the PMU through use of well linked contract registers and contract monitoring	Procurement and finance teams	12/2019

Quality and Timeliness of Audit

Rating: 5

Previous rating: 6

Justification of rating

The audit report is well prepared and compliant with IFAD requirements. The report includes relevant and useful KAMs.

Main issues

The audit report was received with a slight delay. The report is acceptable to IFAD and it is well prepared, although the list of WAs does not tally with IFAD records. The audit presents unqualified opinions. The auditors carried out a good analysis of project performance and the report includes relevant KAMs, especially with regard to the sustainability of KOPGT and risks related to the recovery of loans to farmers.

Counterparts Funds

Rating: 6

Previous rating: 6

Justification of rating

The GoU contributed 58% above the plan contribution

Main issues

The GoU is commended for its counterpart contributions towards VODP2. Out of appraisal target of USD 15 million an amount equivalent to USD 25.8 million has been realised (173%).

Compliance with Loan Covenants

Rating: 5

Previous rating: 6

Justification of rating

The project complies with most financial covenants. According to Appendix 3, KOPGT is yet to become self-sustaining in operational costs.

Procurement

Procurement

Rating: 3

Previous rating: 4

Justification of rating

VODP2 Procurement is rated 3. This rating is mainly due to the following: a) the delay in completing the procurement process for most of the transactions enrolled in the Procurement plan for more than one year; b) the need to ensure that Procurement processes are in compliance with IFAD Procurement Guidelines and National Regulations in what relates to i) compliance with IFAD prior review requirements; ii) the preparation of bidding documents (including the post qualification criteria were found inadequate or improperly applied during the evaluation process); iii) the preparation of the procurement plan; iv) filing system and v) the contract administration.

Procurement Review

Procurement Review

Structure of the Procurement Unit. The PMU Procurement Unit consists of one procurement officer (PO) and one procurement assistant. The PO has got experience in managing procurement activities. Some gaps are identified at the level of the planning, application of standard procedures for the procurement methods especially ICB and contract administration.

Procurement Planning. The format of the procurement plan for the FY 2018-2019 was found to meet the basic requirements. The following deficiencies were however noted: (i) inadequate description for the items enrolled in the plan; (ii) improper selection methods and contract types for consulting services; (iii) unrealistic and inappropriate implementation schedule; (iv) non-compliance with IFAD prior review requirements; (v) incorrect references to the AWPB inserted; (vi) lack of updates for the plan with respect to actual implementation, and (vii) the plan is not used as tracking and monitoring tool.

Procurement Process. The Project has adopted the National Standard Bidding Documents (SBDs) for the procurement of goods, works and non-consulting services under National Procurement Methods. The National SBDs were found satisfactory and meet basic requirements. For ICB method, incorrect SBDs were utilised; moreover, unnecessary customisation was mistakenly applied. Apart from the bidding documents, the Mission noted several gaps in the procurement procedures: (i) in several cases, the procurement processes were delayed for more than one year; (ii) in all ICB procurements, the project failed to comply with the Guidelines; (iii) post qualification criteria were inadequate or incorrectly applied; (iv) failure to comply with the National regulations with respect to the application of restricted Domestic Bidding and Request for Quotations methods; (v) several transactions were implemented while not part of the PP; (vi) non-compliance with IFAD prior review requirements; (vii) inefficient contract management and administration.

Procurement Progress. It was not possible to assess progress during the review period as the PP was not updated with respect to actual implementation and the contract register does not include a reference to the PP. Currently the project initiated the procurement process for two transactions namely, Equipment for the Regional Labs for Vegetable Oil and Construction of Aggregation Centres. Taking into consideration the poor performance of the contractors and inefficient contract management, it is recommended to cancel the procurement process for the works transaction (Aggregation Centres) and special considerations should be made for the Goods transaction to ensure that commodities will be delivered by or before the project completion date.

Contracts Register. The mission reviewed the register of contracts on a sample basis. The format was found in conformity with IFAD template, but some important data were partially or fully missing such as i) type of procurement; ii) financing category; iii) reference to the PP, and iv) date of IFAD No Objection.

The procurement filing system. The mission noted with concern that procurement files do not include all relevant documents. Some important documents are missing such as i) final version of the bidding documents; ii) bids; iii) addendums to contracts; iv) inspection and acceptance reports for goods; v) progress reports for works; vi) vendors invoices; vii) payment vouchers and viii) in some cases evaluation reports were not complete. As stipulated by the General Conditions for Agricultural Development Financing - Section 8.01. Implementation Records "The Borrower/Recipient shall ensure that the Project Parties maintain records and documents adequate to reflect their operations in implementing the Project (including, but not limited to, copies or originals of all correspondence, minutes of meetings and all documents relating to procurement) until the Project Completion Date, and shall retain such records and documents for at least ten (10) years thereafter".

Agreed Action	Responsibility	Agreed Date
Update Register of Contracts Update the register of contracts to reflect the above-mentioned comments.	PMU	10/2019
Documentation of Procurement Process Ensure that complete documentation of procurement processes is kept on procurement files, including proof of receipt of goods, works and services by the ultimate beneficiaries and shall retain such records and documents for at least ten (10) years thereafter.	PMU	11/2019
On-going contracts Ensure smooth handing over of all on-going contracts eligible for financing under bridging arrangements to NOPP PMU before the PCD	PMU	12/2019
Completion of On-going Contracts Ensure the completion of all on-going contracts before the PCD	PMU	12/2019

e. Key SIS Indicators

Likelihood of Achieving the Development Objective	Rating: 4	Previous rating: 4
Assessment of the Overall Implementation Performance	Rating: 4	Previous rating: 5

Justification of rating

The rating has been validated by PAT

f. Additional Aspects

Policy

The key policy issue on oil seeds is whether to promote the Village Agent Model (VAM) that MAAIF has been promoting of recent and the cooperative model favoured by HLFOs and their umbrella bodies – UNFFE and UCA. This has implications on who benefits most from bulking of inputs (for joint purchase) and bulking of produce. Discussions on this have already commenced in the Coffee sub-sector and the PMU needs to follow-up closely.

F. Relevance

Relevance	Rating:
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G. Lessons Learned

Oil seeds and Oil Palm Components

The key lessons documented by the project through its knowledge management strategy include the following:

Under the oil seeds component the project has learnt that;

- The projects' diversity approach to extension and advisory support by PSPs are critical instruments in contributing to change in attitude, technology adoption, diffusion and sustainability.

- Collaboration with community/farmer groups to scale up soybean seed multiplication (local seed production) ensures sufficient availability and access to seed and proved to be more sustainable with direct linkage to research
- Supporting commercialized production and market linkages development through Higher Level Farmer organization and linkage with off-takers and financial institutions leads to commercially viable and business-oriented transactions.
- Access to production credit was made possible for the farmers by the direct project negotiation with the financial institutions, integration of VSLA methodology in implementation and commitment in the joint monitoring of the portfolio and in some cases witnessing of off-taking contracts
- Research (NACCRI and NASARRI): Having direct linkage to research by the farmers facilitated popularization of improved oilseed varieties creating effective demand for these varieties
- Facilitating linkages among value chain actors is key for project sustainability
- Promotion of Livestock Industry especially the livestock feed sub sector will expand the benefits from the oil seeds value chains

Under oil palm development component, the project has learnt that;

- The projects PPP approach demonstrate that donor/government/private sector funded projects' inclusion of rural producers as partners rather than as clients/beneficiaries generates more rewards and better outcomes.
- More strategic interventions especially access to land is important to gender equality and social inclusion in rural communities because it enables women to effectively participate in commercial ventures.
- The future of sustainability in oil palm relies on how well organized the farmer organization structures are and their business acumen ship.
- The financing model for farmers demonstrated that farmers are able to repay loans well packaged to support their investments especially the repayment deduction at source after sales of the FFBs.
- In-country research development is pertinent for the future sustainability of oil palm

Proper documentation and knowledge management and availing information to the public and stakeholders right from the design process of the project helps to harmonise expectations and fears and reduce bad publicity

H. Agreed Actions

Agreed Action	Responsibility	Agreed Date
Overview and Project Progress		
Financing of PSPs Financing of PSPs First-track the verification of work done by the PSPs and reimbursement of funds to them to complete activities in time.	PMU	12/2019
Development Effectiveness		
Group Registers Update group registers, clearly identify which FGs are involved in oil seed production per season	PSPs and Hub Coordinators and M&E Officer at PMU	12/2019

Data Capture data on number of groups and households served by District Local Governments in the MIS including case stories	Hub Coordinators and M&E Officer at PMU	12/2019
Piloted Household Document the results of the piloted household mentoring approach in relation to gender equality and poverty reduction at the household level.	PSPs and Hub coordinators	12/2019
Case Stories Capture more case stories from men, women, and youth so as to document their experiences. The subsequent studies like the impact study should have a concrete section on gender analysis.	PMU	03/2020
Sustainability and Scaling up		
Performance of service providers Fast track reimbursements of funds to PSPs to enable them complete their activities in the current year	PMU	12/2019
Project Management		
Research Assistants Hire a team of research assistants to support PSPs and hub coordinators to undertake a data validation and cleaning exercise among other issues update number of farmers in groups and number of farmers per group involved in a specific oil seed production	PMU	10/2019
Support Consulting Team Continue to support the Consulting team to complete the PCR for Oil Palm	PMU	10/2019
Impact Study Hire a consulting firm to undertake an impact study for oil seeds component and consolidate the two studies into on PCR for VODP2	PMU	12/2019
Financial Management & Execution		
Update Register of Contracts Update the register of contracts to reflect the above-mentioned comments.	PMU	10/2019
Post the interest journal using the MAAIF Post the interest journal using the MAAIF recommended simple interest from the date of harvest.	KOPGT	10/2019
New recovery plan Submit to IFAD a recovery plan that is well linked to the Disbursement Plan	Financial Controller- PMU	10/2019

Ensure that the missing vouchers are located Ensure that the missing vouchers are located and kept in the proper file. In addition review the finance filing system to ensure easy retrieval of vouchers.	Finance Team	10/2019
Documentation of Procurement Process Ensure that complete documentation of procurement processes is kept on procurement files, including proof of receipt of goods, works and services by the ultimate beneficiaries and shall retain such records and documents for at least ten (10) years thereafter.	PMU	11/2019
On-going contracts Ensure smooth handing over of all on-going contracts eligible for financing under bridging arrangements to NOPP PMU before the PCD	PMU	12/2019
Completion of On-going Contracts Ensure the completion of all on-going contracts before the PCD	PMU	12/2019
Dividends from OPUL Dividends from OPUL to be retained to support the KOPGT farmers sustainability	KOPGT Board	12/2019
Improvement on monitoring of Commitments Improvement on monitoring of Commitments at the PMU through use of well linked contract registers and contract monitoring	Procurement and finance teams	12/2019
Remittance of KOPGT funds KOPGT to continue to remit any reflows to Ministry of Finance until such a time when the funds will be needed for investment in oil palm development and there is an agreed financial framework for this.	KOPGT	

Vegetable Oil Development Project 2

Logical Framework

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
Outreach Total Project Outreach	1.b Estimated corresponding total number of households members										
	Household members	0		136 000	29 399	119 469	87.8				
	1.a Corresponding number of households reached										
	Households	0		30 200	5 880	23 894	79.1				
	1 Persons receiving services promoted or supported by the project										
	Females	0		9 060	2 889	8 315	91.8				
	Males	0		21 140	2 991	15 579	73.7				
	Total number of persons receiving services	0		30 200	5 880	23 894	79.1				
	Groups receiving project services										
	Groups	0		5 900	898	5 311	90				
Project Goal Contribute to sustainable poverty reduction in the project area	Percentage of households with improvements in assets ownership index at project completion.							RIMS Baseline, and Completion Surveys.	Baseline and completion		Oilseeds and oil palm continue to be a strategic crop for the Government.
	Oil Palm Kalangala			50							
	Oil Palm Buvuma			50							
	Oil Seeds - Eastern			50							
	Oil Seeds - West Nile			50							
	Oil Seeds - Northern			50							
	Oil Seeds - Lira			50							
	20% reduction in the prevalence of child malnutrition							Uganda Bureau of Statistics			

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	Oil Palm Kalanagala - height/age - boys										
	Oil Palm Kalanagala - height/age - girls										
	Oil Palm Kalanagala - weight/age - boys										
	Oil Palm Kalanagala - weight/age - girls										
	Oil Palm Kalanagala - weight/height - boys										
	Oil Palm Kalanagala - weight/height - girls										
	Oil Palm Buvuma - height/age - boys										
	Oil Palm Buvuma - height/age - girls										
	Oil Palm Buvuma - weight/age - boys										
	Oil Palm Buvuma - weight/age - girls										
	Oil Palm Buvuma - weight/height - boys										
	Oil Palm Buvuma - weight/height - girls										
	Oil Seeds - height/age - boys										
	Oil Seeds - height/age - girls										

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	Oil Seeds - weight/age - boys										
	Oil Seeds - weight/age - girls										
	Oil Seeds - weight/height - boys										
	Oil Seeds - weight/height - girls										
Development Objective Increase the domestic production of vegetable oil and its by-products, thus raising rural incomes for smallholder producers and ensuring the supply of affordable vegetable oil products to Ugandan consumers and neighbouring regional markets	Increased level of vegetable oil self-sufficiency							UBOS statistics on Ugandan vegetable oil production database.			Absence of external and internal economic shocks; Data available from private sector producers.
	Level of Self-Sufficiency	30		60							
	Increased domestic oilseeds production							UBOS statistics on Ugandan vegetable oil production database.			
	oilseeds production	70 000		150 000	167 081	647 963	432				
	Increased per capita vegetable oil consumption in kg/capita							UBOS statistics on Ugandan vegetable oil production database.			
	Per capita vegetable oil consumption in kg/capita	5.6		15	0	10	66.7				
	Oil palm and oilseeds profitably produced by smallholders.							UBOS statistics on Ugandan vegetable oil production database.			
	yes = 1, no = 0	0		1	1	1	100				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
Outcome 1.0 An integrated oil palm industry to supply national and export markets in compliance with modern environmental standards and providing equitable returns to smallholder producers.	Increased in crude palm oil annual production							Project progress reports and M&E database; OPUL and KOPGT databases; KOPGT reports; BOPGT progress reports; Special studies			Liberal economic policies continue; OPUL maintains its commitment to oil palm development in Uganda; No drastic price changes in the international vegetable oil market.
	Annual crude palm oil production	0		30 000	37 363	178 730	595.8				
	Smallholders earning net incomes per ha per year from year 4 of development							Project progress reports and M&E database; OPUL and KOPGT databases; KOPGT reports; BOPGT progress reports; Special studies			
	smallholder net income per ha per year			1 500	1 500	1 426	95.1				
	Operational self-sufficiency of KOPGT in 2018							Project progress reports and M&E database; OPUL and KOPGT databases; KOPGT reports; BOPGT progress reports; Special studies			
	Level of Self-Sufficiency			100	33	100	100				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
Output 1.1 Kalangala Oil Palm Scheme completed and producing	Oil palm plantations identified, planted and planted by smallholders by 2018							Project progress reports and M&E database; OPUL and KOPGT databases; KOPGT reports; BOPGT progress reports; Special studies			Ferry service established to outlying islands; GoU able to purchase sufficient area of land for nucleus estate on Buvuma; Ferry service to Buvuma upgraded; No extreme climate or disease events affect palms; Trial planting successful and identified areas have land in blocks suitable for nucleus estate and smallholder development; More smallholder demand than estimated, project financing is not enough
	Plantations identified			40 000	1 699	21 200	53				
	Area planted			20 000	0	6 500	32.5				
	Area planted by smallholders			7 000	0	4 424	63.2				
	Hectares of nucleus estate planted in Kalangala by 2016							Project progress reports and M&E database; OPUL and KOPGT databases; KOPGT reports; BOPGT progress reports; Special studies			
	Hectares of land			6 500	0	6 500	100				
	Hectares planted by smallholders in Kalangala by 31 Dec 2017							Project progress reports and M&E database; OPUL and KOPGT databases; KOPGT reports; BOPGT progress reports; Special studies			
	Hectares of land			4 700	0	4 424	94.1				
	Number of smallholders served by KOPGT							Project progress reports and M&E database; OPUL and KOPGT databases; KOPGT reports; BOPGT progress reports; Special studies			
	Smallholders served			1 800	0	1 810	100.6				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	KOPGT re-structuring agreement signed by 31 Dec 2017							Project progress reports and M&E database; OPUL and KOPGT databases; KOPGT reports; BOPGT progress reports; Special studies			
	Re-structuring agreement signed			1	0	0	0				
	Fertilizer store constructed							Project progress reports and M&E database; OPUL and KOPGT databases; KOPGT reports; BOPGT progress reports; Special studies			
	In Bugala			1	0	1	100				
	In Bunyama			1	0	0	0				
	In Bubembe			1	0	0	0				
	2.1.5 Roads constructed, rehabilitated or upgraded							Project progress reports and M&E database; OPUL and KOPGT databases; KOPGT reports; BOPGT progress reports; Special studies			
	Kalangala - Bugala			310	21.1	379.1	122.3				
	Kalangala - Bunyama			40	40	40	100				
	Kalangala - Bubembe			40	33	33	82.5				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
Output 1.2 Sustainable Oil Palm Development	Island environmental monitoring plans for smallholder oil palm completed and being implemented.							Project progress reports and M&E database; OPUL and KOPGT databases; KOPGT reports; BOPGT progress reports; Special studies			
	Plans			2	0	0	0				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
Output 1.3 Buvuma Oil Palm Scheme established	Smallholder land planted by 2018 in Buvuma							Project progress reports and M&E database; OPUL and KOPGT databases; KOPGT reports; BOPGT progress reports; Special studies			Ferry service established to outlying islands; GoU able to purchase sufficient area of land for nucleus estate on Buvuma; Ferry service to Buvuma upgraded; No extreme climate or disease events affect palms; Trial planting successful and identified areas have land in blocks suitable for nucleus estate and smallholder development; More smallholder demand than estimated, project financing is not enough
	Hectares of land			1 500	0	0	0				
	Farmers served by BOPGT.							Project progress reports and M&E database; OPUL and KOPGT databases; KOPGT reports; BOPGT progress reports; Special studies			
	Farmers served			1 000	0	0	0				
	All oil palm activities (plantation, mill & refinery) are in compliance with NEMA regulations.							Project progress reports and M&E database; OPUL and KOPGT databases; KOPGT reports; BOPGT progress reports; Special studies			
	Percent of NEMA-compliant activities			100	0	0	0				
	2.1.5 Roads constructed, rehabilitated or upgraded							Project progress reports and M&E database; OPUL and KOPGT databases; KOPGT reports; BOPGT progress reports; Special studies			
	Buvuma			60	0	0	0				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
Output Component 1 RIMS	Apex organizations formed/strengthened							RIMS	Annually		
	Apex organizations				0	1					
	2.1.6 Market, processing or storage facilities constructed or rehabilitated							RIMS			
	Market facilities constructed/rehabilitated				0	2					
	Processing facilities constructed/rehabilitated			1	0	2	200				
	Storage facilities constructed/rehabilitated			1	0	1	100				
	Value of gross loan portfolio										
	Value of gross loan portfolio	0		14 100	624	12 568	89.1				
Outcome 2.0 Continued upscaling of Lira to a modern agro industrial hub for oilseeds and the emergence of Eastern Uganda, Gulu and West Nile as hubs for oilseed production.	Mill capacity utilization increased										No disease outbreaks; Farmers increase production of soybean; Industry coping with 1 in 5 yr extreme weather event
	Mill capacity utilization	30		85	19.3	58	68.2				
	Farmers growing oilseeds with net cash earning per ha per season of US\$350 increased by 10% each year in each hub										
	annual percent increase				0.4	0.4					
	N. of farmers in Eastern Hub			517 392.4	150	36 200	7				
	N. of farmers in West Nile Hub			70 608.7	0	20 375	28.9				
	N. of farmers in Northern Uganda			97 054.1	5 840	22 465	23.1				
	N. of farmers in Lira Hub			302 492.3	4 304	31 379	10.4				
	Oilseeds production of sun flower and soya bean increased by 10% each year										

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	increase in sun flower production			268 955	47 723	520 000	193.3				
	increase in soy bean production			25 768	102 195	127 963	496.6				
	Number of secondary farmer organisations operational/ functional										
	Secondary farmer organisations				25	50					
	Number of farmers using purchased quality controlled seed										
	Number of farmers using purchased sunflower				23 823	36 311					
	Number of farmers using purchased soybean				17 283	38 652					
	Number of farmers using purchased ground nuts										
	Number of farmers using purchased sesame										

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
Output 2.1 Production of certified good quality seed and oil	MT of each of foundation/ breeder seed of hybrid parental lines of sunflower, ground nuts and soybean produced annually by NARO							"OSSUP reports NaSARRI/ NaCRRRI/ MAAIF Seed Certif. Rep. UBOS reports DAO quarterly report NAADS tech. report Impact assessments and surveys VODP2 progress reports MAAIF farm survey reports Impact assessments and surveys VODP2 progress reports using • Info. from millers, UBOS and UNBS reports, and mobile service provider"			NaSARRI and NaCRRRI release new Ugandan varieties. If not, millers/seed companies import hybrids; Continued satisfactory security in Northern and Eastern regions; NAADS and VODP2 collaborating for extension; Millers and other private operators willing to undertake extension provision on a cost sharing basis
	MT soybean produced			20	36	105	525				
	MT sesame produced			10	0.7	10.7	107				
	MT ground nuts produced			10	0.6	10.6	106				
	MT sunflower produced			20	2.5	32.5	162.5				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	Percent of oilseed growers buying quality controlled seed by 2017							"OSSUP reports NaSARRI/ NaCRRI/ MAAIF Seed Certif. Rep. UBOS reports DAO quarterly report NAADS tech. report Impact assessments and surveys VODP2 progress reports MAAIF farm survey reports Impact assessments and surveys VODP2 progress reports using • Info. from millers, UBOS and UNBS reports, and mobile service provider"			
	farmers buying sunflower seed			90	9	31	34.4				
	farmers buying soybean			90	0	26	28.9				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	10% annual increase in the hectares under oil seeds cultivation in each regional hub							"OSSUP reports NaSARRI/ NaCRRRI/ MAAIF Seed Certif. Rep. UBOS reports DAO quarterly report NAADS tech. report Impact assessments and surveys VODP2 progress reports MAAIF farm survey reports Impact assessments and surveys VODP2 progress reports using • Info. from millers, UBOS and UNBS reports, and mobile service provider"			
	hectares of sunflower under oil seeds cultivation				8 421	58 421					
	hectares of soybean under oil seeds cultivation				2 799	47 799					

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	Number of farmers reporting an average yield of 1.7 t/ha for sunflower and 1.1t/ha for soybean							"OSSUP reports NaSARRI/ NaCRRI/ MAAIF Seed Certif. Rep. UBOS reports DAO quarterly report NAADS tech. report Impact assessments and surveys VODP2 progress reports MAAIF farm survey reports Impact assessments and surveys VODP2 progress reports using • Info. from millers, UBOS and UNBS reports, and mobile service provider"			
	Number of farmers reporting an average yield of 1.7 t/ha for sunflower										
	Number of farmers reporting an average yield of 1.1t/ha for soybean										

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	Farmer groups with 30% participation of women receiving extension services from the project by 2018							"OSSUP reports NaSARRI/ NaCRRRI/ MAAIF Seed Certif. Rep. UBOS reports DAO quarterly report NAADS tech. report Impact assessments and surveys VODP2 progress reports MAAIF farm survey reports Impact assessments and surveys VODP2 progress reports using • Info. from millers, UBOS and UNBS reports, and mobile service provider"			
	Farmer groups with 30% participation of women receiving extension services from the project by 2018			3 798	898	5 311	139.8				
Output 2.2 Smallholders farming oilseeds as a business and operating in groups to sell increasing volumes of crushing material to millers	Farmer groups bulk selling by 2017							"DAO quarterly reports MAAIF farm survey reports Impact assessments and surveys VODP2 progress reports using information from millers, UBOS and UNBS reports, and mobile service provider"			Increased crushing material attracts new investment in hubs; Guarantee fund established; Voluntary miller compliance with UNBS standards; Acceptance of new market information dissemination system.
	Farmer groups bulk selling by 2017			1 000	530	1 200	120				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	Percent of the medium/large-scale millers attain UNBS quality certification by 2018.							"DAO quarterly reports MAAIF farm survey reports Impact assessments and surveys VODP2 progress reports using information from millers, UBOS and UNBS reports, and mobile service provider"			
	Percent of the medium/large-scale millers attain UNBS quality certification by 2018.			90	10	80	88.9				
	Amount of credit facility disbursed to value chain actors by participating financial institutions							"DAO quarterly reports MAAIF farm survey reports Impact assessments and surveys VODP2 progress reports using information from millers, UBOS and UNBS reports, and mobile service provider"			
	Amount of credit facility disbursed in billions				127	919					

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	Number of beneficiaries of the credit facility.							"DAO quarterly reports MAAIF farm survey reports Impact assessments and surveys VODP2 progress reports using information from millers, UBOS and UNBS reports, and mobile service provider"			
	Number of beneficiaries of the credit facility.				355	3 959					
Output Component 2 RIMS	1.1.5 Persons in rural areas accessing financial services										
	Women in rural areas accessing financial services - savings				80	2 101					
	Young people in rural areas accessing financial services - savings										
	Not young people in rural areas accessing financial services - savings										
	Indigenous people in rural areas accessing financial services - savings										
	Men in rural areas accessing financial services - savings				229	3 668					

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	Non indigenous people in rural areas accessing financial services - savings										
	Men in rural areas accessing financial services - credit				229	3 668					
	Women in rural areas accessing financial services - credit				80	2 101					
	Young people in rural areas accessing financial services - credit										
	Not young people in rural areas accessing financial services - credit										
	Indigenous people in rural areas accessing financial services-credit										
	Non indigenous people in rural areas accessing financial services - credit										
	Total persons accessing financial services - savings				309	5 769					
	Total persons accessing financial services - credit										
	Agricultural/livestock production groups formed/strengthened										
	Agricultural/livestock production groups formed/strengthened				898	5 311					

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	Financial institutions participating in project										
	Financial institutions participating in project				2	10					
	Government officials and staff trained										
	Males				163	348					
	Females				41	119					
	People in agricultural/livestock production groups										
	Males				12 570	74 352					
	Females				5 388	31 866					
	1.1.4 Persons trained in production practices and/or technologies										
	Men trained in crop				14 954	77 894					
	Women trained in crop				14 445	41 575					
	Young people trained in crop										
	Not young people trained in crop										
	Indigenous people trained in crop										
	Non indigenous people trained in crop										
	Men trained in livestock										
	Women trained in livestock										
	Young people trained in livestock										

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	Not young people trained in livestock										
	Indigenous people trained in livestock										
	Non indigenous people trained in livestock										
	Men trained in forestry										
	Women trained in forestry										
	Young people trained in forestry										
	Not young people trained in forestry										
	Indigenous people trained in forestry										
	Non indigenous people trained in forestry										
	Men trained in fishery										
	Women trained in fishery										
	Young people trained in fishery										
	Not young people trained in fishery										
	Indigenous people trained in fishery										
	Non indigenous people trained in fishery										

Results Hierarchy	Indicators							Means of Verification			Assumptions		
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility			
	Total persons trained in crop				29 399	119 469							
	Total persons trained in livestock												
	Total persons trained in forestry												
	Total persons trained in fishery												
	People trained in financial services												
	Males				17	2 540							
	Females				338	1 419							
	Staff of service providers trained												
	Males				81	251							
	Females				54	142							
	Value of gross loan portfolio: enterprises												
	Value of gross loan portfolio: enterprises				705	12 732							
	Outcome 3.0 Project Management helping farmers to provide growing amounts of crushing material for processing in edible oil & earning better incomes	IFAD loan 55% disbursed by 30 June 2015 and 100% by 31 June 2019							"VODP2 progress reports. IFAD loan disbursement report Audit reports in line with IAS."				IFAD Financing is available
		IFAD Loan disbursed	0		100	10.5	80	80					
Output 3.1 Project Management fully operational	Full staff of qualified professionals							Audit reports			PCO staff are dynamic and competent.		
	yes = 1, no = 0				13	13							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
Output 3.2 Oilseed subsector platform (OSSUP) providing forum for stakeholders	Percentage of actions that OSSUP platform meetings agreed upon that have been implemented							"Audit reports PMU financial reports • VODP2 project progress and M&E reports"			Stakeholders buy into project-supported activities.
	Actions that OSSUP platform meetings agreed upon that have been implemented			100	100	100	100				
	Timely preparation and execution of AWPB (budget performance by financial year).							"Audit reports PMU financial reports • VODP2 project progress and M&E reports"			
	yes = 1, no = 0			1	1	1	100				
	Timely submission of mandatory reports							"Audit reports PMU financial reports • VODP2 project progress and M&E reports"			
	yes = 1, no = 0			1	1	1	100				
	Timely submission of withdrawal requests							"Audit reports PMU financial reports • VODP2 project progress and M&E reports"			
	yes = 1, no = 0			1	1	1	100				

Uganda

Vegetable Oil Development Project 2

Supervision Report

Appendix 1: Financial: actual financial performance; by financier by component and disbursements by category

Mission Dates: 16 September-11 October 2019
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Project No. 1100001468
Report No. 5216-UG

East and Southern Africa Division
Programme Management Department

Appendix 1: Financial: actual financial performance by financier; by component and disbursements by category

Table 1A: Financial performance by financier (USD'000)

Financier	Appraisal	Disbursement	Percent disbursed
IFAD loan	52,000	44,469	86%
IFAD Grant	1,086	1,086	100%
Government of Uganda	15,000	25,867	172%
Oil Palm Uganda Ltd (OPUL)	70,380	-	0%
Trust	4,440	-	0%
KOPGT	1,040	-	0%
Farmers	3,900	5,362	137%
SNV co-financing	340	340	100%
Total	148,186	77,124	52%

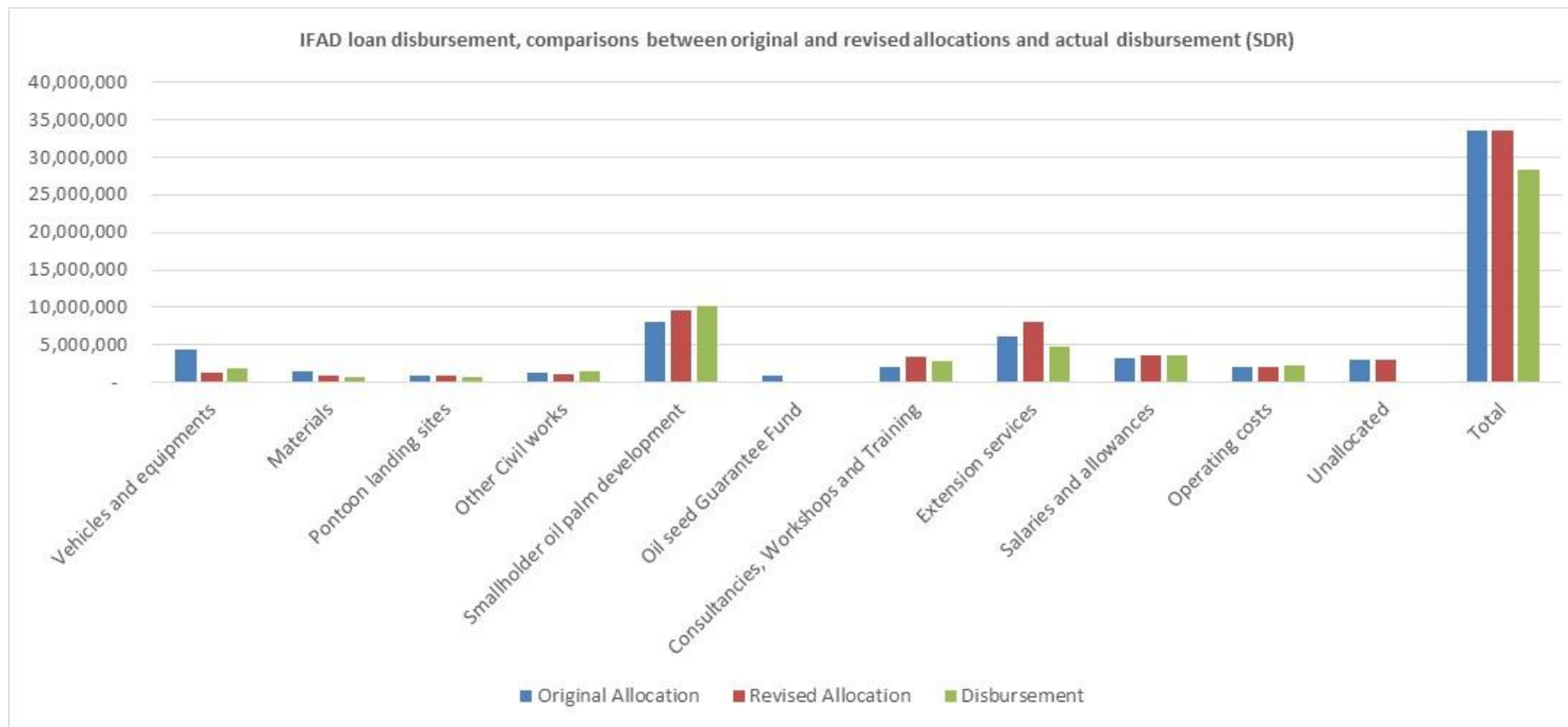
Table 1B: Financial performance by financier by component (USD '000)

	IFAD Loan			IFAD grant			Government			OPUL			Trust			KOPGT			Farmers			SNV cofinancing			Total		
Component	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
Oil Palm Development																											
Consolidation and Expansion- Kalangala	8,608	18,361	213%	-	-	-	3,250	-	-	-	-	-	-	-	-	-	-	-	933	5,362	467%	-	-	-	12,791	23,723	185%
Support to KOPGT	4,483	4,786	107%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,483	4,786	107%
Mobilisation- Buvuma	4,028	172	4%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,028	172	4%
Development- Buvuma	9,217	1,773	19%	-	-	-	10,490	24,631	235%	70,380	-	-	4,440	-	-	1,040	-	-	2,967	-	-	-	-	-	98,534	26,404	27%
Identification of new areas	673	536	80%	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	673	538	80%
Sub total Oil Palm Development	27,009	25,627	95%	-	-	-	13,740	24,633	44%	70,380	-	-	4,440	-	-	1,040	-	-	3,900	5,362	137%	-	-	-	120,509	55,622	46%
Oil Seeds Development																											
Seed Production	2,020	1,201	59%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,020	1,201	59%
Extension for Farmer Groups	12,830	9,512	74%	-	-	-	-	189	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,830	9,700	76%
Other Value chain Activities	1,849	224	12%	1,086	1,086	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	340	340	100%	3,275	1,650	50%
Sub total Oil Seeds Development	16,699	10,936	65%	1,086	1,086	100%	-	189	-	-	-	-	-	-	-	-	-	-	-	-	-	340	340	100%	18,125	12,551	69%
Project Management																											
Project Management	8,292	7,549	91%	-	-	-	1,260	1,019	81%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,552	8,568	90%
Sub total Project Management	8,292	7,549	91%	-	-	-	1,260	1,019	61%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,552	8,568	90%
Total	52,000	44,112	85%	1,086	1,086	100%	15,000	25,841	171%	70,380	-	-	4,440	-	-	1,040	-	-	3,900	5,362	112%	340	340	100%	148,186	76,741	52%
Funds on account		357						26																		383	
TOTAL	52,000	44,469	86%	1,086	1,086	100%	15,000	25,867	172%	70,380	-	-	4,440	-	-	1,040	-	-	3,900	5,362		340	340	100%	148,186	77,124	52%

Table 1C: IFAD loan disbursements (SDR, as at 31 August 2019)

Category	Original Allocation	Revised Allocation	Disbursement	%	Was in pipeline	Expenditures Not yet claimed	Subtotal	% disbursed after WA in pipeline
118389 Vehicles and equipments	4,400,000	1,270,000	1,862,398.20	146.65%	28,777.71	265,660.90	2,156,836.81	169.83%
118390 Materials	1,430,000	830,000	755,206.30	90.99%	31,187.59	-	786,393.89	94.75%
118391 Pontoon landing sites	820,000	810,000	748,885.96	92.46%	-	-	748,885.96	92.46%
118392 Other Civil works	1,310,000	1,040,000	1,402,946.09	134.90%	117,564.96	-	1,520,511.05	146.20%
118393 Smallholder oil palm development	8,030,000	9,560,000	10,125,442.01	105.91%	-	-	10,125,442.01	105.91%
118394 Oil seed Guarantee Fund	920,000	-	-	-	-	-	-	-
118395 Consultancies, Workshops and Train	2,070,000	3,360,000	2,744,503.76	81.68%	432,225.62	94,484.97	3,271,214.35	97.36%
118396 Extension services	6,200,000	8,080,000	4,836,456.58	59.86%	474,994.87	455,597.24	5,767,048.69	71.37%
118397 Salaries and allowances	3,270,000	3,510,000	3,601,720.85	102.61%	108,333.15	75,660.43	3,785,714.43	107.86%
118398 Operating costs	1,980,000	2,100,000	2,247,490.24	107.02%	77,976.68	47,942.35	2,373,409.28	113.02%
Unallocated	3,070,000	2,940,000	-	0.00%	-	-	-	0.00%
Total	33,500,000	33,500,000	28,325,049.99	84.55%	1,271,060.59	939,345.90	30,535,456.47	91.15%
<i>Initial Deposit</i>			<i>2,418,054.24</i>				<i>2,418,054.24</i>	
TOTAL		33,500,000	30,743,104.23	91.77%			32,953,510.71	98.37%

Figure 1: IFAD loan disbursement, comparisons between original and revised allocations and actual disbursement



Uganda

Vegetable Oil Development Project 2

Supervision Report

Appendix 2: Physical progress measured against AWP&B

Mission Dates: 16 September-11 October 2019
Document Date 20/12/2019
Project No. 1100001468
Report No. 5216-UG

East and Southern Africa Division
Programme Management Department

Appendix 2: Physical progress measured against AWP&B (FY 2018/19)

Component & objective			Period: FY 2018/19			Cumulative Actual	Appraisal Target	
	Indicator and Activity	Unit	AWP&B	Actual	%			%
Oil Palm Kalangala: to create and integrated oil palm industry to supply national and export markets in compliance with modern environmental standards and providing equitable returns to smallholder producers								
Operational Self-sustainability of KOPGT in 2018	KOPGT re-structuring agreement signed by 31 December 2017							
	- Service cost panel meetings	Meetings	4	4	100			
	- Oil palm pricing meeting	Meetings	12	12	42			
	- Finance and administration committee	Meetings	4	4	100			
	- KOPGT board meeting	Meetings	4	4	100			
	- KOPGA AGM	Meetings	4	4	100			
	- Conduct external audit	Report	1	1	100			
	- Increase number of visitors on web-site	Report Hits	1	1	100			
				N/A	N/A	N/A	N/A	N/A
Kalangala oil palm scheme completed and producing	4700 ha planted by smallholders in Kalangala by December 2017							
	Bugala		100	159	159	4,109	3,900	105
	Bunyama		193	132	68	339	400	85
	Bubembe		119	119	100%	400	400	100
	Total	Ha	657	453	50	4424	4700	94
	1800 smallholders served by KOPGT							
	- Provide extension services	Farmers	2000	2063	103	2063	1800	115
	- Provide fertilizer	Tonnes	6,000	5216.35	87%	N/A	N/A	
	- Receive seedlings from OPUL	Seedlings	75,000	75000	100%	100%	N/A	
	Fertiliser store constructed:							
	Bugala completion		1	1	1	1	1	100
	Bunyama construction		1	0	0	0	0	0
	Bubembe construction	stores	1	0	0	0	0	0
	Roads constructed in Kalangala:							
	Bugala Farm roads construct		140	175	125	375	310	121
	Bunyama design and construction		10	10	100	52	40	130
	Bubembe design and construction		40	67	168	67	40	167
	TOTAL		190	252	133	494	390	127
	Bugala maintenance	kms	80	78	98	N/A	N/A	N/A
		Additional milestones:						

	<ul style="list-style-type: none"> - Undertake soil analysis (KOPGT) - Procure boat - Design and Landing sites - Design ferries - Procure company for transport of equipment - Procure company to construct roads 	study Boats Report Report Company Company	1 1 3 2 1 1	1 0 Draft Draft 1 1	100 0 N/A N/A 100 100	N/A 1 N/A N/A N/A N/A	N/A N/A N/A N/A N/A N/A	
Component & objective	Indicator and Activity	Unit	AWP&B	Actual	%	Cumulative Actual	Appraisal Target	%
Oil Palm Buvuma: to create and integrated oil palm industry to supply national and export markets in compliance with modern environmental standards and providing equitable returns to smallholder producers								
<i>Buvuma oil palm scheme established</i>	2500 ha smallholder land planted by 2018 in Buvuma							
	- Establish nursery	Number	1	Order placed	N/A			N/A
	- Map 500 ha of land	Ha	500	0	0	N/A	1	0
	- Register farmers	Number	250	0	26	0	2500	0
	- Purchase 1,500 ha of land	Ha	1000	264.68		5378.68	1250	83
	1250 farmers served by BOPGT							
	- Start setting up trust	GM	1	0	0	0	1	0
	- Establish the Buvuma field office	Core staff	5	0	0	0	5	0
	Kms farm roads constructed / rehabilitated							
	- Demarcation of land	0	0	0	0	0		
Component & objective	Indicator and Activity	Unit	AWP&B	Actual	%	Cumulative Actual	Appraisal Target	%
Cross-cutting issues oil palm								
<i>New oil palm areas identified</i>	40,000 ha identified for oil palm plantations							
<i>Sustainable oil palm development</i>	Three island environmental monitoring plans for smallholder oil palm completed and being implemented							
	- Develop Environmental management plan	Trainings	10	10	100	N/A	N/A	N/A
	All oil palm activities (plantation, mill, refinery) are in compliance with NEMA regulations							
	- Complete mapping of the lakeshore in Kalangala	Map Ha	1	1	100	N/A	N/A	N/A
	- Undertake replacement planting							

<i>Research</i>	Research, pest and disease surveillance <ul style="list-style-type: none"> - Survey on pest and disease surveillance in Kalangala - Maintain trials - Establish trial in Buvuma 	Report Number Ha	1 9 10	1 9 0	100 100 0	N/A 9 0	N/A 9 10	100 100 0
Component & objective	Indicator and Activity	Unit	AWP&B	Actual	%	Cumulative Actual	Appraisal Target	%
Oil seeds: continued upscaling of Lira to a modern agro-industrial hub for oilseeds and the emergence of Eastern Uganda, Gulu and West Nile as hubs for oilseed production								
<i>Production of certified good quality seed and oil</i>	20MT each of foundation/breeder seed of hybrid parental lines of sunflower, ground nuts and soyabean produced annually by NARO <ul style="list-style-type: none"> - NaCRRRI produce soybean foundation seed - NaSARRI produce hybrid sunflower parental lines - NaSARRI produce sim-sim foundation seed - NaSARRI produce ground nuts foundation seed 	MT MT MT MT	20 20 20 100	36.5	183	149.5 6	160 160	93 13
Component & objective	Indicator and Activity	Unit	AWP&B	Actual	%	Cumulative Actual	Appraisal Target	%
Smallholders farming oilseeds as a business and operating in groups to sell increasing volumes of crushing material to millers								
<i>Farmer groups and extension</i>	90% of oilseed growers buying quality-controlled seed by 2017 <ul style="list-style-type: none"> - Consolidate seed demand w/OSSUP - Support farmer-to-farmer seed multiplication - Seed inspection of local seed business famer groups - Work with millers in each hub 	Farmers Reports Groups Visits Millers	40% 40 100 30	40 85 29	100 85 97	66 180 34	N/A N/A N/A	N/A N/A N/A
	10% annual increase in the hectares under oil seeds cultivation in each regional hub <ul style="list-style-type: none"> - Hectares under sunflower production - Hectares under soybean production - Recruit 5 additional service providers 	Ha Ha Ha PSPs	10% 45,000 45,000 0	75,623 78,688 0	168 175 0	75,623 78,688 11	69,500 69,500 11	109 113 100

	Average yield of 1.7 t/ha for sunflower and 1/1 t/ha for soybean <ul style="list-style-type: none"> - Sunflower yield per Ha - Soybean yield per Ha 	T/Ha T/Ha T/Ha	10% 1.7 1.1	 1.5 1.4	 88 127	 N/A N/A	 1.7 1.1	 88 127
	5900 farmer groups (30%w) receiving extension services from the project by 2018 <ul style="list-style-type: none"> - Support groups in West Nile - Support groups in Northern Uganda - Support groups in Lira - Support groups in Eastern Total - Distribute seed - Distribute fertilizer - Distribute agro-chemicals - Distribute row-markers - Distribute plot labels - Conduct exposure visits with NARO Farmer field days Eastern - Farmer field days Northern - Farmer field days Lira - Farmer field days West Nile 	 Groups Groups Groups Groups Total Tons Bags Litres Markers Labels Visits Days Days Days Days	 576 601 2,700 1,434 5,311	 576 601 2,700 1,434 5,311	 100 100 100 100 100	 576 601 2,700 1,434 5,311	 1,138 1,064 1,699 1,999 5,900	 51 56 159 72 90
Component & objective	Indicator and Activity	Unit	AWP&B	Actual	%	Cumulative Actual	Appraisal Target	%
Support activities								
<i>Farmer group institutional</i>	1000 farmer groups bulk selling by 2017 <ul style="list-style-type: none"> - Support 1000 farmer groups to bulk sell - Partner with UCA - Provide training material to farmers organisations - Map aggregation centres - Conduct situation analysis - Select HLFOs - Mentor and backstop HLFOs - Assess HLFOs - Backstop HLFOs 	 FGs Contract Material Centres Reports HLFOs HLFOs HLFOs HLFOs	 1000 1 45 45 45 45	 2,654 1 49 On-going 49 49	 265 100 108 N/A 108 108	 2,654 N/A 49 N/A 49 49	 1000 N/A 40 40 40	 265 N/A 108 109 109
<i>Millers</i>	90% of the medium/large-scale millers attain UNBS quality certification by 2018 <ul style="list-style-type: none"> - % Large Scale Mills certified by UNBS 	%	90%	??	??	??	N/A	N/A

	<ul style="list-style-type: none"> - % Medium Scale Mills Certified by UNBS - Trainings on vegetable oil standards 	% Number	90% 4	?? 1	?? 25	?? N/A		
<i>Credit activities</i>	Amount of credit facility disbursed to value chain actors by participating financial institutions <ul style="list-style-type: none"> - Amount of credit disbursed - Amount of credit repaid - Number of beneficiaries of the credit from FIs 	UGX ('000) UGX ('000) Number	100,000,000 100,000,000 200	55,260,000 13,626,089 148	86 55 13 74	2,569,396 3,363,854,000 0 1,525,566,612 3,959	3,000,000 3,000,000 3,000,000 4,170	86 112 51 95
	Number of groups with functional VSLAs	FOs	1000	1,646	164%	1,646	2,450	67
	Number of beneficiaries of the credit facility <ul style="list-style-type: none"> - Monitor field activities of FOs - Assess FO capacity to receive credit - Negotiation meetings with 2 insurance companies - Train farmer groups financial literacy - Link farmer groups to financial institutions 	FOs groups Groups Meetings FOs	170	158	93	158	N/A	N/A
<i>Cross-cutting</i>	<ul style="list-style-type: none"> - ToT on HH mentoring - Identify farmer associations - Mentor households - Mainstream HIV/AIDS - Ensure environmental sustainability - Promote good climate change practices 	Number FOs HHs					N/A	

Uganda

Vegetable Oil Development Project 2

Supervision Report

Appendix 3: Compliance with legal covenants: status of implementation

Mission Dates: 16 September-11 October 2019
Document Date 20/12/2019
Project No. 1100001468
Report No. 5216-UG

East and Southern Africa Division
Programme Management Department

Appendix 3: Compliance with legal covenants: status of implementation

Section	Covenant	Target / Action Due Date	Compliance Status/Date	Remarks
Section E.1	The Project Manager for the Project Management Unit (PMU) and the Financial Controller, both acceptable to the Fund, shall have been appointed;	Withdrawal condition	Complied, May 2012	
	MAAIF shall have constituted a Contracts Committee and shall have delegated authority to it to undertake procurement review and selection;	Withdrawal condition	Complied, April 2012	
	Draft guidelines for oilseeds and oil palm development and a Project operations and financial management manual shall have been submitted to the Fund.	Withdrawal condition	Complied, May 2012	
Schedule 1, II.A.2	A Project Steering Committee will be established, chaired by MAAIF and composed of NARO, MFPED, OPUL, representatives of large scale oilseeds millers, OSSUP, UNFFE and UOSPA, with the PMU as the Secretariat. The PSC will meet quarterly.		Complied, Sep 2012	
Schedule 1, II.B.2	Conclude a framework MoU with NARO for the research on oil palm and oilseeds as well as operational MoUs with monitorable outputs with NaCRRi, NaSARRI and COREC		Complied, Dec 2014	Research institution in charge of oil palm is NaCRRi, no longer COREC.
Schedule 1, II.B.2	Conclude MoUs with NCSC and UNBS		Complied, Dec 2014	MoU with NCSC not needed (intra-ministerial)
Schedule 1, II.B.3	Conclude MoU with NAADS		Not applicable	Not applicable. NAADS was restructured and mandate changed. FA being amended.
Schedule 1, II.B.4	IFAD will provide a grant to SNV for the continuation of OSSUP		Complied, Dec 2011	IFAD approved 5 year grant.
Schedule 1, II.C.3	KOPGT to become self-sustaining in operational costs by 30 December 2016	30-Dec-16	Not fully complied	
Schedule 1, II.C.5	GoU to up-grade ferry service between Buvuma and the mainland		Not yet due	Investment in Buvuma just commencing

Section	Covenant	Target / Action Due Date	Compliance Status/Date	Remarks
Schedule 1, II.C.6(a)	NaSARRI and NaCRRRI will produce foundation seeds and hybrid parent lines for sale to seed companies for multiplication (to be certified by NSCS).		Complied	
Schedule 3, par. 3	Ensure that repayment of loans by farmers to KOPGT are re-cycled to finance further loans for oil palmer growers in Kalangala and other districts of Uganda		Not yet due	Loan repayments are being remitted to the Ministry of Finance and will be accessed when needed
Schedule 3, par. 4	Changes in the conditions of loans to farmers to grow oil palm is subject to prior approval by IFAD		Complied	
Schedule 3, par. 5	Oil palm development techniques supported by KOPGT will be those used by OPUL and compliant with RSPO		Complied	
Schedule 3, par. 6	Establishment of island offices by KOPGT is subject to prior approval by IFAD		Complied	
Schedule 3, par. 7	Disbursement of any funding for oil palm smallholders development in Buvuma is subject to formal commitment from OPUL to develop the nucleus estate.		Complied	Loan covenant being modified: no disbursements of IFAD Loan funds for smallholders' development in Buvuma before formal commitment by OPUL to support oil palm development.
Schedule 3, par. 7	BOPGT to be registered	Within 6 months of OPUL's commitment to nucleus estate	Not yet due	Loan covenant being modified: BOPGT to be registered initial investment in oil palm.
Schedule 3, par. 8	No loan funds for smallholders to be disbursed to BOPGT until it has a computerised accounting system in place		Not yet due	
Schedule 3, par. 11	GoU to exempt the proceeds of the Loan from all taxes, to the fullest extent possible. Any taxes/duties paid, to be reimbursed.		Complied	

Uganda

Vegetable Oil Development Project 2

Supervision Report

Appendix 4: Technical background analysis

Mission Dates: 16 September-11 October 2019
Document Date 20/12/2019
Project No. 1100001468
Report No. 5216-UG

East and Southern Africa Division
Programme Management Department

Appendix 4: Technical background analysis

Vegetable Oil Development Project (VODP2)

Data needs towards undertaking an Economic and Financial (EFA) Analysis as part of the Project Completion Report (PCR)

The EFA at PCR will involve:

- At PCR, quantifying Financial and economic benefits being generated by VODP2 will involve using various crop models the project has supported times the number of beneficiaries reached. It is emphasized that even at PCR, EFA analysis is still a projection/ estimation for many years to come (20 years including the project implementation period).
- Five Crop models should be fully developed to be able to complete the EFA at PCR. It is emphasized that PCR is an accountability statement. The following enterprise models should be completed with due care and skill to reflect what actually VODP2 is achieving.
 - Oil palm
 - Oil seeds:
 - Sunflower
 - Soya beans
 - Sesame
 - Groundnuts

Templates for crop models

- According to IFAD guidelines, each **financial model** should look at additional benefits by modelling both the *without project* situation and the *with project* situation, the additional benefits consisting in the difference between the *without project* benefits and the *with project* benefits. All models should show *without project* situation, even if this involves using proxies to estimate the opportunity cost (alternative foregone for without project situation).

Table 1: Suggested Indicative table for data collection for oil palm model (use UGX 000):

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15+
Investment Costs																
Land preparation																
Seedlings																
Fertiliser																
Crop maintenance																
Total Investment Costs		0	0	0	0	0										
Operating Costs																
Crop maintenance																
Harvesting costs																
Total Operating Costs		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Income																
Yield/ha ffb	t															
Extraction rate	%															
Tonnes CPO/ha	t															
Price of CPO landed Mombasa	US\$/t															
+ Transport cost (24%)																
Price of CPO landed Jinja																
Factor in price formula																
Farmer price of CPO	US\$/t															
Less transport of CPO to Jinja	US\$/t															
Net farmer price of CPO	US\$/t															
Farmer price of ffb	US\$/t															
Total Income/ha		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Flow Before Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative Net Cash Flow		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial IRR		0														
Financing																
Opening Loan Balance		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Advances to Grower		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Accrued	10 %															
Loan Repayments	33 %	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing Loan Balance		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Flow After Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

- For all oil seed crop models, that is, sunflower, soya beans, sesame, groundnuts, the following template should be used even though some of these crops could have been dropped at MTR.

Table 2: Suggested Indicative table for data collection for oil seed crops (use UGX 000):

VODP2 (PCR Financial and Economic Analysis)													
Model 2: Sun flower (please prepare same format for sunflower, soya beans, Sesame, Groundnuts)													
Financial analysis													
YIELDS AND INPUTS													
ITEMS	UNIT	PRICE	WITHOUT PROJECT	1	2	3	4	5	6	7	8	9	10
Main production													
Yields	kg												
Investment inputs (CAPEX)													
XXX													
XXX	kg	0.00	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
XXX	kg	0.00	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
XXX													
XXX	kg	0.00	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
XXX	kg	0.00	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
XXX	kg	0.00	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating inputs													
XXX	no.	0.00	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
XXX	ls	0.00	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
XXX	ls	0.00	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
XXX	kg	0.00	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
XXX	ls	0.00	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
XXX	ls	0.00	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Labour													
Land preparation	pers. day	0	0	0	0	0	0	0	0	0	0	0	0
Planting	pers. day	0	0	0	0	0	0	0	0	0	0	0	0
xxx	pers. day	0	0	0	0	0	0	0	0	0	0	0	0
xxx	pers. day	0	0	0	0	0	0	0	0	0	0	0	0
xxx	pers. day	0	0	0	0	0	0	0	0	0	0	0	0
xxx	pers. day	0	0	0	0	0	0	0	0	0	0	0	0
Sub-total labour			0	0	0	0	0	0	0	0	0	0	0
Skilled (paid) labour (S)	pers. day	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Family labour (F)	pers. day	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Beneficiaries reached

- Number of household beneficiaries both under oil palm and oil seeds:** A clear tabulation of the number of beneficiaries will be needed year by year and crop by crop. Data on adoption rates will be needed. For instance, for Oil palm the following minimum tabulation will be needed.

Table 3: Example on how to quantify the number of beneficiaries reached

			VODP1							VODP2							
Smallholder and Outgrower Plantings			2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Bugala		ha planted															
		Cum ha															
Outer Islands		ha planted															
		Cum ha															
Total Plantings		ha planted															
		Cum ha															

VODP2 actual costs used in achieving the outputs

- The project has to collate the cost that have been incurred on a year by year basis to achieve the outputs. These costs should be in Uganda Shillings but must be vouchable to IFAD records and audited financial statements.

Other details such as choice of discount rates

- Other details such as choice of discount rates both for financial and economic analysis will need to be defended in terms of the opportunity cost. For financial analysis the alternative is what the beneficiaries would have earned say on local SACCO saving deposits. For EFA the rate of return on long term government bonds/ securities should be compiled.

CASE OF MRS JANET ISIKO-JINJA DISTRICT -0759873703

Mrs Janet Isiko is a resident of Kamira village, Butagaya Sub County, Jinja District. She's is twenty seven years, studied up to primary six, and is married to Mr. Elisa Isiko and they are blessed with 6 children. Janet has been a member of Butagaya Soybean Agribusiness Group for 3 years from which she has witnessed a great transformation in her life. Before she joined the Group, Janet was a Groundnut farmer and owned half an acre of sugarcane garden. In 2016 she was convinced by a neighbour to join the farmer's group and in their first training meeting, she was selected to host a demonstration plot for soybean seed multiplication. Janet says *'this was the turning point in my life. It was the beginning of a new life, beginning of learning new skills, beginning of earning more money in my life'*. Janet attended all demonstration trainings at the plot, took care of the demonstration plot and attended to all follow up visits by extension workers and visitors. That very year in Season B, Janet cultivated 1 acre of soy seed after learning how to care for soy seed garden. She harvested 3 bags and earned UGX 540,000 (five hundred forty thousand)

compared to UGX 120,000 (one hundred twenty thousand) she often earned from the same acre of G.nuts. Janet topped up with her earlier savings and bought an in-calf cow at UGX 1,100,000 (one million, one hundred thousand). The cow now has a calf, she gets 3 litres of milk every day and her family has milk in their diet daily which was not the case before. In 2017, Janet cut down her half-acre of sugarcane and planted 1.5 acres of soybean and in 2018 she also rented more land and all together has been cultivating 2 acres of soybean. She says *'from my earnings from the sale of soybean, I have been able to construct a permanent house, made of bricks and iron sheets for my parents, I bought a phone for myself and I can now afford latest clothing for myself and children. This has reduced pressure on my husband as now he concentrates on paying school fees for the children and providing other essentials for the family. Production of the soy seed has opened for me many opportunities, I was the best farmer in the last season and I was selected to travel to Kabanyoro Agriculture Research institute to learn more about growing of soyseed. How would I have reached there in Kampala'?* '.

Janet has also diversified her sources of income, she is engaged in poultry (local chicken) at home, she is opening up a small banana garden around her house and she is also involved in savings at the group level. Janet has often borrowed from the group to pay labourers especially during first ploughing of land for soy seed growing. Her involvement in soy seed growing has increased her incomes, made her known in the village as the best farmer, enriched her skills in growing soy seed and enabled her to do something good for her parents'. She is hopeful that as incomes continue to increase she will invest in buying more land to grow soy seed and grain, she will slowly convince her husband to start growing soybean instead of depending on sugarcane and she will also support her husband to pay school fees for her children in good schools.

Mrs Janet Isiko during Interviews



CASE OF MRS JENNIFER NAMUMBYA –NAMUTUMBA DISTRICT, -0757896474

Mrs Jennifer Namubya of Akanabala cooperative society is a female farmer married to Mr Patrick Mwanja. She also works as a Community Based Facilitator (CBF) in VODP2 and she was facilitated with a bicycle to mobilise farmers into groups and encourage them to join the cooperative for collective marketing. She also mobilises farmers for extension skills training. Mrs Jennifer Joined Akanabala farmers group in 2016 and started growing soybean in 2017 and later started adding value to soybean by making Bagiya and selling soybean flour. Jennifer and her family has been transformed into a model home, where people seek to learn from. She says 'I started by planting 2acres from which I harvested 450kgs of soybean in season A of 2017. I sold and remained with 2bags of soybean. From the sales I bought chicken at home, when I sold chicken I bought goats and after sometime I sold the goats and bought a cow with a calve. The cow gives me milk throughout the year and it has already delivered the second time. The two bags I retained, I started making Bagiya and hawking the Bagiya around schools and trading centres. The first week I earned 80,000/= (eighty thousand from Bagiya). My children also joined and started taking to their schools to market. From the sales of Bagiya, I bought pigs at 180,000/= (one hundred and eighty thousand) and the pig delivered 10piglets. I sold each piglet at 50,000/= (fifty thousand) each. My husband who had resisted joining farmers groups also joined the group in 2018 after seeing the benefit of soybean. From the sales of soybean and Bagiya since 2017, I bought a plot in town and built a two roomed commercial house. One room is being rented at 650,000/ (six hundred and fifty thousand) per year. And one other room we would like to open a retail shop. When my husband also started growing soybean our income increased and we afforded to take our children to better schools. Now we pay 880,000/=for our two children at Victoria Junior school per term. Our son is in a boarding school at Good Heart Secondary School in Jinja where he got half bursary and we pay 220,000/= (two hundred and twenty thousand) per term. My children are involved in making Bagiya during holidays and from the proceeds I bought goats for them and they also make pocket money for themselves during holidays. In addition Children also pack roasted soybean, soy flour and Bagiya for school. We also make Soymilk from soybean and children like soymilk for breakfast. We also mix the flour in porridge and also use it to make source/soup. From the VODP2 project we have learnt to protect the environment and our home environment is now cooler surrounded with trees compared to days before we joined the project. We have also learnt to maintain Kitchen Gardens of vegetables and this has improved our diet. Growing of Soybean has helped our family to get peace and work together as husband and wife. We now plan together, we plan when and how much to sale. We plan how much harvest should be left for home consumption. We now understand each other more than before. We use to fear hiring land for agriculture but now we do because we know we shall profit from it. We are not better, people have started to learn and copy from us. We now have money to save in groups per Saturday and Sunday per week. I save 30,000/= (thirty thousand) per week. We hope to open up a retail shop in the treading centre and also buy animal traction'.

Pontian (Mission leader), Patrick and Jennifer during interviews



Soybean has transformed Mrs Jennifer Namubya's household, she learnt value addition skills, she owns more assets than before and she is empowered economically. She is involved in community leadership and envisions a better future.

Uganda

Vegetable Oil Development Project 2

Supervision Report

Appendix 5: Mission preparation and planning, TORs, schedules, people met

Mission Dates: 16 September-11 October 2019
Document Date 20/12/2019
Project No. 1100001468
Report No. 5216-UG

East and Southern Africa Division
Programme Management Department

Appendix 5: Mission preparation and planning, TORs, schedules, people met

TERMS OF REFERENCE FOR VEGETABLE OIL DEVELOPMENT PROJECT - PHASE II (VODP2) - SUPERVISION AND PRE-COMPLETION MISSION

BACKGROUND:

1. The second phase of the Vegetable Oil Development Project (VODPII) entered into force in October 2010. It is being implemented by the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) over a period of 8 years, with project completion date set on 31 December 2019 (the oil palm component completed in December 2018). The total cost of the project is USD 147.2 million, financed with an IFAD loan of USD 52 million and an IFAD grant of USD 1 million to SNV to support the Uganda Oilseeds Subsector Platform (OSSUP). The OSSUP Grant was completed on 31 December 2016. The project development objective is to increase the domestic production of vegetable oil and its by-products, thus raising rural incomes for smallholder producers and ensuring the supply of affordable vegetable oil products to Ugandan consumers and neighbouring regional markets.
2. The last joint Supervision Mission (Q1 and Q2 of 2018) concluded that an extension of the oil seeds component was needed to consolidate some of the progress in the component and also bridge the gap to the future NOSP (currently under design). It was also agreed that some of the works under oil palm component will be shifted over to the new investment, National Oil Palm Project (NOPP) financing once it has entered into force. The extension for the oil seeds component was approved by IFAD in July 2018.
3. The project completion date is 31 December 2019 and closing date is 30 June 2020.

MISSION OBJECTIVES AND OUTPUTS:

4. The main task of the supervision and pre-completion mission is to assess the progress from the last supervision mission and the preparedness of the PMU and the Government for the timely completion of planned project activities and also to provide support and guidance for the preparation of Project Completion Review Report by 28 February 2020 following the outline presented in IFAD's Project Completion Review Guidelines (2018). While assessing the preparedness, the mission will be focussing on the adequacy of the data and information required for the analysis of four pillars, namely: i) relevance; ii) effectiveness; iii) efficiency; and iv) sustainability and jointly work with the PMU for the development of tools and techniques to collect additional primary and secondary data as required.
5. In addition, the mission will also analyse the efficiency/results of the financial lending support (under Oil Palm), particularly from economic and financial perspective, and will identify the areas of influences in the policy front in terms of smallholder commercialization. The specific objectives, therefore, are: (i) to review the plan of the PMU in timely completion of the PCR processes; (ii) to identify the areas of improvements, and support the government through the PMU for timely completion of PCR processes; (iii) for timely completion of and resolve any bottlenecks or emerging issues while implementing activities on the ground; (iv) to assess the level of adequacy of the data and information available for the preparation of PCR report and develop tools and techniques for additional data collection as required; and (v) to identify the areas of policy influences from smallholder commercialization perspective.
6. Towards the end of the field work, a pre-wrap up workshop shall be held with the Programme Management to discuss the findings, conclusions and recommendation of the Mission based on the working sessions. Additionally clarity will be provided to the PMU on the activities to be completed for the final completion mission.
7. A final wrap up meeting with Government will be organized prior to mission conclusion.
8. The Mission will be joined by the representatives of relevant government ministries such as Finance, Agriculture, Animal Industries and Fisheries etc. as appropriate. The Government team will provide inputs to the mission and will contribute to the Mission outputs.

9. At the completion of the mission, the ML will submit a full report in accordance with IFAD's procedures and templates (ORMS). This will include: (i) Aide memoire and the Supervision/Pre-Completion Mission Report; (ii) all appendices are required in ORMS; (iii) Working papers/technical notes from team members, as appropriate; and (iv) a draft management letter.

INDIVIDUAL RESPONSIBILITIES, EXPECTED OUTPUTS AND REQUIRED COMPLETION DATES

Mr. Shreekantha Shetty, Mission Leader, Programme Management Specialist, Institutions and Rural Finance (15 days + 2 days writing (Kampala 10; field 5))

10. The Mission Leader (ML) will be responsible for leading the mission and ensuring that the terms of reference are fully met in a professional, efficient, effective and timely manner. To this end, the ML will coordinate, manage and review the work of the team. The ML will also have responsibility for supervising the outputs of each mission member and for ensuring the overall consistency and quality of all of the mission's written contributions. Specific responsibilities, among others, include:

- a. Assess the overall performance of the Project implementation progress and make an evaluation of realized implementation as compared to the expected results and objectives specifically on the quality of Project management and efficiency of the implementing agencies/partners;
- b. Assess implementation progress in relation to current year's annual programme and budget (AWPB) and status of the ongoing activities considering the time required for timely completion of the activities by the Completion Date; suggest measures for timely completion of activities considering implementing partner's performance and role, if any;
- c. Review the status of project completion/endline surveys and provide feedback as appropriate;
- d. Lead the working sessions while at PMU to train/orient the staff members on the next steps to be implemented for the timely completion of activities and PCR processes including the settlement of finances;
- e. Jointly work with the CPO to assess the efficiency of the financial services, in oilseeds and oil palm, in terms of economic and financial benefits to the targeted communities and to identify the areas of policy implications emanating from the implementation of project activities to various levels of governments;
- f. Highlight key actions or activities of the period and point out good practices and issues or problems and outline their reasons or causes;
- g. Highlight the key findings or observations and make practical recommendations for further follow-ups; and
- h. Any other tasks as agreed with the Country Director (CD).

11. The ML will be directly responsible for preparing the aide memoire, the complete pre-completion report (in the template required by IFAD, in ORMS) and the draft management letter in collaboration with other team members. The entire package will be delivered to IFAD on 2 October 2019. The ML will arrive on 15 September 2019 and will depart on 2 October 2019 after submission of all his contributions to the CD.

Mr. Davis Atugonza, Financial Management Specialist and EFA Specialist (FMD – 10 days (4 days field); ESA – 2 days)

12. The Financial Management Specialist (FMS) shall have appropriate "financial assurance" experience, and work undertaken should be in compliance with the IFAD Financial Management Assessment Guidance Note (December 2011). FMS will review the financial management aspects and provide practical support and guidance to the Project in following up on recommendations from the Supervision and subsequent implementation support missions in 2018. The Specialist will identify potential problems and/or risks and make concrete suggestions to facilitate future implementation of the programme. In addition to regular supervisory functions, the FMS will guide the PMU to prepare/consolidate required tables and information sheets for the assessment of project's efficiency – cost and financing and partner's performance (from financing angle) focussing on the PCR appendices of actual project cost by financiers (appendix 7).

Specific tasks and responsibilities will include;

- a. Using the IFAD FM Guidance Questionnaire as the basis to collect the relevant information re-assess the strengths and weaknesses of financial management systems, internal controls and financial reporting systems relating to financial management and financial administration of programme funds in order to ensure that they satisfy IFAD's fiduciary requirements;
- b. Do desk review of latest External Audit Report (including specifically the Management letter) to ascertain whether any issues raised by the auditor identify potential fiduciary risks - where relevant follow up on issues arising by meeting on-site with Office of the Auditor-General (OAG);
- c. Meet OAG to discuss issues raised in latest Audit Report (if relevant); and agree on timeliness for completion of final audit for the project.
- d. Review the most recent trimester programme progress report;
- e. Review programme disbursement and flow of funds from IFAD. Identify any issues in disbursement and fund flow and timely availability of adequate counterpart funds;
- f. Examine utilization and status of the Special Account and Programme Accounts. Summarize financial progress by expenditure categories and by component in line with the required Aide Memoire formats. Provide support to the appropriate programme staff as required;
- g. Review programme expenditure relative to plans in the AWPB and assist the PMU to produce a statement showing component and item-wise expenditure by financial year to date;
- h. Review the expenditure process from the District offices by visiting at least two programme districts in terms of quality, completeness, timeliness and compliance;
- i. Follow-up issues raised in audit reports. Assist the programme in preparing an audit log to manage and follow up on audit observations;
- j. Review compliance on the repayment of taxes;
- k. Assess the Programme 's Financial Performance;
- l. Reporting: Prepare a technical note on the above areas and a relevant section for the Aide Memoire by the date agreed with the ML;

The report should cover specifically:

- Input to Main body of the aide-memoire: - Section E. Fiduciary Aspects covering : (a) financial management; (b) disbursement; (c) counterpart funds; (d) loan covenants; (e) procurement; (f) external Audit; and the summary Risk Analysis table specifying, as relevant, the agreed actions, responsibilities and dates in respect of fiduciary mitigation actions;
- The Programme Status Report (aide-memoire appendix 1): covering: (a) Disbursement rates of domestic and co-financing funding sources (Section A. Basic Facts); (b) ratings for section B.1 (Fiduciary Aspects) indicators; (c) description of fiduciary risks and their impact on programme performance under section C.5; (d) follow up action on fiduciary aspects under section D;
- Appendix 3 (Financial: Actual financial performance by Financier; Disbursements by Category and by component): Tables 3A, 3B and 3C as well as Appendixes 5, 5A and 5B;
- Appendix 4 (Compliance with Loan Covenants: Status of implementation): Assessment of loan covenants in relation to fiduciary aspects.

(b) Any other tasks as agreed with the ML and the CD.

13. The FMS will join the mission for 10 days with all contributions as agreed with the ML, no later than 26 September 2019. The FMS will remain available for any other tasks as assigned during the mission.

Economic and Financial Analysis Specialist (EFS)

14. The EFS (Economic and Financial Specialist) will assume overall responsibility for guiding the project to ensure that data and information required for assessing the project's performance on economic and financial analysis, and the overall costs and benefits is prepared for the PCR processes. This will be conducted in line with IFAD practices for economic and financial analysis (EFA) and best practices. In particular, the EFS will:

(a) Examine the adequacy of data and information available required to analyse the performance from economic and financial perspective, including conduct of the ex-post EFA and estimation of the project's Economic Rate of Return (ERR), showing actual costs by component/sub-component and an updated

estimation of projected benefits, reflecting changes made during implementation, actual coverage and any changes in economic prices and market conditions;

(b) Develop tools and techniques to collect missing data and information, if any, through mini-surveys and other means for the impact analysis on the NPV/ROR, efficiency on the use of resources along with the sensitivity analysis of performance indicators and train/orient the staff members as appropriate;

(d) Finalize the template, together with PMU, to collect data and information from the secondary sources for the economic and financial assessment and agree on a timeline for such collection;

(e) Contribute to the relevant sections of the aide memoire;

(f) Any other tasks as agreed with the ML or the CD.

15. **Deliverables:** The specialist will prepare and agree with the project staff members on the type of data and information required for the PCR processes and orient/train them on the same. Information extracted through these documents will be fed into the relevant sections of the Project Completion Report to be prepared at a later stage.

Ms Stella Okot – Finance Analyst (4 days field)

(a) Examine utilization and status of the Special Account and Programme Accounts. Summarize financial progress by expenditure categories and by component in line with the required Aide Memoire formats. Provide support to the appropriate programme staff as required

(b) Review programme expenditure relative to plans in the AWPB and assist the PMU to produce a statement showing component and item-wise expenditure by financial year to date;

(c) Review the loans to farmers, recovery, interest and the ability of the new system to capture the same;

(d) Review the system for Statement of Expenditures (SOE), including the utilisation of funds and spot checking of the documentation of expenditures claimed under SOE, and compliance with financial covenants. Provide support and guidance to the programme as required;

(e) Together with the FMD consultant, review the expenditure process from the District offices by visiting at least two programme districts in terms of quality, completeness, timeliness and compliance;

(f) Together with the FMD Consultant, meet OAG to discuss issues raised in the latest Audit Report (if relevant); and agree on timeliness for completion of final audit for the project

(g) Assess the project's financial and physical performance against the annual work programme and budget;

(h) Reporting: provide relevant inputs to the Aide Memoire by the date agreed with the ML.

Mr Mohamed Abdel Latif – Procurement Specialist¹ (14 days (4 days in the field; 10 days Kampala))

16. You will work with the mission team, specifically the ML to assess performance in carrying out procurement. This will be rated in terms of the efficiency and transparency with which it is managed, and its effect on implementation will be indicated. The rating will take into account compliance with the procurement plan and also clearly identify variances in compliance of the Procurement Plan on (i) Classification and grouping of the procurement of goods, works, materials, consulting services and services; (ii) the proposed method of procurement as clearly established in the Legal Agreement or Letter to the Borrower/Recipient; (iii) the adherence to the IFAD's prior review requirement. Specific tasks include:

(a) Review the procurement plan for efficiency and effectiveness.

¹ Will conduct the procurement review between September 8-21 2019

- (b) Review the procurement procedures, documentation, correspondences, contracts and records management of procurement which establishes evidence in support of decisions and actions taken, and provide an audit trail for verification of transparency, accountability and effectiveness
- (c) Validate and review the management of contracts and disbursements against the contracts (specifically the PSPs) and highlight any deficiencies in the contract management system of the Project. The quality of the documentation and number and severity of substantiated complaints (if any) should be considered.
- (d) Review the contract register and the contract monitoring forms. Coherence with the procurement plan, within the AWPB is to be specially noted.
- (e) With the Financial Management Specialist, review the progress of procurement; based on comparisons of the records of IFAD and the project, verify the terms of the contracts awarded and the commitments and disbursements made; and obtain copies of approved contracts not yet submitted to IFAD.
- (f) Draft a brief report summarizing findings, and discuss with the Project Procurement Officer, who will provide input as relevant before sending to ML and CD to enable completion of the procurement sections of the Mission Aide Memoire.
- (g) Any other tasks related to the mission as agreed with the ML and CD.

Ms. Rose Namara, M&E, KM Specialist, Gender and Targeting (5 days field; 17 days total)

17. The Monitoring & Evaluation Specialist (M&E) works in guidance of the Team Leader closely with the other members of the team and the PMU staff responsible for M&E and MIS. Specific responsibilities include:

- (a) Review the M&E and MIS system to assess the level of adequacy of data and information contained considering the requirements for the PCR processes; identify gaps and suggest measures to mitigate the gaps to ensure that required data and information is available for PCR preparation;
- (b) Ensure consistency of data and information recorded in the project database with Farmers' Diary maintained by each member of the Production Organization (PO); carry out a few sample test during the field visit to ensure the level of accuracy;
- (c) Provide guidance for RIMS Endline survey to ensure that required data and information is collected to report to the key logframe indicators;
- (d) Guide the project in consolidating the data and information required to assess the project's effectiveness on: i) project target and output delivery: ii) project outcomes and impact: and iii) targeting and outreach;
- (e) Advise the PMU in preparation of appendices for the PCR focussing on: i) PCR rating matrix (appendix 3); ii) project's logical framework (appendix 4); iii) physical progress table (appendix 8); and iv) RIMS data (appendix 9)
- (a) Examine targeting strategies of the project and assess how far the project has reached women and the very poor groups;
- (b) Identify gaps and shortcomings of the current strategy and workplan, including the lessons learnt as these will contribute to the PCR in 2020;
- (c) Review the Gender Strategy of the project with recommended improvement that could also be adopted by the new projects NOPP and NOSP;
- (d) Make recommendations on collection of disaggregated data, M&E indicators, budget allocation and constraints in relation to targeting as preparatory to the PCR; in particular identify the outcome indicators for gender and targeting that could be monitored by the project (with harmonization of the project logframe);
- (e) Review the adequacy of data and information for the supervision as well as that required during the PCR processes focussing on institutional, targeting, and gender and social inclusion perspective; jointly develop tools and techniques for timely mitigation of gaps, if any;
- (f) Contribute to improve project exit strategy and examine sustainability issues regarding women groups or women farmers groups (in consultation with the ML).
- (g) As part of the mission, document 2-3 case studies/ success stories of women farmers / women groups / women entrepreneurs, showing project impacts on the income/ livelihoods of these women farmers or overall positive outcomes of the project interventions. This documented case study will be finalized and included as part of the PCR;

- (h) Contribute to mission aide memoire, etc. in consultation with the mission leader and provide a working paper on targeting, gender and knowledge management.
(f) Any other tasks as requested by the ML or the CD.

Mr. Pontian Muhwezi, Country Programme Officer (CPO) (5 days field)

18. Within the objectives of the mission, he will assist the team leader in reviewing the overall project implementation progress, under the Oil Seeds Component. In particular, he will:

- (a) Ensure all logistics for the mission are organised including meetings with government and PMU;
- (b) Support the mission team and the PMU to finalize the mission's field visit plan and the working sessions with PMU;
- (c) Conduct a review of the work done by the PSPs, including in the deliverables against their contracts;
- (d) Assess and define the progress made in linking farmer groups to financial service providers.
- (e) Assess and detail the progress made in increasing the access to improved seeds of relevant crops for farmers in the project area, and the contributions of the related agencies;
- (f) Contribute to the requirements, from the PMU for the completion mission to be held in February/March 2020, including the timelines for the same;
- (g) Contribute to the final Aide Memoire in relation to the above areas, following the IFAD document template and formatting.

Ms Lakshmi Moola, CD (2 days field)

19. She will have cross-cutting tasks:

- Provide overall oversight and guidance to the mission and ensure compliance of all mission reports as per IFAD formats and requirements.
- Lead the discussions in the wrap-up meeting representing IFAD.

ORIGINAL PROPOSED SCHEDULE:

VODP2 SUPERVISION		
Days	Date	
1	15-Sep Sunday	Team Arrival
2	16-Sep Monday	MAAIF Meeting and Departure to Field
3	17-Sep Tuesday	Field visit
4	18-Sep Wednesday	Field visit
5	19-Sep Thursday	Field visit
6	20-Sep Friday	field visit
7	21-Sep Saturday	field visit
8	22-Sep Sunday	field visit
9	23-Sep Monday	field visit
10	24-Sep Tuesday	field visit
11	25-Sep Wednesday	team discussion of AM
12	26-Sep Thursday	AM finalization by TL and CPM
13	27-Sep Friday	AM handover to project and wrap up with project team
14	28-Sep Saturday	Report writing and departure of team
15	29-Sep Sunday	Report writing
16	30-Sep Monday	Report writing
17	01-Oct Tuesday	Report submission and departure of mission leader
18	02-Oct Wednesday	Report writing and wrap up meeting

Notes:

- The Team Leader (Mr. Shreekantha Shetty), was unable to make it for the mission, hence Pontian Muhwezi (CPO) led the mission.

- Whereas, the mission started on 16 September 2019, there was a break after the first week, and some members of the team joined the NOPP mission (field visits for Oil Palm were combined with the NOPP mission).

VODP2 SUPERVISION MISSION FINAL SCHEDULE (SEPT/ OCT 2019)

DAY	Time	Activities
Sunday 15 September 2019)		Team Arrival to Kampala and checking into Hotel in Kampala
Monday 16 September 2019	8:30am -09:30pm	Courtesy call on Ministry of Finance, Planning and Economic Development
	10:00am- 03:30pm (With Tea and Lunch Breaks	Meeting with PMU - Confirm the programme and presentation/ discussion of progress reports
	04:00 pm	Travel to Jinja
Tuesday 17 September 2019	9:00am -12:00pm	Travel to Butagaya sub county Jinja District Meeting members of Butagaya Soy Agri Association
Wednesday 18 September 2019	9:30 a.m. - 12:00 noon	Meet members of Butwale Soybean Production FG Meet Yagalagira Farmers' Cooperative Society (an RPO engaged in Local Seed Business)
	02:00 p.m. - 05:00 p.m.	Meet members of Bukabooli Area Co-operative Enterprise Meet Kigandalo <u>Women's Association</u>
Thursday 19 th September 2019	9:30a.m-12:30 pm	Meet members of Byayuya Oilseeds Co-operative Society. Visit one model soy bean adoption farmer
	02.00pm-05.30pm	Meet members of Akanabaala Area Co-operative Enterprise (A.C.E)
Friday 20 th September 2019	9:00 - 10:00 a.m.	Courtesy call on Jinja DLG
	10:30 a.m.	Travel back to Kampala
6 – 7 October 2019		Field visits on Oil Palm in Kalangala – to Islands Block and KOPGT (combined with NOPP Mission)

14- 18 October 2019		Report writing (after NOPP mission conclusion)
25 October 2019	10:00 a.m. – 01:30 p.m.	De-briefing meeting with MAAIF and PMU

Finance Management and EFA Team Schedule

Day	Activity
17 – 20 Sept 2019	Work with the PMU Finance Team in Kampala
Tues 24 Sept 2019: 7:00 a.m.	Travel to Kalangala (via Bukakata)
Afternoon of 24 th – 26 th Sept 2019	Work with KOPGT in Kalangala
27 Sept 2019	Travel back to Kampala

List of people met

NAME	POSITION
PMU	
Connie Masaba	Project Manager, VODP2 & NOPP
Kabuye Kyofa	Oil Palm Coordinator, VODP2
James Opiio	Oil Seeds Coordinator, VODP2
Susan Lakwonyero	Credit Officer, VODP2
Amuza Waigo	Procurement Assistant, VODP2
Benjamin Higenyi	Project Engineer, VODP2
Moses Tukei	Hub Coordinator - Gulu, VODP2
Emmanuel Ogwang	Hub Coordinator - West Nile, VODP2
Ssekimpi Hudson	Accountant, VODP2
Anthony Nkwasiwe	Operations Manager, NOPP
Stephanie Namukasa	M&E Assistant, NOPP
Fred Kasango	Hub Coordinator - Lira, VODP2
Robert Charles Anguma	Environment Officer, NOPP
Roger Mulinde	M&E Officer, VODP2
Maraka Benyana	Engineering Assistant, NOPP
John Higenyi	Project Engineer, VODP2
Sembatya Charles	Oil Palm Agronomist, NOPP
Jackson Bwire	Financial Controller, VODP2
Medi Lutaaya	Procurement Specialist, NOPP
Kokas Okanya	Procurement Officer, VODP2
MAAIF	
Richard Kabureta	For Commissioner, Planning
MFPED	
Maris Wanyera	Acting Director, Debt and Cash Management
Denis Mugaga	Economist
KOPGT	
David Balironda	Manager
Sulwe Fredrick	Financial and Administration Manager
Turyahikayo Frank	Senior Field Officer
Katusabe Olive	
Tamale Franko	Stores/KOPGT
Lukwago Gerald	Harvesting Officer /KOPGT
Amos Arimo	Field Officer/KOPGT
Enid Twongyeirwe	Field Officer/KOPGT
Mulindwa Boaz	Field Officer/KOPGT
Kiggundu Joel	Accountant/ KOPGT
Gerald Lukwago	Harvesting Officer
Moses Bagonza	Credit Assistant
Franco Tamale	Stores Assistant
Kalangala District LG	
Saawo Harriet	<u>DNRO</u>
Bafirwala Maurice	District Environment Officer
NEMA	
Nakafeero Justine	<u>Environment Assessment Officer</u>
NARO	
Asiimwe Alex	<u>Research Officer</u>
Ddamulira Gabriel	<u>Senior Research Officer</u>

Butagaya Soybean Agribusiness Association, Jinja District

Yolagira Farmers' Cooperative Society, Kamuli District

Bukaboli Area Cooperative Enterprise, Mayuge District

Kigandalo Women's Association, Mayuge District

Bwayuya Oil Seeds Cooperative Society, Namutumba District

Akanabala Area Coopertaive Society, Namutumba District

Kikunu Oil Seeds Farmers, Mayuge District

Send a Cow VODP2 Implementation Team

Sasakawa Global 2000 VODP Implementation

Uganda

Vegetable Oil Development Project 2 Supervision Report

Appendix 6: Procurement

Mission Dates: 16 September-11 October 2019
Document Date 20/12/2019
Project No. 1100001468
Report No. 5216-UG

East and Southern Africa Division
Programme Management Department

Appendix 6 Procurement Report

A review was done to the Procurement Management Procedures and Procurement Progress under VODP2. The review covered the (i) Procurement Planning; (ii) Standard Bidding Document; (iii) Bidding Process; (iv) Contract Management and Administration; (v) Contract Register; and (vi) The procurement filing system.

Procurement Rating: VODP2 Procurement is rated as 3 Moderately Unsatisfactory. This rating is mainly due to the following: a) the delay in completing the procurement process for most of the transactions enrolled in the Procurement plan for more than one year; b) the need to ensure that Procurement processes are in compliance with IFAD Procurement Guidelines and National Regulations in what relates to i) compliance with IFAD prior review requirements; ii) the preparation of bidding documents (including the post qualification criteria were found inadequate or improperly applied during the evaluation process); iii) the preparation of the procurement plan; iv) filing system and v) the contract administration.

Procurement processes continues to follow the same approach, envisioned at Project design where the PMU is responsible for implementing all Project-related procurement including International Competitive Bidding (ICB), National Competitive Bidding (NCB) procurement and selection of consultants as well as National Shopping.

I. Procurement Planning Process:

The Mission noted the following areas for improvement:

- Descriptions in many cases are ambiguous and is not sufficient to be clearly identifiable as an individual procurement activity.
- Unrealistic and inappropriate implementation schedule
- Non-compliance with IFAD prior review threshold. several procurement transactions with cost estimate above IFAD prior review threshold were enrolled as post review transactions.
- Several transactions were implemented while they were not part of the approved Procurement Plan.
- Improper selection methods and contract types for consulting services. The project identified NCB and Local Shopping as selection methods for consulting services
- Improper procurement methods for goods and non-consulting services were specified. In several cases, the national shopping method were identified while it should be implemented through restricted bidding as stipulated by the threshold included in the National Regulations.
- Noncompliance with the threshold for ICB indicated in the IFAD Procurement Handbook. Several consultancy assignments with cost estimate above USD 100,000 were implemented through National Regulations while the Handbook indicated that all services Transactions above USD 1000,000 should be tendered through ICB procedures.
- Incorrect references to the AWPB were inserted.
- The plan should include a summary page with an AWPB reference column.
- Lack of updates for the plan with respect to actual implementation.
- The plan is not used as tracking and monitoring tool.

The biggest issue is that several items in the PP (Goods, Works and Services transactions) have not been procured at the time of the mission, this mainly due to: i) the insufficient number of staff responsible for carrying out procurement activities at the PMU level and ii) delay in finalizing each step in the procurement cycle due to administrative difficulties.

II. Procurement Processes and Procedures.

The Mission observes with great concerns that an inconsistent procurement system is being established in the Project that would not enable procurement process to be carried out effectively and efficiently as follows.

A. Use of Prequalification

The Project has not developed any specific prequalified list of bidders for all procurement categories and in most cases, they utilized the existing list of MAAIF. The bidding documents were issued for some bidders usually between 3-5 without any justification for the selection of those bidders which shows clear noncompliance with National regulations.

B. Bidding Documents

The Project has adopted the National Standard Bidding Documents (SBDs) for the procurement of goods, works and non-consulting services under National Procurement Methods. The National SBDs were found satisfactory and meet the basic requirements. For ICB method, incorrect SBDs were utilized; moreover, unnecessary customization was mistakenly applied. The mission noted the following gaps in the issued documents:

- The post qualification criteria were inadequate or incorrectly applied.
- Excessive use of Bid Securing Declaration instead of Bid Security.
- For consultancy assignments, the mission has emphasised on the importance of applying Expression of Interest (EOI) Procedures that will be used to identify consultants (whether individuals or companies).

C. Advertisement

As stipulated by the National Regulations; for the application of the restricted bidding; the procuring entity shall—

- (a) include all the potential providers on the shortlist; and
- (b) before issuing the bidding documents, publish a notice of restricted bidding on the website of the Public Procurement Authority.

In all procurement activities using the Restricted Bidding Method, the Project never published this notice and selection of the shortlist was done randomly without identifying any selection criteria.

For ICB method the project never complied with the Guidelines and advertisements were made only in Local and Regional Newspapers without publishing the Specific Procurement Notice (SPN) in the UNDB website.

D. Bid Submission

The project does not maintain a securely tender box, so the received Bids were kept at the Procurement Officer room which does not match the best procurement practices.

E. Public Bid Opening

For procurement methods require public bid opening, the project comply with such procedure. However, the minutes for bid opening was developed using one the Public Procurement Authority forms and filled in hand writing. The minutes were totally unreadable and never sent to the bidders.

F. Evaluation Process

Evaluation Process is one of the shortcomings in the procurement cycle within the project, the mission noted the following gaps in the evaluation process:

- The procedure for post-qualification was incorrectly applied in some cases of the Project procurements.
- In one consultancy assignment, evaluation was not conducted in accordance with the criteria stated in the Request for Proposals.
- In several cases, the project received less than three quotations or ended with only one responsive bidder which does not comply with the National Regulations requirements and IFAD Procurement Guidelines.

G. Contract Award

In all cases, the contracts were awarded to the lowest evaluated bidders; however, due to the failure to apply proper evaluation procedures many suppliers/contractors failed to comply with the project requirements.

III. Contract Management and Administration

The purpose of contract management is to ensure that all parties to the contract fully meet their respective obligations as efficiently and effectively as possible, delivering the business and operational outputs required from the contract and providing value for money. However, the PMU failed to apply sound contract management practices, the mission noted the following gaps in the contract management and administration function:

- In one case (Provision for Staff Medical Insurance), 100% of the contract value was disbursed in advance without receiving any guarantee. Making advance payments without a security in place represents a significant financial risk to the project and is not recommended.
- Delays in paying vendors due to delays in internal approval processes.
- In several cases, payment was made without issuance of acceptance and inspection report.
- The available expertise at PMU with regard construction management do not meet the standard level.
- For all Works and Consulting Services contracts no progress reports were found.
- For several contracts such as Construction of fertilizer stores contracts were extended twice for an additional period more the original contract period without proper justification for the delay and without applying liquidated damages on the delayed contract. Moreover, the

extension was done without obtaining IFAD NO Objection while the transactions were subject to IFAD prior review.

IV. Review of issues identified in the previous review and aide-mémoire

The last supervision mission did not make any comments on the project procurement performance except the one related to the updates of the procurement plan and contracts register.

V. Project's Procurement Filing System

The mission noted with concern that procurement files do not include all relevant documents. it was noted that some important documents are missing such as i) final version of the bidding documents; ii) bids; iii) addendums to contracts; iv) inspection and acceptance reports for goods; v) progress reports for works; vi) vendors invoices; vii) payment vouchers and viii) in some cases evaluation reports were not complete. As stipulated by the General Conditions for Agricultural Development Financing - Section 8.01. Implementation Records " The Borrower/Recipient shall ensure that the Project Parties maintain records and documents adequate to reflect their operations in implementing the Project (including, but not limited to, copies or originals of all correspondence, minutes of meetings and all documents relating to procurement) until the Project Completion Date, and shall retain such records and documents for at least ten (10) years thereafter".

VI. Contract Register

The mission reviewed the project register of contracts – on a sample basis. The register format was found in conformity with IFAD template However, some important data were partially or fully missing such as i) the type of procurement; ii) financing category; iii) reference to the PP and iv) date of IFAD No Objection.

VII. The Borrower/Recipient's Procurement Regulatory Framework, System and Practices

No significant changes have been to the National Procurement Regulations since the last amendments that took place on 2014.

VIII. Assessment of Further Procurement Staff Training Needs

As the VODP2 is approaching the completion date and less than four months are remaining which means that there is no opportunity to carry out any capacity building activities. However, an assessment was conducted to be utilized for the implementation of the NOPP (the newly launched project). The following was revealed:

While the efforts of the Project are appreciated and acknowledging the fact that insufficient personnel to implement the Project Procurement Plan is the single most important issue.

The Mission noted that although procurement officer is generally aware of the existence of IFAD's Procurement Guidelines and familiar with the National regulations, other key players in the

procurement cycles do not appear to be conversant with the actual contents and specific procedures of the procurement regulations (mainly IFAD and World Bank Guidelines).

Inadequate knowledge and skills/experience in contract management.

IX. Key Findings and Conclusions from the PRM Assessment Update

As part of the procurement supervision process, a project's PRM was developed. Despite the robust country procurement legal and policy framework, the assessment indicated the following risks: (i) capacity constraints leading to – failure to comply with National Procurement Regulations and IFAD Procurement Guidelines; severe delays in processing procurement, delays in evaluations, review and clearance, weak records keeping and filing; and weakness in ensuring contract management (supervision)/administration (monitoring) during contract implementation to completion resulting into cost overruns; (ii) award of contracts to firms with no capacity; (iii) delays in paying vendors due to delays in internal approving processes; and (iv) lack of use of Procurement plans as a planning and management tool, and (v) perception of lack of competition – weak private sector with limited competition.

Key mitigation measures to address procurement capacity gaps are the following (this mainly for the implementation of NOPP:

- The Project Implementation Manual (PIM) for NOPP should be developed to include detailed sections on procurement objectives, use of IFAD guidelines, Procurement Plan, thresholds for procurement method and prior review, procurement tasks and responsibilities, strengthening procurement capacity, procurement categories, thresholds and methods, procurement steps, contract management and expenditure reports, publications of awards and debriefing, fraud, corruption, and documentation and filing system. The PIM is considered a live document, expected to be updated from time to time as agreed, to reflect agreed refinements to project procedures.
- Integrate the procurement planning as part of the budgeting process and prepare Procurement Plan for the project using IFAD new template. Continuous updating of Procurement Plan to reflect actual procurement activities. Close monitoring of procurement plans on a monthly basis and closely monitor and exercise quality control on all aspects of the procurement process, including evaluation, selection, award, contract signing and implementation to completion.
- Improve contract supervision and monitoring, and application of the conditions of contract through close monitoring to ensure adherence to stipulates of the sections in the respective Contract Documents and to minimize poor performance of service providers.
- Conduct training on FIDIC contracts and contract management to build contract implementation capacity for major works and consultancy contracts.
- Regular top management monitoring and follow-up of implementation.

The Project Institutional Risk after the implementation of the proposed mitigation measures will remain medium but with rating 2.54 instead of 2.30.

X. Procurement Performance Indicator Rating and Justification

No.	Performance Indicator	Rating	Justification for Rating
1	Procurement Planning Process	3	The procurement planning exhibits significant shortcomings such as: improper selection methods and contract types for consulting services, unrealistic and inappropriate implementation schedule and noncompliance with IFAD prior review requirements.
2	Processes and Procedures from Prequalification to Bidding	3	Processes and procedures applied exhibit significant shortcomings such as: delay in completing the procurement process for more than one year, lack of the application of prequalification procedure, improper bidding documents for ICB, noncompliance with National Regulations and IFAD Guidelines with respect to advertisement for Restricted Bidding and ICB.
3	Process and Procedures for Evaluation and Contract Award	4	Processes and procedures applied exhibit some weaknesses such as: failure to apply post qualification procedures correctly in few cases, evaluation was not conducted in accordance with the criteria stated in the Request for Proposals in one case.
4	Contract Management and Administration	2	Processes, procedures and systems for administration, supervision and management of contract exhibit significant lapses and gaps such as: contracts are not effectively managed by the technical units in charge, most of the documents related to the contract administration are missing in the procurement files. Absence of standard procedures for inspection and acceptance, failure to apply contract provision correctly.
5	Record Retention	3	The project's record retention exhibits some weaknesses such as: missing some important documents i) final version of the bidding documents; ii) bids; iii) addendums to contracts; iv) inspection and acceptance reports for goods; v) progress reports for works; vi) vendors invoices; vii) payment vouchers and viii) in some cases evaluation reports were not complete.

Table 1: Key Recommendations on Procurement

Actions	Responsibility	Deadline	Status
Ensure smooth handing over of all on-going contracts eligible for financing under bridging arrangements to NOPP PMU before the PCD	PMU	December 2019	agreed
Ensure that complete documentation of procurement processes is kept on procurement files, including proof of receipt of goods, works and services by the ultimate beneficiaries and shall retain such records and documents for at least ten (10) years thereafter.	PMU	November 2019	agreed
Update the register of contracts to reflect the above-mentioned comments.	PMU	October 2019	agreed
Ensure the completion of all on-going contracts before the PCD	PMU	December 2019	agreed