



## Uganda

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### Vegetable Oil Development Project 2

### Project Completion Report

### Main report and appendices

Mission Dates: 17 February-06 March 2020  
Document Date: 15/10/2020  
Project No. 1100001468  
Report No. 5498-UG  
Loan ID 1000003703

East and Southern Africa Division  
Programme Management Department

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## Map of the Project Area



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 05-02-2020

## Currency Equivalents

Currency Unit = Ugandan Shilling (UGX)

USD 1.0 = UGX 3,650 (at the time of PCR)

## Weights and measures

1 Kilogram	=	1000 g
1 000 kg	=	2.204 lb.
1 kilometre (km)	=	0.62 mile
1 metre	=	1.09 yards
1 square metre	=	10.76 square feet
1 acre	=	0.405 hectare
1 hectare	=	2.47 acres

## Abbreviations and Acronyms

<b>ACE</b>	Agriculture Cooperative Enterprise
<b>AWPB</b>	Annual Work Plan and Budget
<b>BIDCO</b>	BIDCO Uganda Limited
<b>CIRAD-France</b>	Agriculture Research for Development-France
<b>DLGs</b>	District Local Governments
<b>ESA</b>	Environmental and Social Audit
<b>ESIA</b>	Environmental and Social Impact Assessment
<b>FFB</b>	Fresh Fruit Bunches
<b>FLP</b>	Farmer Learning Platform
<b>GoU</b>	Government of Uganda
<b>HIV/AIDS</b>	Human Immuno-deficiency Virus infection and Acquired Immune Deficiency Syndrome
<b>HLFO</b>	High level farmer organization
<b>IFAD</b>	International Fund for Agricultural Development
<b>IRR</b>	Internal rate of return
<b>ISM</b>	Implementation Support Mission
<b>KM</b>	Knowledge management
<b>KOPGA</b>	Kalangala Oil Palm Growers Association
<b>KOPGT</b>	Kalangala Oil Palm Growers Trust
<b>LSB</b>	Local seed business
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MAAIF</b>	Ministry of Agriculture, Animal Industry and Fisheries
<b>MIS</b>	Management Information system
<b>MFPE</b>	Ministry of Finance, Planning and Economic Development
<b>MoU</b>	Memorandum of Understanding
<b>MSP</b>	Multi-Stakeholder Platform
<b>MT</b>	Metric ton
<b>MTR</b>	Mid-Term Review
<b>NaCRRRI</b>	National Crops Resources Research Institute
<b>NARO</b>	National Agricultural Research Organisation
<b>NaSARRI</b>	National Semi-Arid Resources Research Institute
<b>NEMA</b>	National Environment Management Authority
<b>NOPP</b>	National Oil Palm Programme
<b>NOSP</b>	National Oilseeds Programme
<b>OPD</b>	Oil Palm development
<b>OPUL</b>	Oil Palm Uganda Ltd
<b>OPV</b>	Open-Pollinated Variety
<b>OSD</b>	Oilseeds Development
<b>OSSUP</b>	Oilseed Sub Sector Uganda Platform
<b>PCR</b>	Project Completion Review
<b>PFM Act</b>	Public Finance Management Act

<b>PMU</b>	Project Management Unit
<b>PPDA Act</b>	Public Procurement and Disposal of Public Assets Act
<b>PPP</b>	Purchasing power parity
<b>PPPP</b>	Public Private Producer Partnership
<b>PSC</b>	Project Steering Committee
<b>PSPs</b>	Pay-for-Service Providers
<b>QDS</b>	Quality Declared Seeds
<b>RCTIL</b>	Research, Consultancy and Training International
<b>RPO</b>	Rural Producer Organization
<b>RSPO</b>	Roundtable on Sustainable Oil Palm
<b>SACCO</b>	Savings and Credit Cooperative Organization
<b>SDR</b>	Special Drawing Rights
<b>SM</b>	Supervision Mission
<b>SNV</b>	Netherlands development Organisation
<b>SOPAG</b>	Ssesse Oil Palm Growers' Cooperative Savings and Credit Society Ltd
<b>SOPGCO</b>	Ssesse Oil Farm Growers Cooperative
<b>UBOS</b>	Uganda Bureau of Statistics
<b>UCA</b>	Uganda Cooperative Alliance
<b>UDBL</b>	Uganda Development Bank Limited
<b>UGX</b>	Ugandan Shilling
<b>UNBS</b>	Uganda National Bureau of Standards
<b>USD</b>	United States of America Dollar
<b>VODP 1</b>	Vegetable Oil Development Project Phase 1
<b>VODP 2</b>	Vegetable Oil Development Project Phase 2
<b>VSLAs</b>	Village Savings and Loan Associations
<b>WA</b>	Withdrawal Application

## Project at a glance

<b>Region</b> East and Southern Africa Division	<b>Project at Risk Status</b> Not at risk
<b>Country</b> Uganda	<b>Environmental and Social Category</b> A
<b>Project Name</b> Vegetable Oil Development Project 2	<b>Climate Risk Classification</b> 2
<b>Project ID</b> 1100001468	
<b>Project Sector</b> Agricultural Development	
<b>CPM</b> Lakshmi Moola	
<b>Project Area</b> Kalangala District, Eastern and Northern Uganda	

### Key Dates

IFAD Approval	Signing	Entry into Force	Mid-Term Review	Original Completion	Actual Completion
22/04/2010	21/10/2010	21/10/2010	not available yet	31/12/2018	31/12/2019
		<b>Original Financial Closure</b>	<b>Actual Financial Closure</b>		
		not available yet	not available yet		
<b>Date of Last SIS Mission</b>	<b>Number of SIS Missions</b>	<b>Number of extensions</b>	<b>Effectiveness lag</b>		
11/10/2019	17	1	6 months		

### IFAD Financing as at the time of PCR submission

<b>Loan</b>	<b>XDR Million</b>	33.5 Million	<b>% disbursed</b>	100.0
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### Actual Costs and Financing (USD '000) as at the time of PCR submission

Component	IFAD	Cofinancing	Beneficiaries	GOVT	Total
	Actual	Actual	Actual	Actual	Actual
Project Management	0	0	0	0	0
Oilseeds Development	0	0	0	0	0
Oil Palm Development	0	0	0	0	0
Total	0	0	0	0	0
<b>Remarks</b>					

### Outreach

<b>Direct Beneficiaries</b>	
Number of HH members	Number of persons receiving services
Estimated total: <b>410 706</b>	Total: <b>134 838</b>

## Project Objectives

### Agri. Tech. and Prod. Services

The development objective is to increase the domestic production of vegetable oil and its by-products, thus raising rural incomes for smallholder producers and ensuring the supply of affordable vegetable oil products to Ugandan consumers. The project will achieve this by supporting farmers to increase their production of crushing material (both oil palm and oilseeds) and establishing commercial relations to directly link them to processors. The project will support the adoption of modern oilseed cropping techniques by farmers (with a focus on soybean) and will build direct relations between processors and farmer groups. For oil palm, KOPGT will become self-financing within five years and will become the institution for promoting smallholder oil palm development in Uganda. OSSUP will continue to coordinate the sub-sector, and oil palm processors will be encouraged to join.

## Country Partners

Executing Institution	not available yet
Implementing Institutions	not available yet

## Project Completion Ratings Matrix

<b>COUNTRY:</b> Uganda	
<b>PROJECT NAME:</b> Vegetable Oil Development Project 2	
<b>PROJECT ID:</b> 1100001468	
<b>BOARD APPROVAL DATE:</b> 22/04/2010	
<b>ENTRY INTO FORCE:</b> 21/10/2010	
<b>PROJECT COMPLETION DATE:</b> 31/12/2019	
<b>LOAN CLOSING DATE:</b> 31/08/2020	
<b>IFAD LOAN AND GRANT (USD MILLION):</b> \$52,000,000	
<b>TOTAL PROJECT FINANCING:</b> \$146,175,000	
<b>IMPLEMENTING AGENCY:</b> not available yet	
<b>Criterion</b>	<b>PCR Rating</b>
<b>Project performance</b>	
- Relevance	5
- Effectiveness	4
- Efficiency	4
- Sustainability	4
<b>Rural poverty impact</b>	<b>4</b>
- Households' incomes and assets	5
- Human and social capital	4
- Food security	5
- Agricultural productivity	4
- Institutions and policies	4
<b>Additional evaluation criteria</b>	
- Gender equality and women's empowerment	4
- Innovation	5
- Scaling up	5
- Environment and natural resource management	4
- Adaptation to climate change	4
- Targeting and outreach	4
- Access to markets	4
<b>Partners performance</b>	
- IFAD's performance	4
- Government performance	4
<b>Overall project achievement</b>	<b>4</b>

## Executive Summary

**Introduction:** GoU implemented VODP 2 with IFAD assistance to transform Ugandan agriculture. This project became effective on 21 October 2010 and was completed on 31 December 2019 after one year extension with loan closing on 31 August 2020. IFAD fielded a PCR mission during 17 February- 6 March and its observations, assessments and recommendations on the overall performance were presented at a wrap up meeting chaired by the Permanent Secretary, MAAIF on 4 March 2020. The Acting Assistant Commissioner, Development Assistance and Regional Cooperation, MFPED was briefed on 6 March 2020. The recommendations made by the mission were broadly supported by GoU.

**Goal and Objectives:** The goal of VODP 2 was to contribute to sustainable poverty reduction. The development objective was to increase the domestic production of vegetable oil and its by-products, thus raising rural incomes for smallholder producers and ensuring supply of affordable vegetable oil products to Ugandan consumers and neighbouring regional markets. VODP 2 interventions related to oil palm development were to cover the islands of Kalangala district and Buvuma island, and oilseeds development were to cover four hubs of the north and eastern region covering 43 districts.

**Project budget and financing:** The project at design was estimated to cost USD 148.19 million funded largely by IFAD, GoU, OPUL, SNV and beneficiaries. IFAD funded this project with a loan of SDR 33.5 million and a grant of USD 1.09 million. At Mid-term review (MTR), the financing plan of this project was revised and the total project outlay was reduced to USD 83.4 million with the cancellation of development activities in Buvuma and resultant cancellation of OPUL investment of USD 70.38 million. The project duration at design was eight years.

**Targeting and outreach:** The project targeted smallholder oil palm farmers and fixed an upper limit of 5 acre per household to limit project support to better off farmers. The project's geographic targeting strategy resulted in expansion of oilseeds cultivation into areas with limited market linkages targeting large number of subsistence farmers. The project has in total reached 130,359 direct beneficiaries (160 percent) against MTR target of 81,500. The project covered 89,782 households and 538,692 household members against the MTR target of 81,500 households and 489,000 household members respectively. However, the outreach against design targets is in the range of 60-69 percent.

**Relevance:** This project is built on the strategies to transform subsistence farming into commercial agriculture for sustainable poverty reduction through improved food and nutrition security and raised household income. The interventions under Oil palm component were designed to continue project's gains in smallholder oil palm development and to develop a similar scheme in Buvuma. The Oilseeds component was designed to reach large number of households in the conflict affected northern part of the country through strong private sector engagement in input supply, transport, milling, refining and marketing. Overall, the goal, objectives, strategy and activities of this project were relevant at the time of design and also remain relevant at completion.

**Outputs:** The key outputs under Oil palm component are: (i) continued support to 6,500 ha of nucleus estate development under OPUL management in Kalangala; (ii) continued support to 2,258 ha of smallholder plantation started under VODP 1; and (iii) establishment of 2,590 ha of new smallholder oil plantation in Kalangala. The project's plan to develop oil palm plantation on Buvuma Island covering 6,500 ha nucleus estate and 3,500 ha of smallholder plantations was cancelled post MTR but all the preparatory activities have been completed. The oil palm farmers established SOPGCO which requires further support to emerge as a member owned and managed service provider. The project constructed three fertilizer stores and 481 km of roads. The project supported issuance of ESIA certificates and conducted ESAs to comply with environmental guidelines.

Key outputs under Oilseeds component are: (i) engagement of 11PSPs and DLGs in 52 project districts; (ii) mobilization of 5,386 Farmer Groups with 53 percent women participation; (iii) mobilization of 1,229 RPOs; and (iii) mobilization of 167 HLFOs. About 30 percent of Farmer Groups (1,646) have started functioning as VSLAs. The project supported NaSARRI and NaCRRRI for breeding of improved varieties of oilseeds and producing foundation seeds. The project established 315 LSBs which produced 13,655 kg of quality declared seeds of soybean. The project engaged PSPs and DLGs to support Farmer Groups and the performance of DLGs has been below expectation. The project facilitated 2,022 Farmer Groups to bulk their produce for sale. Farmer groups were assisted in leveraging USD 1.09 million in credit from financial institutions.

**Outcomes:** The expected outcome from Oil palm component was development of an integrated oil palm industry compliant to modern environmental standards providing equitable returns to smallholder producers. The FFB production has steadily increased from 119,372 MT in 2010 to 479,728 MT in 2019 and crude palm oil production reached 40,005 MT by 2019 exceeding design expectation. The average yield of smallholder plantation is about 37 percent less than in the nucleus estate. The oil recovery rate of FFB from smallholder plantation is about 15 percent less than the nucleus estate. The net income of smallholders as of December 2019 was USD 1,983 per ha against the projected net income of USD 1,500 per ha. KOPGT is operationally self-sufficient but its long-term self-sufficiency is not assured. KOPGT as the holder of 10 percent shares in OPUL has received dividends of UGX 10 billion during the last two years. The vegetable oil self sufficiency increase from 30 percent at baseline to 50 percent at the end of the project. Per capita annual consumption of vegetable oil increase from 5.6 kg per capita to 10 kg per capita.

The expected outcome from Oilseeds component was continued upscaling of Lira to a modern agro-industrial hub for oilseeds and the emergence of Eastern Uganda, Gulu and West Nile as oilseed hubs. The production of oilseeds has

increased with expansion of production area and yield increase due to adoption of better agronomical practices and access to quality seeds. Production of sunflower increased from 1,968 MT in 2015 to 103,547 MT in 2019 and soybean production increased from 3,406 MT in 2015 to 131,220 MT in 2019. The mill capacity utilization increased to 68 percent against the target of 85 percent. The net income per ha of sunflower and soybean cultivation was USD 313 and USD 438 respectively against the design target of USD 350 per ha for both sunflower and soybean.

**Impact:** The average annual income per household of oil palm farmers has increased to USD 5,326 and that of oilseeds farmers to USD 568. The beneficiary households have made substantial investment in housing and plough animals. There has been a substantial reduction in the prevalence of child malnutrition in the Oil palm growing islands of Kalangala district. The child malnutrition rates in the oilseeds area indicate marginal deterioration. The beneficiary households with increasing income are investing in the education of children. Formation of SOPGCO and SOPAG to manage issues of oil palm farmers indicates substantial human and social capital accretion. Similarly, oilseeds farmers have improved access to credit through VSLAs and financial institutions.

The project invested in building the capacity of farmer organisations and implementing agencies. KOPGT is responsible in implementing oil palm interventions but systems and processes for development loan management were not adequate. Oil palm research is still in nascent stage but the partnerships with renowned institutes have been fruitful. PSPs and DLGs have benefitted from capacity building. On policy front, MAAIF has harmonised the lessons from this project implementation into new project designs. The project has been built with market access as the starting point for both oil palm and oilseed farmers and this has worked well in case of oil palm where a close interdependence exists. The project design had targeted women participation of 30 percent whereas the achievement in case of Oil palm and Oilseeds component was 36 percent and 53 percent respectively.

**Innovations, replication and scaling up:** The project has successfully implemented several innovations. They are: (i) validation of PPP modality as a replicable and scalable model with 60 percent capacity utilization of OPUL oil mills and payment of dividends to GoU; (ii) establishment of KOPGT to manage the full cycle of oil palm development including development loan management; (iii) establishment of SOPGCO with an intent to evolve as a member-owned and managed organization and to take over some of the functions of KOPGT; (iv) targeting smallholders through land ceiling for project support with unintended impact on women empowerment resulting in land ownership in the names of women; (v) development of a collective service provision modality through engagement of gangs; (vi) engagement of PSPs for delivering services related to agronomic practices and establishing market linkages; (vii) promotion of VSLAs to facilitate farmers' access to financial services; and (viii) promotion of LSBs to multiply soybean seeds using foundation seeds produced by research institutions.

**Project Efficiency:** The total project cost at design was USD 148.19 million which was revised to USD 83.40 million during MTR. The project total expenditure works out to USD 81.68 million being 55.1 percent of design allocation and 97.9 percent of MTR allocations. IFAD had allocated SDR 33.5 million as loan of which 99.95 percent has been utilized. IFAD grant and SNV co-financing have been fully used. GoU and the farmers contributed 130.7 percent and 121 percent respectively of the MTR allocation. Farmers' contribution does not include USD 1.09 million leveraged from the financial institutions. The per-beneficiary investment in respect of Oil palm component is high (USD 9,910) which is due to completion of full cycle investment for oil palm with no additional capital expenditure investment requirement for the next 20 years in Kalangala. The per beneficiary investment in respect of Oilseeds component is low (USD 140).

**Project Management:** MAAIF as the lead implementing agency established a PMU to manage the project. PMU is staffed with qualified and experienced persons. Field level implementation in respect of oil palm development was entrusted to KOPGT. The process of KOPGT restructuring and evolution of SOPGCO as a member owned and managed institution to take on KOPGT functions in a phased manner was delayed. The project used a centralized approach to oilseeds development with engagement of PSPs and DLGs to support Farmer Groups. The project operated using laid down systems and procedures under the Permanent Secretary, MAAIF. The project procurement activity largely followed PPDA Act. Substantial delays were observed in many activities, particularly in the procurement of ferries and construction of landing sites and engagement of PSPs. Several critical gaps in the design and functioning of the project M&E and MIS are evident and as a result, data related to key outputs and outcomes particularly related to Oilseeds component were not adequately captured.

**Disbursement and financial management:** The project's original investment outlay was USD 148.19 million which was revised to USD 83.40 million during MTR. OPUL was to contribute USD 70.38 million for infrastructure and nucleus estate development in Buvuma which was cancelled post-MTR. Overall, the project was able to utilize 55.1 percent of the design allocation and 97.9 percent of MTR allocation. The achievement against MTR allocations was 107.5 percent, 79.8 percent and 84.8 percent for oil palm, oilseeds and project management components respectively. As on 31 January 2020, the project has submitted WAs amounting to SDR 33.49 million being 99.95 percent of the IFAD loan amount of SDR 33.50 million. The processes related to project expenditure initiation, authorization and payments were in line with PFM Act of GoU. PMU was the overall accounting hub. The accounting system was adequate for managing project activities. Financial oversight of KOPGT including financial management of development loans remains an area of weakness.

**Project IRR:** The cost-benefit analysis yielded an overall IRR of 27 percent for the project with NPV of USD 38.4 million compared to the IRR band of 19-25 percent estimated at design. The sensitivity analysis indicates that the project investments are worthy of sustaining a 15 percent decline in yields or a 15 percent increase in costs. Decline in yields by

15 percent reduces IRR to 20 percent and NPV to USD 18.57 million and 15 percent increase in costs will have minimal impact with IRR declining to 25 percent and NPV to USD 31.96 million.

**Supervision and implementation support:** IFAD fielded 10 SMs, 7 ISMs and a MTR mission. These missions provided necessary support, guidance and recommendations to the project for effective implementation. However, IFAD was not able to identify early on the need to establish systems and processes for development loan management and MIS development and also the inability of BIDCO and GoU to implement oil palm development activities in Buvuma.

**Partners' performance:** The performance of GoU has been good in relation to allocation of budgets and fund release. The quality of project management and financial management at the PMU has been good. There have been significant delays in procurement and weaknesses in development loan management. MIS development particularly for Oilseeds component was inadequate. OPUL's activities in Kalangala were highly satisfactory but its proposed investments in Buvuma did not materialize. The performance of SNV has been satisfactory but an institutional backbone required for continuation of OSSUP beyond project life was not put in place. PSPs have performed satisfactorily but the support from DLGs was not up to the expectations. The performance of the research institutions in respect of oil palm related activities was satisfactory but the activities related to varietal development and production of foundation seeds of oilseeds were below expectations.

**Sustainability:** (i) Social Sustainability - The social mobilization efforts have resulted in better services, equal opportunities and improved social cohesion but negative impacts related to sudden influx of wealth to oil palm farmers need to be addressed; (ii) Institutional sustainability - Substantial support to KOPGT and SOPGCO has been provided but need further support for streamlining development loan operation and delivery of services to oil palm farmers. The community-based organizations promoted under the Oilseeds component are on a growth path to support farmers but need further assistance to become sustainable. (iii) Environmental sustainability - The negative publicity of oil palm development has been largely addressed through generation of satellite images and rainfall data. The oilseeds cultivation continues to be a low input farming practice with low levels of negative impact on the environment; (iv) Technical sustainability - The Oil palm component has well developed systems for technical service delivery with the exception of development loan management. Oilseeds component has built capacity of community-based organizations to ensure technical sustainability; and (v) Economic sustainability - Selection of right value chains having adequate demand from the private sector is yielding results. Establishing the culture of business linkages and building trust and relationship between producers and market players, have been the key to economic sustainability.

**Lessons learned:** The lessons learned include: (i) Zero delinquency rate for development loan repayment can be achieved in case of value chains that have close interdependency between buyers and sellers with a neutral facilitator for price determination; (ii) Dual commodity, and dual implementation and management modality makes the project complex; (iii) Land identification and acquisition and infrastructure planning being the preliminary activities of oil palm development need to be taken up well ahead of starting project implementation; (iv) Building efficient systems and processes for managing development loans to farmers is a prerequisite; (v) An efficient extension system on a pay for service basis needed to enhance productivity; (vi) Support for landless households is required to reduce the growing disparity between income of oil palm farmers and landless; (vii) Women centric approach in oil palm development needed; (viii) MSPs need an institutional backbone with resources; and (ix) Rural infrastructure essential for oilseeds cultivation expansion.

**Conclusions:** The oil palm development activities are transformational in nature with implementation of three major approaches: (i) market-first approach; (ii) large private sector investment preceding oil palm development by smallholders; and (iii) provision of development loans to smallholder with repayment linked to production. The oilseeds development activities were built on a very low production base. Simple interventions on agronomic practices, quality seed and market linkages introduced by the project have contributed substantially to the increase in income of large number of participating households. This project has built an efficient, effective, inclusive and replicable model of supporting oil palm smallholder farmers which can be scaled up by incorporating the lessons learned. The project has largely achieved most of the output targets that were revised substantially post MTR and has achieved moderately satisfactory outcomes and impact compared to design expectation. At completion, the project had utilized 99.95 percent of the IFAD loan in SDR terms.

**Recommendations:** GoU is in the process of scaling up the implementation modality designed under the project with improvements reflecting the lessons learned by designing two separate national programmes for oil palm and oilseeds with IFAD assistance. The key recommendations include: (i) completion of farmer account reconciliation, audit of KOPGT and dispute resolution related to development loan; (ii) plan procurement of quality seedlings of oil palm for replacement planting by Kalangala farmers; (iii) restructure KOPGT and build capacity of SOPGCO for taking over most of the functions of KOPGT in a phased manner; (iv) provide management support to SOPGCO on a tapering basis; (v) prepare a plan for maintenance of access roads and hand over the access roads to Kalangala DLG for future maintenance; (vi) develop an oil palm development policy that outlines the contours of future engagement with farmers, farmer organizations, local financial institutions, marketing channels and processors; and (vii) submit audit report for 2019-20 to IFAD by the loan closing date.

## A. Introduction

1. The Vegetable Oil Development Project Phase 2 (VODP 2) is the successor project of the Vegetable Oil Development Project Phase 1 (VODP 1) implemented by the Government of Uganda (GoU) with assistance of IFAD to transform Ugandan farmers from subsistence farming to commercial agriculture in a Public Private Producer Partnership (PPPP) mode. VODP 2 was designed with a total outlay of USD 148.19 million financed largely through an IFAD loan of SDR 33.5 million (USD 52.0 million), IFAD Grant of USD 1.09 million, Oil Palm Uganda Ltd (OPUL) funding of USD 70.38 million and GoU contribution of USD 15.0 million. The oil palm promotion activities of VODP 2 as per design were to cover Bugala Island and four outlying islands in Kalangala district, and Buvama island whereas the oilseeds related activities covering sunflower, soybean, groundnut and sesame value chains were to be implemented in four hubs covering 43 northern and eastern districts.
2. The project's goal is to contribute to sustainable poverty reduction in the project area. The project has three components: (i) Oil Palm Development; (ii) Oilseeds Development; and (iii) Project management. The project continued with its partnership developed with OPUL during VODP 1 for implementation of the Oil Palm component under VODP 2. The project design was in sync with the Development Strategy and Investment Plan (DSIP) of the Ministry of Agriculture, Animal Industries and Fisheries (MAAIF) with a vision to develop competitive, profitable and sustainable agriculture sector. MAAIF had identified oilseeds and oil palm as two strategic value chain crops for wealth creation. The project became effective on 21 October 2010 with the original completion date of 31 December 2018. The project completion date was extended to 31 December 2019 only to complete activities related to oilseeds development whereas the oil palm related activities ended in December 2018. As a result of this extension of project completion date, the loan was scheduled to close on 30 June 2020 but was subsequently extended to 31 August 2020 on account CPVID-19 pandemic. The Midterm Review (MTR) of this project was carried out during November-December 2014. In all, 17 Supervision Missions (SMs) were carried out and the last one was in October 2019.
3. IFAD fielded a Project Completion Review (PCR) mission<sup>[1]</sup> for VODP 2 during 17 February to 6 March 2020. The main objectives of the mission<sup>[2]</sup> were to: (i) assess the relevance of project interventions at the time of project design and in today's context; (ii) assess the effectiveness of project implementation - the extent to which project objectives were met, and to document the immediate results and impacts of project interventions; (iii) review the project costs and benefits and the efficiency of the overall project implementation process, including IFAD's and partners' performance; (iv) assess the prospects of sustainability of project benefits beyond project completion; (v) generate and document useful lessons from implementation that will help improve IFAD's or Borrower's future programming and designs; (vi) identify any potential for the replication or up-scaling of best project practices; (vii) analyse the efficiency/results of the financial lending support (under oil palm), particularly from economic and financial perspective; and (viii) identify the areas of influences in the policy front in terms of smallholder commercialization for both oil palm and oilseeds.
4. The PCR mission's review exercise was supported by a project completion report submitted by the project on the Oil palm development component which was prepared by the Research Consultancy and Training International (RCTIL). A team of six consultants was engaged by RCTIL for preparing this report.<sup>[3]</sup> This team conducted anthropometric survey of 272 households in Kalangala and focus group discussions with the beneficiaries. The PCR mission visited 7 project sites and undertook 8 focus group discussions, and 13 Key Informant Interviews covering producers, processors, Kalangala Oil Palm Growers Trust (KOPGT), Farmer Groups, millers, Pay for Service Providers (PSPs) and District Local Governments (DLGs) and VODP 2 staff. A brief methodology adopted by the mission is provided in Section C of Appendix 8. In total, three stakeholder workshops were conducted. A stakeholder workshop was conducted in Kalangala on 21 February 2020 covering Oil palm component. Two stakeholder workshops were conducted covering Oilseeds component; one in Lira (covering Lira and Eastern Uganda Hubs) on 24 February 2020 and another one in Gulu (covering Gulu and West Nile Hubs) on 27 February 2020. The reports of the stakeholder workshops are presented in Appendix 10.
5. The IFAD mission's observations, assessment and recommendations on the overall performance of VODP 2 were presented at a wrap up meeting held on 4 March 2020 attended by senior officials of MAAIF and staff of the Project Management Unit (PMU). This wrap up meeting was chaired by Mr Pius K Wakabi, Permanent Secretary, MAAIF. The recommendations proposed in the report were broadly supported by MAAIF. Subsequently, on 6 March 2020, the mission briefed Mr Twesiime Fredrick, Acting Assistant Commissioner, Development Assistance and Regional Cooperation, Ministry of Finance, Planning and Economic Development (MFPED) and his team on the project performance and lessons.

## B. Project Description

### B.1. Project context

6. The project was designed at a time when Uganda was experiencing sustained decline in poverty levels. Growth in Uganda accelerated from 6.3 percent in 1990 to an annual growth rate of 7.0 percent in 2000, giving Uganda one of the highest sustained growth rates in Africa. Uganda's Gross National Income increased from USD 758 USD in 1990

to USD 1,530 by 2010 (Purchasing Power Parity basis). At the same time, Uganda reduced its share of population living below the national poverty line from 56 percent in 1993 to 24.5 percent in 2010.<sup>[4]</sup> Uganda's Human Development Index also improved from 0.312 in 1990 to 0.395 in 2000 to 0.489 in 2010<sup>[5]</sup> but Uganda was ranked 141 out of 162 countries. Uganda is a land-locked Country and this raises the cost of imports by about 20 percent and for exports by about 25 percent relative to Tanzania and Kenya that have direct access to the ocean.

7. In 2009, MAAIF articulated a DSIP with a vision for competitive, profitable and sustainable agriculture sector with the mission of transforming subsistence farming to commercial agriculture.<sup>[6]</sup> The overall objective of this strategy was to promote food and nutrition security and increase household incomes through coordinated interventions to enhance productivity and value addition, provide employment opportunities and promote domestic and international trade. DSIP's main thrust was promotion of PPPP modality to encourage private sector participation and farmer training to promote farming as business with focus on profitability. Rising global demand for vegetable oils and large dependence on imports to cater to the needs of domestic market offered an opportunity to expand investment in vegetable oil development.
8. Within this overall context, MAAIF implemented VODP 1 using PPPP modality with the aim of engaging the private sector to bring benefits and resources to the project target group. VODP 1 had engaged BIDCO Uganda Ltd (BIDCO); a private sector partner to establish a separate company namely OPUL for oil palm development in Kalangala by establishing a nucleus estate and supporting smallholder farmers. This project also had an Oilseeds component covering largely Lira and Eastern Uganda hubs. This project came to an end in 2011 and in addition, during this period peace had returned to the northern region. In consonance with the GoU's Peace and Recovery Development Programme and IFAD's policy on Crisis Prevention and Recovery, restoring the livelihoods and developing social and human development processes of rural communities in way that fosters longer-term development covering largely the entire northern and eastern regions became a necessity.
9. GoU, in response to this contextual environment, requested IFAD for formulation of VODP 2 covering oil palm development in the islands of Kalangala district and Buvuma island, and oilseeds development in four hubs of north and eastern region in total covering 43 districts: (i) Lira hub covering the districts of Lira, Apac, Dokolo, Oyam, Masindi, Soroti, Kaberamaido, Amuria, Serere, Katakwi and Amolatar; (ii) Eastern Uganda hub covering the districts of Mbale, Bududa, Budaka, Bukedea, Bukwo, Kapchorwa, Kamuli, Kumi, Manafwa, Pallisa, Sironko, Bugiri, Busia, Tororo, Butaleja, Iganga, Jinja, Namutumba and Kaliro; (iii) Gulu hub covering the districts of Gulu, Kitgum, Amuru, Adjumani and Pader; and (iv) West Nile hub: covering the districts of Arua, Koboko, Moyo, Nebbi, Nyadri, Yumbe, Terego and Maracha.<sup>[7]</sup> Following IFAD board approval, the financing agreement was signed and it came into force on 21 October 2010.

## B.2. Project objectives

10. VODP 2 builds upon the work of its predecessor project, VODP 1 under which IFAD financed smallholder oil palm and oilseeds development. The overall goal of VODP 2 is to contribute to sustainable poverty reduction in the project area. The development objective is to increase the domestic production of vegetable oil and its by-products, thus raising rural incomes for smallholder producers and ensuring the supply of affordable vegetable oil products to Ugandan consumers and neighbouring regional markets. The project planned to achieve this by supporting farmers to increase their production of crushing material (both oil palm and oilseeds) and helping them to establish commercial relations by linking them to processors.
11. The project approach as designed was driven by seven guiding principles: (i) expansion of the unique form of PPPP in Uganda that has leveraged major foreign direct investment to produce an essential food commodity while creating factory and plantation jobs and at the same time expanding the oil palm plantation into the lands of smallholder farmers; (ii) expansion of nucleus estate concept in oil palm development for knowledge transfer to smallholders; (iii) respect to environment with prior environmental assessments, implementation of a 200 metre forest/lake protective border with no use of herbicide, zero burning, minimum use of agrochemicals and effluent treatment to treat waste from oil mills; (iv) provision of import parity pricing to the farmers through a price fixation committee to address monopolistic position of OPUL in Fresh Fruit Bunches (FFB) procurement; (v) continuation of the principles of providing development loans to smallholders for oil palm development and initiation of recovery of these loans by deducting the same from the proceeds of FFB sales; (vi) drive the oilseeds value chain development process from the demand/agribusiness side by shifting to production on the basis of market demand; and (vii) ensure that the oilseeds producers become partners in the value chain along with the agribusinesses by developing the former into cost effective Farmer Groups through facilitation on improved governance, agronomic practices, savings and credit, local seed business, credit access and market linkage.
12. **Project components and expected outcomes:** The project had two major components focusing on oil palm and oilseeds development at design and the third component related to project management was for ensuring effective implementation of the project: (i) **Oil Palm Development** comprising consolidation and expansion in Kalangala, nucleus estate and smallholder palm plantation establishment in Buvuma and identification of new areas for oil palm development; and (ii) **Oilseeds Development** comprising seed production, extension services and other value chain activities related to credit access and market linkages. The details of the components and sub-components as per

design are summarized in Table 1 below:

**Table 1: Project components and expected outcomes**

Components	Expected outcomes
<b>Component 1: Oil Palm Development</b>  Developing 2,000 ha of smallholder oil palm plantation in Kalangala, 6,500 ha of nucleus estate in Buvuma and 3,500 ha smallholder oil palm plantation in Buvuma island, and conducting environment assessments and identification of 40,000 ha of new areas for development	Crude palm oil production increase to 35,000 tonnes, all palm oil activities in compliance with NEMA regulations, smallholders getting import parity price for FFB, and farmers earning an income of USD 1,500 per ha at full development.
<b>Component 2: Oilseeds Development</b>  Farmers growing oilseeds increased from 55,000 to 140,000, 5,900 Farmer Groups established, 100,000 farmers bulk selling with 15 percent premium, 140,000 farmer trained on conservation farming and sustainable land management. Oilseeds production practiced on 140,000 ha.	Mill capacity utilization increased from 35 percent to 85 percent, farmer net cash-earning increased to USD 350 per ha, 90 percent of the medium/large millers attain UNBS certification and 90 percent of the oilseed growers using certified hybrid seed.

### B.3. Implementation modalities

13. **Project budget and financing:** The project at design was estimated to cost USD 148.19 million funded largely by IFAD, GoU, OPUL, SNV and beneficiaries. The original financing plan of this project included: (i) IFAD loan of SDR 33.5 million (USD 52.0 million); (ii) IFAD grant of USD 1.09 million; (iii) OPUL contribution of USD 70.38 million; (iv) GoU contribution of USD 15.0 million; (v) SNV contribution of USD 0.34 million; and (vi) Farmer and KOPGT contribution of USD 9.38 million. At MTR, the financing plan of this project was revised and the total project outlay was reduced to USD 83.4 million with the cancellation of development activities in Buvuma and resultant cancellation of OPUL investment of USD 70.38 million. The project duration at design was eight years.
14. **Implementation partners:** The key implementation agency is MAAIF. The key roles of MAAIF included constituting the PMU and the Project Steering Committee (PSC), providing budgetary allocations, providing GoU's share of counter-part funding, and providing overall oversight to the project. The PMU has been responsible for management and coordination of all project activities with all implementation partners. This involved leading the preparation of annual and quarterly work plans and budgets, preparing consolidated progress reports, financial management, and procurement of required goods and services following IFAD procurement guidelines and Public Procurement and Disposal of Public Assets Act, 2003 (PPDA Act). The PMU has also played an intermediation role on behalf of GoU with OPUL and KOPGT.
15. The Oil palm component was implemented based on a PPPP modality with a tripartite agreement between GoU, BIDCO and KOPGT. BIDCO through its subsidiary, OPUL has developed a nucleus estate, raised oil palm seedlings for distribution to smallholder out-growers and mentored smallholders in management of oil palm plantations. OPUL also invested in two crushing mills for oil palm and provides competitive prices to out-growers for their FFB. In addition, OPUL has supported farmers through KOPGT with import of fertilizers in bulk at cost without making any profit on this activity. KOPGT, provides an institutional link between OPUL and farmers while safeguarding smallholders' interests. Its roles include mobilising farmers to participate, registering farmers and farmer groups, providing inputs and services to farmers on credit, administering the oil palm development loan scheme, keeping records of supply of FFB by farmer to OPUL, receiving payment from OPUL and making payment to farmers after loan recovery and representing farmers' interests. KOPGT holds 10 percent of OPUL's shares in trust on behalf of GoU.
16. Under the Oilseeds component, the project engaged SNV who established Oilseed Sub-sector Stakeholder Platform (OSSUP) to bring together the private sector and the farmers to establish market linkages through Multi-stakeholder platforms (MSPs). The MSPs have been a forum for key actors in the sub-sector to discuss key challenges and priorities, as well as to provide an opportunity for potential market linkages. PMU contracted and managed PSPs to promote business linkages between the private sector (millers and input suppliers) and oilseed farmers. PSPs also ensured implementation of the targeting mechanisms for inclusion of women and youth. After MTR, DLGs were given responsibility to play a similar role in the areas where PSPs were not present. PSPs in each hub were supervised by a Hub Coordinator (based in the field) who was part of the PMU.
17. In addition, other key implementing partners were: (i) National Agricultural Research Organisation (NARO) and

Makerere University that supported research activities to produce foundation seed and build the capacity of Farmer Groups involved in local seed business to produce quality-declared seed; and (ii) Uganda National Bureau of Standards (UNBS) who were charged with the responsibility of building capacities of millers through routine inspections and tests to raise the standards of the oil produced.

18. **Implementation modalities:** The Oil palm component was implemented based on a PPPP modality which was envisioned as a part of GoU's efforts to modernize and commercialize agriculture. GoU signed a cooperating agreement with BIDCO in 2003 to develop 40,000 ha of oil palm plantation with nucleus estate (26,500 ha) and smallholder oil palm development (13,500 ha). BIDCO established new company namely OPUL for oil palm development in Kalangala district in 2003. This company is owned 90 percent by BIDCO and 10 percent by GoU. MAAIF acquired 6,500 ha of land for nucleus estate development on Bugala island of Kalangala and oil palm development activities started based on a tripartite agreement between GoU, OPUL and KOPGT signed in 2006. As a part of this agreement, OPUL invested in development and management of nucleus estate and establishment of crushing mills in Kalangala. In addition, OPUL's responsibilities included procuring FFB from smallholders and making payment for this purchase based on price fixed by the pricing committee with representative from MAAIF, KOPGT, OPUL and other key stakeholders, and procuring pre-germinated seeds, establishing nursery and procuring fertilizer for use by smallholder farmers. These arrangements largely started in VODP 1 and continued during VODP 2.
19. The project continued with the implementation modalities set out in VODP 1 and KOPGT became the focal point for implementation of oil palm development under VODP 2. KOPGT managed: (i) development loan accounts of farmers which included loans for land development, seedlings and fertilizer; (ii) collection and transportation of FFB; and (iii) receiving payments from OPUL, and crediting 67 percent of the FFB sale price to farmers' account and 33 percent towards repayment of development loan taken by the farmers. The project post-MTR established partnerships with National Crops Resource Research Institute (NaCRRI) for research related activities and with National Environment Management Authority (NEMA) and DLG of Kalangala for environment and natural resource management related activities. MAAIF provided strong leadership and a conducive environment for the private sector through developing a supportive policy, acquiring and leasing land to OPUL for development of nucleus estate, ensuring compliance with environmental guidelines, providing funding through IFAD loan and improving transport infrastructure.
20. KOPGT divided oil palm growing areas into blocks and units, each with independent management committees. Each of the 7 blocks (Kalangala TC, Bujumba, Bbetta East, Bbetta West, Kagulube, Kayunga and Outlying Islands) have 2-4 units/villages at the grassroots level. At each of these levels, management committees selected by farmers coordinate FFB quality checks and FFB deliveries to KOPGT, and report disease incidences to KOPGT. During the final years of project implementation, the representatives from both unit and blocks established Ssesse Oil Palm Growers Cooperative (SOPGCO) which is registered as a Cooperative. The current thinking is to devolve in a phased manner some of the functions of KOPGT to SOPGCO. At the unit level, Best Management Plots were established by KOPGT as demonstrations to disseminate best farming practices.
21. The Oilseeds development component was built on the achievements of VODP 1, with further geographical expansion and greater emphasis on increasing productivity. It was planned to achieve this through strengthening linkages between the farmers and private sector entities in procurement of outputs and input supply. This component was affected by start-up delays, highly inadequate staffing at the hub level to supervise field activities, difficulties in procurement of PSPs and issues faced by DLGs regarding release of budgetary allocation and utilization. The project established 4 hub offices managed by a Hub Coordinator. Hub activities have been devoted to building links between Farmer Groups and commercial seed companies, input suppliers and processors/millers. These links have been promoted through farmer learning platforms (FLPs), field days and OSSUP promoted MSPs. The project was active in 29 Districts in 2014 and expanded to 52 districts<sup>[8]</sup> by 2019.
22. The project engaged 11 PSPs and DLGs to support Farmer Groups. These Farmer Groups in a cluster have evolved as a Rural Producer Organizations (RPO). Higher level Farmer Organizations (HLFOs) have evolved as apex organizations of 6-10 RPOs in a contiguous geography. Evolution of Farmers Groups as savings and credit groups, RPOs as Primary Cooperative Societies and HLFOs as Agriculture Cooperative Enterprise has been facilitated by the project by engaging Uganda Cooperative Alliance (UCA). The project trained 250 extension workers (Focal Point Persons) and established 22 Technical Working Groups. The project has made concerted efforts to facilitate linkages with small, medium and large-scale millers for procurement of produce and for supply of hybrid seeds of sunflower. The project facilitated 6,733 FLPs to demonstrate better agronomic practices. PSPs in addition to extension and market linkage related activities undertook training of farmers on issues related to gender mainstreaming, HIV/AIDS and environment.
23. PMU activities are guided by the PSC chaired by MAAIF with representation from NARO, MFPED, OPUL, large scale oilseeds millers, OSSUP, and representatives from two farmer organisations such as Uganda National Farmers Federation and the Uganda Oilseeds Producers and Processors Association. With the PMU as its secretariat, the PSC met quarterly to review project performance, review and approve Annual Work Plan and Budget (AWPB) and guide the project in navigating implementation related issues.

#### B.4. Target groups

24. The Oil palm development component targeted smallholder producers in Kalangala district comprising Bugala island and two outlying islands namely Bunyama and Bubembe as primary target groups. The indirect beneficiaries included workers on the nucleus estate and those providing labour on smallholder plantations. The project targeted economically active smallholder farmers without excluding the better-off farmers which was necessary to achieve economies of scale in production of FFB required by OPUL for oil extraction capacity utilization. The project deployed three targeting modalities: (i) enabling measures to help create an environment favourable to poverty reduction and women's empowerment by transforming unproductive land into productive farms and by mobilizing farmer groups with relatively high level of women participation (53 percent); (ii) empowering measures to encourage people who have voice and power to participate in groups by establishing and handholding three tier community based organizations (5,386 Farmer Groups, 1,229 RPOs and 167 RPOs were established); and (iii) direct targeting measures which involved channelling services or resources to specific individuals or households such as tenants and squatters.
25. The project in addition to landowners also targeted tenants and squatters on land owned by absentee landowners. The tenants and squatters were landless families undertaking subsistence agriculture on the landowner's plots sometimes sharing produce with the landowners. As a result of this, the project was able to negotiate with landowners to get tenurial rights to the tenants with a lease certificate to cultivate oil palm for 25 years. The tenants and squatters who cultivated mainly food crops on the land under their occupation were able to participate in cultivation of a highly profitable crop. Most of the plantation workers were migrants to the island, who contribute to the growth of island economy. The project provided skills in plantation management and health and education services, and raised awareness on HIV/AIDS.
26. The principal target group under the Oilseeds component was households cultivating, or wishing to cultivate, oilseeds crops (sunflower, soybeans, groundnuts and sesame). The project has targeted entry level growers in locations away from Lira hub with less developed commercial linkages between producers and market players. The target group of the Oilseeds component is largely subsistence farmers who have been growing oilseeds using rudimentary agriculture practices such as broadcasting of seeds instead of ploughing and using local seed varieties. The project also supported established oilseeds farmers who are located close to the commercial agents of the millers to intensify use of hybrid seeds and fertilizers.
27. The oil palm component reached 2,063 smallholder farmers (1,805 households) of which 35 percent are women compared to a target of 30 percent. The oilseed component, has benefitted 5,386 Farmer Groups in 52 districts with 128,296 members (53 percent being women) covering 87,977 households. The detailed targets and output delivery are provided in the section on effectiveness. However, gender and age disaggregated data were not available for each activity to make a detailed analysis.

## C. Assessment of project relevance

28. *Relevance of this project is rated satisfactory (Score=5)*

### C.1. Relevance vis-à-vis the external context

29. The project goal and objectives at design were relevant to the participating households and in consonance with the development goals, national sector programmes, development policies and strategies of GoU. This project has been designed within the context of post-conflict support and consistent with IFAD's Policy on Crisis Prevention Recovery. This responds to the key GoU policy initiatives as expressed in its Poverty Eradication Action Plan, and MAAIF's DSIP. These policies and strategies stress on the importance of transforming subsistence farming to commercial agriculture with the overall goal of sustainable poverty reduction through improved food and nutrition security and raised household income. The focus was on strategic, profitable and viable enterprises and value addition in partnership with the private sector through PPPP modality.
30. The project design is also based on the experience and lessons drawn from the Interim Evaluation of the VODP 1 conducted by IFAD's Office of Evaluation. This evaluation has found that the PPPP for oil palm as an extremely innovative intervention with good potential for replication. The other lessons include the need for speedy decision making, good public relations, continued use of environmental mitigation measures and environmental monitoring, and continued technical backstopping of the farmers' organizations.
31. **Oil Palm Development component:** The interventions under this component were designed to continue project's partnership with OPUL in Kalangala district and consolidate the gains in smallholder oil palm development and to develop a similar scheme in Buvuma. The project continued its partnership with OPUL for maintaining the nucleus estate, establishing crushing mills and supporting expansion of smallholder oil palm plantations. These interventions with close interdependence between OPUL, the buyer of FFB to produce palm oil for achieving vegetable oil

sufficiency and the smallholder oil palm FFB producer have been relevant and its efficacy, which was at the conceptual level during design, has been proved beyond doubt during this phase of implementation.

32. **Oilseeds Development Component:** This component was designed to reach large number of households in the conflict affected northern part of the country through strong private sector engagement in input supply, transport, milling, refining and marketing. The downstream part of the oilseeds value chain is fragmented making it difficult and cost ineffective for the market players to deal with the farmers on one-to-one basis requiring promotion of Farmer Groups and building their partnerships with the private sector market players. The project design introduced PSPs to promote Farmer Groups and to train them in agronomic practices to enhance oilseeds OSSUP promoted MSPs have been instrumental in linking producers with the market players to: (i) improve access of farmers to quality seeds and other inputs; (ii) introduce bulking of produce for cost effective transportation by the millers; and (iii) introduce post-harvest management practices such as cleaning, crop segregation, moisture control, etc., to increase farm gate price. These interventions were relevant at the time of design and continue to be relevant.
33. The project set out on an ambitious pathway of providing development loans to the smallholder oil palm farmers and recovery of the loan with interest after the plantation starts yielding. This effort has been a first of its kind effort and is making substantial progress despite issues related to accounting and balance reconciliation. This effort has proved beyond doubt that oil palm development is a lucrative farming activity with adequate revenue stream to repay the entire development loan with interest. Similarly, the project increased the availability of credit from mainstream financial institutions for the oilseeds farmers for growth and scaling up of the oilseeds value chain. The project also supported transformation of Farmer Groups into Village Savings and Loan Associations (VSLAs) to inculcate the habit of thrift and to increase the access of farmers to loans. Overall, the goal, objectives, strategy and activities of this project were relevant at the time of design and also remain relevant at completion.

## C.2. Internal Logic

34. The project design had addressed most of the key problems identified during the project preparatory stage. The main problem identified was the rising global demand for vegetable oils that has led to a structural change in the supply-demand balance and much stronger prices. This coupled with strong growing demand within the country with about 50 percent domestic production deficit compensated by imports and also deficits in the neighbouring countries has opened up the potential for expansion of vegetable oil sector. The farmers on the other hand remained fragmented with limited investment capacity, and limited access to markets and extension service, continued with subsistence agriculture with inability to move to demand based production. This has created a web of limited production induced limited market player support structure development and as a result stagnation or limited expansion of production. This situation was exacerbated by the inability of smallholder producers to access required business, technical and financial services in a coherent manner. As a result, these producers remained excluded from the ambit of commercialization of agriculture needed to enhance their income levels to move out of the poverty web.
35. With a view to break this logjam, the project proposed commercially-oriented production and marketing systems, through tailored technical, infrastructural, financial and organisational support to producers in select, profitable and sustainable agriculture value chains. Oil palm and oilseeds are the two value chains selected for expansion under this project. The solutions identified by the project included: (i) consolidation and expansion of Kalangala oil palm scheme; (ii) Buvuma island centric oil palm development; (iii) identification of new areas for oil palm development; (iv) improving availability of quality seeds under oilseeds development; (v) profitable production of oilseeds by the farmers; and (vi) establishment of milling, financing and other forward linkages. A diagrammatic representation of the theory of change for this project is provided under Section B of Appendix 8.
36. Accordingly, the project logical framework set out a well-defined goal and also a set of development objectives and contained expected impact of the project including the indicators for achieving the goal and objective level results. More or less the assumptions and estimates remain realistic at completion with the exception of activities related to oil palm development in Buvuma. Despite significant reduction in the targets, almost the entire IFAD loan for oil palm development was utilized for managing and expanding 4,848 ha of oil palm plantation in Kalangala and related infrastructure development raising doubts about the adequacy of cost estimates during project design. The allocated budgets were skewed towards oil palm development with 70 percent of the total budget for Oil palm development component and 19 percent for Oilseeds development component. Delays in selection and engagement of PSPs and low technical capacity of DLGs hindered project implementation related to oilseeds. The timeframe proposed by the design was adequate and appropriate. However, delays in setting up of the project management structure, supervision capacity requirement particularly for oilseeds component and also timeframe required for acquiring land for nucleus estate in Buvuma were not appropriately taken into account while designing the project.

## C.3. Adequacy of design changes

37. There were significant changes in the design during project implementation and these changes were largely based on implementation experience and demands of the stakeholders. Major changes made during the course of project implementation include: (i) dropping smallholder oil palm development and nucleus estate development on Buvuma island; (ii) use of IFAD funds to build landing sites and ferry services in Kalangala and Buvuma; and (iii) use of DLGs

as service providers for supporting Farmer Groups under Oilseeds component.

38. The project had allocated funds for establishment of 6,500 ha of nucleus estate by OPUL and 3,500 ha of smallholder farmer oil palm plantation in Buvuma. The development of both nucleus estate and smallholder oil palm plantation were dropped on account of issues related to land acquisition and delays in getting confirmation from BIDCO/OPUL. The project used the savings made to partially fund establishment of landing sites and ferry services in both Kalangala and Buvuma. Nucleus estate development and smallholder farmer oil palm plantation support in Buvuma are now part of NOPP.
39. The project initially intended to cover 43 districts for oilseeds development and this target was revised to 45 districts during MTR but finally, the project expanded to 52 districts covering 635 sub-counties. The project initially used six PSPs for mobilizing and supporting Farmer Groups, RPOs and HLFOs. During MTR, it was agreed to increase the number of PSPs from six to eleven and also to include DLGs for mobilizing and supporting Farmer Groups. As a result, DLGs were allocated 56 percent of the sub-counties and have mobilized 40 percent of the total 5,386 Farmer Groups. However, DLGs provided support to only Farmer Groups and were not able to support RPOs and HLFOs. The project had to engage UCA for supporting RPOs and HLFOs for their growth as primary cooperatives and Agriculture Cooperative Enterprises (ACEs) respectively. However, DLGs have not been very effective as service providers. Data and reporting on the performance of the Farmer Groups supported by the DLGs are not available, which made it difficult to assess the progress made. DLGs also faced issues related to slow disbursement of funds for extension activities mainly due to the weakness of its own internal processes.[\[9\]](#) The extension staff of DLGs had limited resources and transport. Inadequate data availability and also doubts on the actual number of Farmer Groups supported by DLGs were consistently reported by the SMs.[\[10\]](#)
40. At completion, it is recognised that most of the key changes made and introduced during implementation have facilitated ease in implementation. Other changes are summarised in Table 2 below:

**Table 2: Summary of design changes**

At design	Changes made post MTR
Target for number smallholder farmers to be supported under Oil palm development component was 3,000 smallholder farmers.	The target was revised to 2,500 smallholder farmers.
It was proposed to expand smallholder oil palm in about 800 ha in Bugala island and 1,200 ha in outlying islands.	1,790 ha of oil palm plantation developed in Bugala Island and 800 ha in outlying islands. Further support was halted due to overachievement of target and also environmental concerns.
Smallholder farmers of four outlying islands (Bunyama, Bubembe, Funve and Bukasa) were to be supported.	Only Bunyama and Bubembe islands were supported due to access issues to other islands.
No linkages with research.	Project established partnership with NARO particularly for containing Fusarium outbreak resulting in shifting germinated seed procurement from Malaysia to Agriculture Research for Development-France (CIRAD-France).
Target for number of households to be supported under Oilseeds development component was 136,000 households.	This target was revised to 79,000 households in the logframe of MTR Report but the main text maintained the target of 136,000.

At design	Changes made post MTR
The original project coverage of oilseeds development was 43 districts in 4 hubs.	During MTR, 45 districts were proposed. However, in total 52 districts were covered by the project at PCR. This is mainly on account of carving out new districts from out of existing districts.
The design had proposed focus on 4 oilseed crops: sunflower, soybean, sesame and groundnut.	During implementation focus was on sunflower and soybean due to availability of market linkages.
The project planned engagement of 6 PSPs for supporting Farmer Groups.	The project post MTR engaged additional 5 PSPs and used DLGs to support Farmer Groups. UCA was also engaged to support Farmer Groups and Cooperatives.
VSLA introduction was not part of design	VSLA concept was introduced to address financial services needs of the farmers.
Guarantee fund proposed in the project to facilitate credit access.	Guarantee fund concept was dropped and it was decided to facilitate Farmer Groups to access loans from banks and micro-finance institutions.
FLP concept was not part of design.	Introduced FLPs for training and provision of extension service comprising Farmer Groups and Service Providers (both PSPs and DLGs)

## D. Assessment of project effectiveness

41. *Effectiveness of this project is rated moderately satisfactory (Score=4).* Effectiveness is the extent to which the development intervention's objectives were achieved or expected to be achieved. This section details the effectiveness of VODP 2 in relation to its objectives taking into account the overall goal of the project which is to contribute to sustainable poverty reduction in the project area.

### D.1. Physical targets and output delivery

42. The project intended to achieve two major outcomes: (i) development of an integrated oil palm industry compliant to modern environmental standards providing equitable returns to smallholder producers; and (ii) 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.
43. The outputs intended to achieve the **first outcome** include: (i) establishing oil palm plantation; (ii) developing institutional framework and physical infrastructure; and (iii) strengthening of environmental measures and research:
44. **Output 1.1 – Establishing Oil Palm Plantations:** The project design output targets of oil palm development included: (i) continued management of 6,050 ha of nucleus estate managed by OPUL in Kalangala; (ii) establishment of 6,500 ha of nucleus estate in Buvuma managed by OPUL; (iii) support to 2,700 ha of existing smallholder plantation in Kalangala developed under VODP 1; (iv) establishment of additional 2,000 ha of smallholder oil palm plantation in Kalangala<sup>[11]</sup>; and (v) support to 3,500 ha of smallholder oil plantation in Buvuma. During MTR, the target for 6,500 ha of nucleus estate in Buvuma was dropped, the extent of support to existing smallholder plantation in Kalangala developed under VODP 1 was reduced to 2,258 ha, and support for 3,500 ha of smallholder plantation in Buvuma was dropped.
45. The project continued support to 6,500 ha of nucleus estate development under OPUL management in Kalangala achieving 107 percent of both original and MTR targets and continued support to 2,258 ha of smallholder plantation started under VODP 1 (84 percent of original target and 100 percent of MTR target). In addition, the project established 2,590 ha of new smallholder oil plantation in Kalangala and outlying islands being 130 percent of the original and MTR target. (Table 3). Though the project exceeded the targets for smallholder oil palm expansion in Bugala island of Kalangala district (1,790 ha being 224 percent of the original and MTR target), achievement of expansion in the outlying islands was only 800 ha being 67 percent of the original and MTR target.
46. The project intended to develop oil palm plantation on Buvuma Island covering 6,500 ha nucleus estate and 3,500 ha of smallholder plantations and to upgrade ferry service to the island. The issues related to land acquisition has resulted in MTR deciding to take up only preparatory activities in Buvuma. In 2017, it was decided to finance development of nucleus estate and smallholder expansion in Buvuma under the National Oil Palm Programme (NOPP).<sup>[12]</sup> The project has completed all the preparatory activities including acquisition of 5,114 hectares for nucleus estate in Buvuma. GoU is in the process of leasing this land to Oil Palm Buvuma Limited (OPBL) for nucleus estate development. The project has identified 2,500 ha for smallholder expansion and contract for construction of Buvuma ferry and landing site have been awarded. Thus, at the end of the project, preparatory activities for establishment of Oil palm scheme in Buvuma were accomplished.
47. As a result of these developments, overall achievement of smallholder oil palm expansion against design targets was only 47 percent but the achievement compared to post MTR targets was 130 percent (Table 3).

**Table 3: Oil palm development achievement against target**

Details	Design Target (ha)	MTR Target (ha)	Performance against target		
			Area (ha)	% against Design target	% against MTR target
Nucleus estate in Kalangala - continued management by OPUL	6,050	6,050	6,500	107	107
Smallholder support - VODP 1 plantation	2,700	2,258	2,258	84	100
Smallholder expansion – VODP 2	2,000	2,000	2,590	130	130

Nucleus estate development in Buvuma	6,500	0	0	0	0
Smallholder expansion in Buvuma	3,500	0	0	0	0
Total new smallholder oil palm plantation expansion under VODP 2	5,500	2,000	2,590	47	130
Total smallholder oil palm plantation supported including VODP 1 smallholder plantation	8,200	4,700	4,848	59	103

48. Under the agreement signed between GoU and BIDCO, 40,000 ha of oil palm plantations were to be developed and about 50 percent of this total target was to be achieved with the completion of the investments on the islands in Kalangala district and Buvuma Island by 2018. The achievement has been 11,348 ha in Kalangala being 57 percent of the target set for achievement by 2018. The project has identified 7,614 ha in Buvuma and another 19,500 ha in Mauge and Sango bay and these will be developed under new IFAD funded NOPP.[\[13\]](#)
49. **Output 1.2 – Developing institutional framework and physical infrastructure:** The project had envisaged restructuring of KOPGT by separating its financing and technical functions. KOPGT broadly provided six services including: (i) provision of development loans to registered farmers for plantation establishment and management; (ii) coordination with OPUL for procurement of inputs and their distribution to members; (iii) transport of FFB from the smallholder plantations to OPUL; (iv) receipt of FFB value from OPUL and payment to farmers after deducting 33 percent of the value towards development loan; (v) represent the farmers in the price fixation committee to determine FFB prices; and (vi) holding 10 percent share in OPUL, receiving dividends and using the dividends for the common good of Kalangala residents.[\[14\]](#)
50. The oil palm farmers of Kalangala, as on 31 December 2018, owe KOPGT in total UGX 72.087 billion which includes UGX 53.148 billion against principal and UGX 18.939 against interest outstanding. The amount payable by KOPGT to GoU is UGX 66.406 billion and out of this KOPGT has repaid UGX 25.114 billion to GoU after recovering from the farmers. The balance repayable to GoU as on 31 December 2018 works out to UGX 41.29 billion. The project did not develop standardized procedures of account keeping, interest charging[\[15\]](#), auditing and balance confirmation from the very beginning. Efforts to streamline systems and processes including accounting and audit started from 2018 with the appointment of an audit firm to reconcile the account. This task is yet to be completed and the disputes between KOPGT and farmers with regard to balance payable are in the process of being resolved. KOPGT is currently operationally self-sufficient but the long-term self-sufficiency cannot be guaranteed with the reduction in interest income due to development loan closure over the next 2-3 years.[\[16\]](#)
51. The project had initially established Kalangala Oil Palm Growers Association (KOPGA) with a view to represent farmers' interest. The management of KOPGA due to the inadequacy of its legal form established SOPGCO under the cooperative legal framework. UCA was engaged to provide mentoring support to SOPGCO for defining latter's roles and responsibilities and evolution as a member owned and managed institution but at project completion this is still work in progress. KOPGT's restructuring agreement was signed in 2018 after a delay of five years.[\[17\]](#) Further support is required for demarcation of roles and responsibilities between KOPGT and SOPGCO, equity capital mobilization from all members, election to the Board of Directors, development of a fee based service provision to oil palm farmers, separation of management structure, staff and office infrastructure, and phased transfer of KOPGT's commercial functions to SOPGCO related to production and sale of FFB. This support will enable SOPGCO to evolve as a service provider to members and an effective intermediary between smallholder farmers and KOPGT/OPUL.
52. The oil palm farmers of Kalangala established Sseese Oil Palm Growers' Cooperative Savings and Credit Society Limited (SOPAG) to provide savings and credit services. SOPAG has 651 members with a share capital of UGX 179 million, savings outstanding of UGX 69 million and cumulative loan disbursement UGX 590 million. UCA has been engaged to support SOPAG but significant capacity building efforts are required to ensure provision of financial services on a sustainable basis to oil palm farmers.
53. The project constructed three fertilizer stores as per project design and MTR targets; a fertilizer store in Kalangala (750 sq metre) with a capacity of 1,500 MT and a fertilizer store each in the two outlying islands (207 sq metre of 400 MT capacity). The project partnered with Kalangala Infrastructure Services for road construction and ferry services. The project completed 481 km of road by the end of this project against the target of 390 km.[\[18\]](#) MoU has been signed with DLG of Kalangala for maintenance of community access roads.
54. **Output 3 – Strengthening environmental measures and research:** The project implemented a system of issuance of Environmental and Social Impact Assessment (ESIA) certificates from NEMA approving oil palm development

activities in both Kalangala and Buvuma in 2015. The project also supported DLG of Kalangala district to ensure that the oil palm activities are in line with the recommendations of ESIA through sensitization meetings on the protection of buffer zones, planting traditional tree seedlings, and conducting inspection of the effluent treatment facilities of the oil mills. The project with a view to generate empirical evidence on the effects of oil palm development, partnered with European Space Agency and acquired satellite maps to compare pre and post project scenarios. This indicates increase in forest cover, limited encroachment in Bugala into forest area and increasing encroachments in Bunyama. OPUL has put in place environmental measures such as non-application of agro-chemicals in the buffer zone and treatment of effluents from the oil mills.

55. The project supported adaptive oil palm trials in eight locations conducted by the Coffee Research Centre /NACRRI<sup>[19]</sup> for identification of suitable areas using seedlings from OPUL. Partnerships with the Oil Palm Research Institute, Ghana (OPRI-Ghana), and CIRAD-France have been forged for backstopping NaCRRRI's research. Research efforts were to some extent impacted by lack of an entomologist and also high turnover of research staff. Potential germplasm from CIRAD-France have been acquired for adaptive testing in Uganda. A study on *Fusarium wilt* was conducted to assess the occurrence, distribution and incidence. The researchers also updated the situation of oil palm weevil in Uganda<sup>[20]</sup> which contributed to the knowledge base on control of weevils in oil palm plantations. Furthermore, in collaboration with CIRAD-France and OPRI-Ghana, the researchers are planning to screen the seedlings for resistance. 1,946 farmers and 6 KOPGT field staff were trained in identification and management of oil palm diseases.
56. The outputs to achieve the **second outcome** include: (i) promoting farmer organizations as project services delivery backbone; (ii) producing and using quality seeds; and (iii) farming oilseeds as a business and operating in groups to sell increasing volumes of crushing material to millers.
57. **Output 2.1 – Promoting farmer organizations as service delivery backbone:** OSSUP organized MSPs were the starting point to bring millers, seed suppliers and producers to plan for crop production, harvesting, aggregation and sale. SNV supported this effort and functioned well until the availability of project funding. Thereafter, MSP modalities did not continue due to lack of an institutional backbone for conducting this exercise and also a sustainable mechanism for funding this activity. The implementation of Oilseeds component was affected by delays in project start up, delays in engagement of PSPs and limited resource allocation at design.<sup>[21]</sup> Four hub offices with skeletal staff were operational by 2013 and procurement of six PSPs were completed by February 2015. Post MTR, five additional PSPs were recruited and MoUs with DLGs were signed for monitoring PSPs as well as for directly supporting field level implementation. The performance of DLGs has been below expectation on account of staffing issues and also delays in release of funds linked to delayed settlement of expenditure by DLGs.
58. The project through four hubs covered 52 districts and 635 sub-counties. The project has mobilized 5,386 Farmer Groups against the target of 5,900 Farmer Groups. DLGs supported the work in 355 sub-counties and worked with 2,177 Farmer Groups and the remaining Farmer Groups were supported by PSPs. There have been inconsistencies in reporting data related to Oilseeds development component. The project mobilized 1,229 RPOs by aggregating 3-5 Farmer Groups and 1,092 RPOs were registered as Primary Cooperatives (Table 4). The project has also mobilized 167 HLFOs and of these 106 were registered as ACEs. About 30 percent of Farmer Groups (1,646) have started functioning as VSLAs. The project engaged UCA to strengthen capacity and improve governance structures of VSLAs, RPOs and HLFOs. The capacity of these organizations remains weak and these will be supported under National Oilseeds Programme (NOSP).

**Table 4: Oilseeds activity coverage and farmer organization promotion**

Details	Lira Hub	Eastern Uganda Hub	Gulu Hub	West Nile Hub	Total
No. of district covered	16	20	9	7	52
No of sub-counties covered	136	288	136	75	635
No. of Farmer Groups mobilized	1,359	1,958	1,190	879	<b>5,386</b>
No. of RPOs mobilized	220	462	462	85	1,229
No. of RPOs registered as Primary Coops	97	462	462	71	1,092

No. of HLFOs mobilized	76	34	40	17	167
No of HLFOs registered as ACEs	45	25	24	12	106

59. The project has mobilised in all 5,386 Farmer Groups with purposive inclusion of women for extending extension services. While women participation varies from group to group and also hub to hub, overall 53 percent of members are women with highest participation of women (59 percent) in West Nile hub and lowest (46 percent) in Gulu hub (Table 5). Data disaggregated by gender and age related to composition of RPOs and HLFOs and also the composition of women in decision making bodies were not available.

**Table 5: Percentage of women in Farmer Groups**

Farmer Groups	Lira Hub	Eastern Uganda Hub	Gulu Hub	West Nile Hub	Total
No. of Farmer Groups	1,359	1,958	1,190	879	5,386
No. of members in Farmer Groups	31,378	37,860	35,492	23,566	128,296
% of women in Farmer Groups	54	57	46	59	53

60. **Output 2.2 - Producing and using quality seeds** The project adopted a three pronged strategy to make quality seeds available for the farmers that include: (i) working with research institutes for release of improved varieties of foundation seeds; (ii) capacitating Farmer Groups as local seed businesses for production of open pollinated varieties of soybean seeds; and (iii) working with seed companies and millers to make available hybrid seeds.

61. The research and breeding programmes by the National Semi-arid Resources Research Institute (NaSARRI) and NaCRRRI were strengthened for breeding of improved varieties. The project target was to annually produce 20 MT each of foundation/ breeder seed of hybrid parental lines of sunflower and soybean and 10 MT of groundnut and sesame respectively. These research institutions have on an average annually produced 52 MT, 10 MT and 10 MT of soybean, sunflower and sesame foundation/ breeder seeds. The foundation/ breeder seed production performance in respect of soybean was good and was below expectation in respect of sunflower. The research institutions did not focus on groundnut seed production. NaCRRRI's soybean research team has introduced five high yielding varieties of soybean. [22] In response to the demand of open pollinated varieties (OPV), PSPs with technical support from NARO and national seed certification services of MAAIF trained farmers in seed production and post-harvest handling. The project established seed multiplication business involving Farmer Groups and RPOs. In total, 315 Local Seed Businesses (LSBs) have been established and these LSBs have procured 1,351 kg of foundation seeds and produced 13,655 kg of quality declared seeds (QDS) of soybean (Table 6).

**Table 6: Production of quality declared seeds in 2019**

Details	Lira Hub	Eastern Uganda Hub	Gulu Hub	West Nile Hub	Total
No. of LSBs in seed multiplication	4	43	241	27	315
Qty of soybean foundation seed purchased in 2019 (kg)	1,200	800	3,067	306	1,351
Qty of quality declared soybean seed produced by farmers in 2019 (kg)	12,000	3,000	36,728	2,000	13,655

62. Efforts of NaSARRI to release hybrid varieties of sunflower did not yield desired results due to relatively lower yields and low prices offered by off-takers.[\[23\]](#) Sunflower hybrid seeds are largely imported and the number of importers has increased from one (in Mukwano) at the beginning of the project to four. The main issue related to sunflower hybrid seed is lack of pre-order system wherein the oilseeds producers place firm order with the importer to purchase hybrid seeds well in advance. The project has been encouraging farmers to use hybrid and quality declared seeds. In 2019, 29,837 sunflower and 46,455 soybean farmers used hybrid and quality declared seeds compared to 5,538 sunflower farmers and 5,312 soybean farmers in 2015. About 66 percent of sunflower farmers and 67 percent of soybean farmers use hybrid/QDS seeds. The performance of West Nile hub in using sunflower hybrid seed is low at 45 percent and the performance of Gulu hub in using soybean QDS is low at 75 percent (Table 7).[\[24\]](#)

**Table 7: Percentage of farmers using hybrid/QDS seeds**

Commodity	Lira Hub	Eastern Uganda Hub	Gulu Hub	West Nile Hub	Weighted average
Sunflower	100	45	95	95	66
Soybean	80	80	75	99	67

63. **Output 2.3- Farming oilseeds as a business and operating in groups to sell increasing volumes of crushing material to millers:** The PSPs engaged by the project supported Farmer Groups in 280 sub-counties by providing training on agronomic practices, post-harvest handling and marketing, and established linkages between farmers, input dealers, off-takers and financial institutions. The community-based facilitators (different PSPs have different titles) acted as the last mile extension delivery agents and worked closely with the Farmer Groups and PSPs. However, no system for payment for their services from the farmers has been put in place.
64. 51 DLGs provided extension service in 335 sub-counties that are not reached by the PSPs. DLGs recruited extension officers and their effective functioning was affected by limited resources and shortage of means of transport. Fund flow to DLGs was slow due to poor budgeting and accounting and slow settlement of accounts. Farmer Groups supported by PSPs were provided with a full package of capacity building in agronomic practices, farming as a business, financial literacy and linkages with markets while those supported by DLGs largely received support on only agronomic practices. DLG supported Farmer Groups lack business plans and have no formal arrangements with input and output dealers.[\[25\]](#)
65. The DLGs and PSPs established FLPs to demonstrate to farmers the performance of different oilseed crops. FLPs were also used for training oilseeds farmers on agronomic practices. A total of 1,931 sunflower and 1,386 soybean FLPs were established and key value chain actors apart from farmers participated in farmer field days increasing linkages between them. The results of Annual Outcome survey conducted in 2018 indicates that 83.1 percent of respondents have been trained in land management, 64.6 percent in water management, 70.4 percent in integrated soil fertility management, 66.1 percent in conservation farming, 82 percent in integrated pest and disease management, 83.7 percent in post-harvest handling, and 82.1 percent in bulking and storage.
66. The project intended to increase the area under cultivation by 10 percent each year. The project's activities related to training have increased the area under cultivation by almost 16 times. The area under sunflower has increased from 2,204 ha to 60,710 ha and the area under soybean has increased from 4,632 ha to 72,369 ha. (Table 8).

**Table 8: Area under oilseeds cultivation in hectares (aggregated for 2 seasons in a year)**

Crop	Lira Hub		Eastern Uganda Hub		Gulu Hub		West Nile Hub		Total	
	2015	2019	2015	2019	2015	2019	2015	2019	2015	2019
Sunflower	753	29,915	261	13,699	1149	15,675	41	1,421	2,204	60,710
Soybean	3,049	27,567	639	22,978	884	20,706	60	1,118	4,632	72,369

67. The project has been encouraging farmers to bulk and sell their produce as a group in order to negotiate for better price and also to facilitate cost effective collection and transport. The project targeted to have at least 1,000 Farmer

Groups in bulk selling whereas at completion, 2,022 Farmer Groups have bulked their produce for sale. On an average 61 percent of the sunflower farmers bulked their produce compared to 38 percent of soybean producers. Sesame being crop of importance to West Nile, farmers bulked about 70 percent of their produce. Groundnut is a multi-market channel crop and hence the bulking percentage is low (Table 9).

**Table 9: Bulking percentage by crop**

Crop	Lira Hub	Eastern Uganda Hub	Gulu Hub	West Nile Hub	Weighted average
Sunflower	65	35	60	80	61
Soybean	45	50	28	50	38
Sesame	0	10	10	70	12
Groundnut	0	35	7	0	34

68. The project worked with UNBS to ensure quality assurance and standards for the vegetable oils and fats. The Uganda National Bureau of Standards (Use of Distinctive Mark) Regulations, 2018 has been implemented since July 2019. Following a baseline and gap analysis survey, UNBS organized standards awareness workshops for value chain stakeholders. In total, six large millers (52 products), five medium millers (18 products) and 11 small millers (12 products) have been certified covering about 89 percent of the millers against the target of 90 percent. [26] Fees for getting the certificate were waived for small mills under VODP 2. UNBS is behind schedule in the organization of training for millers and general awareness on quality control. [27]
69. The project promoted establishment of VSLAs through the PSPs for facilitating easy access of farmers to financial services. In total 1,646 Farmer Groups operate as VSLAs and have cumulatively mobilized UGX 21.3 billion as savings. The total loan outstanding stands at UGX 13.6 billion. The project established partnerships with ten financial institutions. [28] The PSPs have linked strong HLFOs and mature VSLAs to financial institutions. These institutions have disbursed USD 1.09 million as loans to oilseed farmers and 61 percent of these loans were disbursed by Uganda Development Bank Limited (UDBL). [29] Loan repayment overdue is USD 244,017 in respect of 876 farmers and majority of these overdue loans are from the portfolio of UDBL.

**Outcome 1 - Development of an integrated oil palm industry compliant to modern environmental standards providing equitable returns to smallholder producers**

70. **Increase in production of FFB and crude palm oil:** FFB production has steadily increased from 119,372 MT in 2010 to 479,728 MT in 2019. [30] As against the design target of 30,000 MT of crude palm oil production, the project has achieved 40,005 MT by 2019. [31] OPUL established two oil mills in Kalangala with production capacity to 40 MT per hour and the capacity utilization has been 60 percent for 2019. [32] While the target of crude palm oil production has been achieved, the achievement could have been much more if the project were to address productivity issues. In 2019, while the average yield in nucleus estate is 19 MT per hectare, the average yield of smallholders is 12 MT per hectare. As a result of farmer training on right harvesting practices, FFB deduction ratio which was as high as 3.6 percent in 2016 has reduced almost 0.001 percent in 2019. The oil recovery rate is 23 percent for nucleus estate produce and 19.5 percent for smallholder farmers. This can be improved with better agronomic practices in production and post-harvest handling.
71. **Increase in net income:** The project had projected a net income of USD 1,500 per ha under oil palm development. As of December 2019, the gross income per ha was USD 2,338 and the net income after deducting the cultivation costs of USD 355 per ha is estimated at USD 1,983 per hectare. [33] The net income after loan servicing works out to USD 1,211.46 per ha (Table 10).

**Table 10: Income per hectare from oil palm plantation**

Details	Amount in USD
Gross income per ha - 2019 data (USD)	2,338.00

Expenditure (cultivation costs) per ha	355.00
Net income before loan servicing	<b>1,983.00</b>
Deductions for loan servicing	771.54
Net income after loan servicing	1,211.46

72. **KOPGT Operational self-sufficiency:** KOPGT has achieved operational self-sufficiency of 103 percent for the financial year 2018-19. As against the income of UGX 1.61 billion, the expenditure has been UGX 1.55 billion recording a net profit of UGX 59 million. However, KOPGT offers services that are not being fully charged to farmers; the transportation costs of FFB and fertilizer mark-up [34] do not fully cover the costs. Share in the interest charged on development loan is the major revenue stream for KOPGT and this will reduce over the longer term with full repayment of development loans by farmers. KOPGT as the holder of 10 percent shares in OPUL has so far received dividends of UGX 10 billion.

73. **Outcome 2 - 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**

74. **Increase in production:** The production of oilseeds has been increasing with expansion in area under cultivation and with yield increase due to adoption of better agronomical practices and access to quality seeds. Production increase was phenomenal given the low base. Production of sunflower increased from 1,968 MT in 2015 to 103,547 MT in 2019 and similarly soybean production increased from 3,406 MT in 2015 to 131,220 MT in 2019 (Table 11). Though there is robust increase in production from a low base, further production expansion requires farm mechanization, extension services covering both production and post-harvest practices, and improved access to financial services and quality agricultural inputs.

**Table 11: Comparative oilseeds production by project supported farmers in MT**

Crop	Lira Hub		Eastern Uganda Hub		Gulu Hub		West Nile Hub		Total	
	2015	2019	2015	2019	2015	2019	2015	2019	2015	2019
Sunflower	678	52,258	183	18,458	1,082	30,842	25	1,989	1,968	103,547
Soybean	2,287	49,621	383	36,765	707	43,483	29	1,363	3,406	131,221

75. **Increase in mill capacity utilization:** The project target was to increase mill capacity utilization from 30 percent in 2010 to 85 percent in 2018 and the actual capacity utilization has been 68 percent in 2019. In 2012, there were 88 oil mills which increased to 110 by 2016 and by 2019 only 72 mills were operational.[35] New mills have been established in Eastern Uganda, Gulu and West Nile hubs. Several mills have expanded capacity even while smaller mills have closed down in Lira hub. The increased level of investment in the oilseed milling industry has resulted in competition for oilseed procurement and resultant improved market access and increase in farm-gate prices.

76. **Increase in income:** The project had projected a net income of USD 350 per ha from oilseed cultivation. As of December 2019, the net income per ha of sunflower cultivation was USD 313 and in respect of soybean was USD 438 (Table 12). Net income from sunflower remains comparatively low mainly on account of limited increase in farm gate prices during the last three years.

**Table 12: Income per hectare from oilseeds production**

Details	Sunflower		Soybean	
	2015	2019	2015	2019
Yield (MT/ha)	0.89	1.71	0.74	1.81
Selling price (UGX/Kg)	750	1200	900	1600
Gross income (UGX)	634,125	2,010,960	632,700	2,932,659
Production costs (UGX)	445,900	869,750	428,750	1,151,500
Net income (UGX)	188,225	1,141,210	203,950	1,599,700
Net income (USD)	57.47	313.00	62.27	438.27

77. **Outcome 3 - Vegetable oil self sufficiency:** The project has contributed substantially in achieving vegetable oil self sufficiency. The level of vegetable oil self sufficiency was 30 percent at baseline and the end-line target was 60 percent. At project completion, the level of vegetable oil self sufficiency reached 50 percent. [36] Similarly, the per capita annual vegetable oil consumption was 5.6 kg per capita at baseline and the endline target was 15 kg per capita. At the time of project completion, the per capital annual vegetable oil consumption increased to 10 kg per capita.[37]

78. **Outcome 4 - Reduction in Child malnutrition:** There has been a general reduction in the prevalence of child malnutrition in the oil palm growing islands of Kalangala district based on the household survey conducted by the project. Chronic malnutrition or stunting reduced from 66.2 percent at baseline to 32.4 percent in 2019 compared to stunting rates of 26.5 percent in central region and at 29 percent nationally.[38] There was a reduction in prevalence of global acute malnutrition from 16.3 percent at baseline to 2.4 percent in 2019 which better than the central Uganda average of 3.2 percent. Underweight prevalence improved from 28.6 percent at baseline to 12.6 percent in 2019 (Table 13).

**Table 13: Prevalence of Malnutrition in Kalangala district**

Parameter	Status	Baseline (%)			End-line (%)		
		Boys	Girls	All	Boys	Girls	All
Stunting (HfA) High prevalence (30-39%)	Severe stunting	63.2	41.8	51.7	3.6	3.0	6.6
	Moderate stunting	13.2	15.6	14.5	12.0	11.8	25.8
	<b>Total</b>	<b>76.5</b>	<b>57.4</b>	<b>66.2</b>	<b>15.6</b>	<b>14.8</b>	<b>32.4</b>
Wasting (WfH) Weight for Height	Severe Wasting	14.7	5.1	9.5	0.0	0.0	0.0
	Moderate Wasting	8.8	5.1	6.8	2.4	0.0	2.4

Acceptable (<5)	Global Acute Malnutrition	23.5	10.1	16.3	2.4	0.0	2.4
	<b>Total</b>	<b>46.3</b>	<b>20.3</b>	<b>32.6</b>	<b>4.8</b>	<b>0.0</b>	<b>4.8</b>
Underweight (WfA) Weight for Age Medium Prevalence (10-19)	Severe Acute Malnutrition	20.6	5.1	12.2	0.6	1.2	1.8
	Moderate Acute Malnutrition	17.6	15.2	16.3	5.4	5.4	10.8
	<b>Total</b>	<b>38.2</b>	<b>20.3</b>	<b>28.6</b>	<b>6.0</b>	<b>6.6</b>	<b>12.6</b>

79. The child malnutrition data projections for the oilseeds project area have used 2011 data of FAO as baseline and 2016 data of the Uganda Demographic survey as the endline data. Though, this data does not correctly represent the malnutrition status of project villages and does not capture project impact from 2016-20, this data is used as an indication of trend. This data indicates marginal deterioration of stunting parameter in Gulu and Eastern hubs and there has been significant improvement in West Nile hub (Table 14). The wasting and underweight parameter also show marginal deterioration. Overall nationally, there has been improvement in stunting, wasting and underweight parameters.

**Table 14: Prevalence of Malnutrition in oilseed hubs**

		Baseline <a href="#">[39]</a> (%) - 2011							Endline <a href="#">[40]</a> (%) - 2016						
		National			Project Area (hubs)				National			Project Area (hubs)			
Parameter	Status	M	F	All	Lira	Gulu	East- ern	West Nile	M	F	All	Lira	Gulu	East- ern	West Nile
Stunting (HfA) High prevalence (30-39%)	Severe stunting	16	12	14	n/a	9.9	10	18.9	11	7	9	4	6.3	11	12.4
	Moderate stunting	37	30	33	n/a	24.7	29	37.8	31	27	29	18	30.6	29	33.9
	<b>Total</b>	<b>53</b>	<b>42</b>	<b>47</b>		<b>34.6</b>	<b>39</b>	<b>56.7</b>	<b>42</b>	<b>34</b>	<b>38</b>	<b>22</b>	<b>36.9</b>	<b>40</b>	<b>46.6</b>
Wasting (WfH) Weight for Height Acceptable (<5)	Severe Wasting	1	2	2	n/a	0.7	1	2.4	2	1	2	1	1.2	2	5.6
	Moderate Wasting	5	5	5	n/a	3.4	5	6.2	4	3	4	4	3.9	4	10.4
	<b>Total</b>	<b>6</b>	<b>7</b>	<b>7</b>		<b>4.1</b>	<b>6</b>	<b>8.6</b>	<b>6</b>	<b>4</b>	<b>6</b>	<b>5</b>	<b>5.1</b>	<b>6</b>	<b>16.0</b>

Underweight (WfA)	Severely underweight	3	4	4	n/a	3.2	2	5.2	3	2	3	1	2.6	3	5.1
Weight for Age.	Underweight	15	13	14	n/a	12.3	13	17.9	11	10	11	6	15.4	12	16.7
Medium Prevalence (10-19)	<b>Total</b>	<b>18</b>	<b>17</b>	<b>18</b>		<b>15.5</b>	<b>15</b>	<b>23.1</b>	<b>14</b>	<b>12</b>	<b>14</b>	<b>7</b>	<b>18.0</b>	<b>15</b>	<b>21.8</b>

## D.2. Rural Poverty impact

80. *The overall rural poverty impact is rated satisfactory (Score=5).* This section draws on the findings of several studies commissioned and coordinated by the project and also the findings of the PCR mission. The impact of oil palm cultivation is drawn from: (i) The Project Completion Report submitted by RCTIL; (ii) The Process Monitoring Study by the Prime Minister's Office conducted in 2018; (iii) Brokering Development: Enabling Factors for Public-Private-Producer Partnerships in Agricultural Value Chains - A case study of the Oil Palm PPP in Kalangala, Uganda by the Institute of Development Studies, 2016; and (iv) Local Economy-wide Impact Evaluation of the Kalangala Oil Palm Project, a study conducted by the University of California, Davis. Some of the findings are drawn from Annual Outcome Surveys of 2018<sup>[41]</sup> and focus group discussions with Farmer Groups and other stakeholders undertaken by the PCR mission.

### i) Household income and assets

#### Household income and assets

81. *Impact on Household income and assets is rated satisfactory (Score=5).* There has been substantial increase in the income of households involved in both oil palm and oilseeds. As a result of project interventions, based on the data available for 2019, the average annual net income per household of oil palm farmers from oil palm cultivation is estimated at USD 5,326 and that of oilseeds farmers at USD 568 (Table 15).

**Table 15: Annual household income from project activities**

Details	Oil Palm	Oilseeds
No. of households	1,805	87,977
Area under cultivation (ha)	4,848	133,070
Net income per ha (USD)	1,983	376 <sup>[42]</sup>
Total net income (USD)	9,613,584	49,967,785
Net income per household (USD)	5,326	568

82. The results from the household survey conducted by RCTIL engaged by the project indicate substantial improvement in the household assets of oil palm farmers in 2019 compared to the status in 2014. The percentage of households with iron-roofed main houses increased from 45.9 percent to 97.8 percent, houses with walls made of burnt blocks increased from 5.9 percent to 46.2 percent while those with cemented floor material increased from 40.2 percent to 64.0 percent. Similarly, the data collected during focus group discussions with oilseeds farmers indicate that 52 percent of the farmers have purchased plough animals, 62 percent have invested in home improvement, 74 percent purchased solar lamps and 15 percent purchased motorcycles. This indicates high level of investment in household

assets.

## ii) Human and social capital

### Human and social capital and empowerment

83. *Impact on human and social capital and empowerment is rated moderately satisfactory (Score=4).* With the steady and reliable income from oil palm and oilseeds, the households are investing in the education of children. OPUL, as a part of their Corporate Social Responsibility activities, has upgraded school infrastructure and facilities, provided additional pay for teachers, and arranged for transport of school children in a few remote locations in Kalangala. This effort will have lasting impact on the human capital of the project area. HIV/AIDS was identified as a key cross-cutting issue during the design of VODP2 due to its high prevalence rates. KOPGT worked with the Kalangala Forum for People Living with HIV/AIDS (KAFOFAN) who have undertaken sensitization meetings in oil palm plantation blocks, as well as amongst OPUL workers. PSPs have sensitised Farmer Groups in oilseeds development areas on HIV/AIDS.
84. With project interventions, farmers have moved from subsistence farming to market-oriented production acquiring new technologies in crop production and management. Farmers have acquired knowledge and skills not only on improved production technology but also on markets and their ability to negotiate output and input prices has improved. [43] The capacity of producers and their organizations have been greatly enhanced resulting in increased ownership and control in the management of the oil palm business in Kalangala. Formation and strengthening of Farmer Groups and their higher-level organisations and linking them with value chain actors are enhancing the confidence of oilseeds growers to have better control over their production and income.
85. Formation of SOPGCO and SOPAG to manage savings and credit issues of the members indicates substantial human and social capital accretion amongst oil palm farmers. Similarly, oilseeds farmers reported improved access to credit (61.2 percent), inputs (49.7 percent), group marketing/marketing support (48.4 percent), storage and transport services (33.7 percent) and ability to get better prices (40.2 percent). [44]

## iii) Food security

86. *Impact on food security is rated satisfactory (Score=5).* As per the study covering 142 oil palm farmers by the Institute Development Studies in 2015, nearly all Oil palm farmers (42 out of 43 women and 57 out of 58 men) reported being able to provide adequate food to their households. [45] At baseline, household members reported consuming 2 meals a day, but this increased to 3 meals by project end. Oil palm farmers, as per end line survey conducted by RCTIL are growing a number of food crops. [46] The percentage of farmers growing maize, beans, cassava and banana has increased to 36 percent (24 percent), 35.3 percent (3 percent), 53.3 percent (5 percent) and 23.2 percent (13 percent) [47] respectively (Table 16). However, area under rice and yams has reduced due to the inability of farmers to intercrop along with oil palm as mature oil palm trees occupy more space.

**Table 16: Percent of farmers growing food crops in a season**

Crop	Percent of farmers growing the crop in a season	
	Baseline	End-line
Maize	24.0	36.0
Beans	3.0	35.3
Sorghum	15.0	1.1
Cassava	5.0	53.3

Sweet potato	49.0	46.7
Rice	39.0	8.1
Vegetable	4.0	5.1
Yams	13.0	4.8
Banana	13.0	23.2

87. Oil Palm interventions increased job opportunities for those directly working on the plantations, but also indirectly through spurring other businesses. An impact study<sup>[48]</sup> on the effect of oil palm on Kalangala economy<sup>[49]</sup> revealed that each additional acre planted with oil palm, UGX 1.9 million is added to the local economy, of which UGX 0.8 million goes to indirect beneficiaries. Each acre of palm plantation creates 127 person days of employment, 96 of which are in households that did not grow oil palm. Increase in employment directly contributes to the food security of benefiting households. The process monitoring study by Prime Minister's Office in 2018 indicates that food and nutrition security of the oilseeds farmers has improved along with ability to pay for better health services.<sup>[50]</sup>

#### iv) Agricultural productivity

88. *Impact on agricultural productivity is rated as moderately satisfactory (Score=4)* VODP 2 has implemented oil palm and oilseeds development activities in areas suitable for their cultivation based on research findings, land evaluations and adaptive trials. The project has done well in involving private sector and national research institutions to improve productivity. The yield estimated for plantation in Kalangala was 18-20 MT of FFB per ha. With support from OPUL, VODP 2 facilitated import of *tenera* palms; a hybrid of *dura* and *pisifera*. Average yield in the nucleus estate during the last five years was 15.2 MT of FFB per ha with a good increase in productivity during 2018 and 2019 with 18 and 19 MT per ha respectively. The smallholder farmers receive the same planting material but their average yield was 9.6 MT per ha with a maximum of 12 MT per ha in 2019. This variation is mainly on account of non-implementation of recommended agronomic practices by the smallholder farmers particularly related to fertilizer application. KOPGT started using gangs to ensure proper application of fertilizers and for ensuring implementation of recommended agronomic practices.
89. The average yield of sunflower (*Helianthus spp*) per hectare in Uganda is 1.02 MT per ha<sup>[51]</sup> The project supported efforts to enhance access of farmers to improved sunflower seeds through involvement of private sector (millers) who import PANNAR 7 seeds from South Africa. The national research institutions have developed an OPV of sunflower (SUNFOLA). In order to increase availability of seeds, NaSARRI released five sunflower hybrid varieties in Uganda through collaborations with seed companies. Data from the project M&E indicates average sunflower yield of 1.71 MT per ha which is higher than the average national yield.
90. Average yield of local varieties of soybean (*Glycine max* (L.) Merrill) in Uganda is 200 kg per acre<sup>[52]</sup> (0.495 MT per ha). Through triangular partnership involving VODP 2, NARO and Makerere University, the National Soybean Breeding Programme bred, developed and released improved soybean varieties (Maksoy 1N-6N) that are high yielding (2-3 MT per ha).<sup>[53]</sup> LSBs acquired foundation seeds for multiplication by Farmer Groups. This resulted in availability of quality seeds for smallholder farmers. In order to boost growth of soybean, some farmers inoculate seeds with *Rhizobium japonicum* (1 sachet of MAK BIO-NFIXER). Some farmers use fertilizers; they also use ash from the millers. Average soybean yield of 1.81 MT per ha is recorded in farms of beneficiaries which indicates enhanced productivity.

#### v) Institutions and policies

91. *Impact on institutions and policies is rated moderately satisfactory (Score=4)*. The project invested in building the capacity of farmer organisations and implementing agencies and also worked with millers and seed dealers. Farmer co-operatives have benefitted from UCA technical support but will need further support under NOSP and NOPP. KOPGT has been instrumental in implementing oil palm interventions but adequate systems and processes have not been built for robust management of development loan, extension service delivery and input supply. In addition, delayed establishment of SOPGCO, and overlapping management structure and functions between KOPGT and SOPGCO have reduced effectiveness of these institutions. Research institutions have benefitted from project support. Oil palm research is still nascent but the partnerships with other renowned institutes have been fruitful. PSPs

and DLGs have benefitted from production, post-harvest and marketing related capacity building. The range of services to the farmers have improved both for production and marketing.

92. The experience from VODP 2 related to weak development loan management system had substantial impact on the policy development related to vegetable oil sector with the design of new programmes funded by GoU and IFAD. The project has put in place a system of issuing development loans for oil palm development and is able to learn through experimentation the nuances of lending in terms of interest rate policy and systems and processes required for such operation. These policies will be harmonised into the operations of NOPP. Similarly, the project's experience led to design of a new oilseeds programme (NOSP) wherein policy related measures on road infrastructure and access to finance have been incorporated.

#### **vi) Access to markets**

93. *Impact on access to markets is rated moderately satisfactory (Score=4)* Oil palm farmers have assured market for their produce. There exists close interdependence between the producer and market player in this value chain with no opportunities for breach of contract in both sale and purchase of FFB. OPUL invested in two crushing mills for oil palm and has been able to provide competitive prices to producers for FFB. GoU established an innovative mechanism under this project for price fixation by constituting a price fixation committee with the participation of government officials, and industry and producer representatives. This modality has worked well to protect the interest of oil palm producers. Under the Oilseeds component, the project mobilized Farmer Groups, established market linkages both for inputs and produce with initial support from OSSUP and established a system of bulking for sale. These initiatives have promoted market access of oilseeds

### **D.3. Gender equality and women's empowerment**

94. *Impact on gender equality and empowerment is rated moderately satisfactory (Score=4)* The project design had targeted women participation of 30 percent. In case of Oil palm component women participation was 36 percent and in the Oilseeds component, 53 percent of the members of Farmer Groups were women. However, gender and age disaggregated data were collected which constrained the ability of the project to identify the positive gender related changes brought about by specific project activities in order to build on them. Evidence from focus group discussions (refer to section C of Appendix 7 on methodology) indicates that gender inequalities are changing in the communities engaged in oilseeds production. Labour sharing patterns are changing in that both men and women plough gardens, weed, and harvest, thresh, bulk their produce and negotiate price for their produce. Cash generation from produce sale has started the process of family meeting to decide on how to use the income from the sales. Women noted that being in groups has helped them to build their self-esteem and confidence, acquire friends, learn new skills in nutrition, adding value to produce (e.g. making soy milk, soy pancakes and soy sauce) which improves household nutrition apart from contributing to household income. However, there has been no affirmative action by the project to nurture women leadership in the community based organizations promoted under both oil palm and oilseed components.
95. Focus group discussions with oil palm farmers reveal an increase in joint decision making regarding what to plant, how much to plant and how to use proceeds from farming. The project had established a ceiling of 5 acres for project support per beneficiary. The households with more than 5 acres of land allocated land in the name of women and obtained support from the project. The project support ceiling of 5 acre per member has resulted in this unintended benefits to women. Increased income has also enabled the families to hire labour both for farm operations and also for household work reducing women's drudgery. However, sudden influx of wealth with no counselling has had its own negative impact wherein instances of divorce and polygamy have increased. This apart, spending on consumption and unproductive assets is on the rise with limited focus on savings and productive asset creation. This needs to be further analysed and documented.

### **D.4. Adaptation to climate change**

96. *Impact on adaptation to climate change is rated moderately satisfactory (Score=4)* An analysis conducted at design considered wider environmental implication of no longer transporting crude palm oil from Malaysia to Jinja in Uganda for on-site refining and packaging reducing considerable carbon footprint on account of transportation. An estimate prepared indicated neutral carbon balance for land development under oil palm as most of the land to be brought under oil palm was grassland. As mentioned in the Environmental and Social Audit (ESA) in 2016, assertions that oil palm plantations have affected the islands' microclimate are no longer valid with the empirical evidence collected by the project related to increased rainfall, increased forest cover, and reduction in encroachment into forest land.
97. Farmers under the Oilseeds development component have been adapting to climate change. During the two rainy seasons, (March–June and June–September) farmers mainly produced soybean during the first season and sunflower during the second season. The major environmental challenges for oilseeds development are related to soil fertility, clearing of woods for conversion into farm land, and use of agro-chemicals including pesticides. Farmers practice permanent cropping and progressively reduce time allocated to fallowing. Negative impact from these to

some extent are mitigated through use of good agronomic practices (use of organic manure, mulching, crop rotation, etc.). Reduction in use of burning as well as cultivation of early maturing and drought resistant oilseeds crops (*Maksoy* for soybean and *Naronut* for groundnuts) are some adaptation measures adopted.

98. **SECAP** compliance is rated moderately satisfactory (Score=4): This project is a "Category 1" project. As required for "Category 1" projects, this project has conducted Environment Social Impact Assessment and remedial measures were implemented based on these assessments. The project established community based organizations both under oil palm and oilseeds components to enhance social inclusiveness to improve production and productivity in a sustainable manner through dissemination of knowledge pertaining to crops, soil and water and environment protection. The project established SOPGCO and SOPAG to address issues related to oil palm cultivation, market linkage and financial inclusion. The project divided oil palm growing areas into blocks and units and established independent management committees in each of them. These committees were entrusted with the task of FFB quality checks and deliveries, disease surveillance and enforcing environment protection guidelines relating to conservation of buffer zones and application of pesticides and fertilizer to ensure environmental health. The climate change adaptation measures incorporated include use of mulching for controlling soil erosion and use of draught and disease resistant oil palm varieties.
99. Under the oilseeds component, the project promoted technologies more directly related to climate change adaptation which include water and nutrient conservation, minimum and zero tillage, integrated soil fertility management with organic matter and fertilizer use, crop rotation, water harvesting and moisture retention strategies, mechanization and Integrated Production and Pest Management. The Farmer Learning Platforms have been established for building capacity of the farmers. In addition, the project has also established three tier community based organizations comprising Farmer Groups, RPOs and HLFOs to promote sustainable oil seeds cultivation.
100. However, the community based institutions established under both these components are still young and substantial efforts are required to promote social, environmental and climate adaptation benefits. The project has established a trust (KOPGT) in the project area for overseeing project implementation with the participation of the stakeholders including farmers and government. This trust acted as the institutional structure to receive complaints for alleged non-compliance with IFAD's social and environmental policies and act on these complains. Complaints related to adverse impact of oil palm cultivation on the island environment were dealt with after conducting required scientific studies.

## D.5. Environment and natural resource management

*Impact on environment and natural resource management is rated moderately satisfactory (Score=4).* At design, taking into account the Guidelines of IFAD, the Oil palm development component was classified Category A due to its potential to create significant environmental and social impacts if not properly implemented. An environment and social assessment note outlined environmental management issues and recommended an ESIA in 2010. The ESIA was finalised in December 2013 outlining positive and negative impacts of oil palm development as well as environmental management plans. Moreover, ESA of VODP 2 on Bugala Island was conducted in 2016 to assess compliance of the outgrowers' operations with IFAD's procedures and provide recommendations to mitigate environmental and social risks and impacts.

101. At the national level, pursuant to The National Environment Act, oil palm development is subject to environmental impact assessment. During design of VODP 2, it was assumed that plantation development techniques used by KOPGT were exactly those used by OPUL and were thus compliant with NEMA and Round Table on Sustainable Palm Oil (RSPO) guidelines. However, the ESA of 2016 highlighted efforts made by the project to ensure sustainable production of oil palm and willingness to ensure continual improvement. It was noted that smallholders are less rigorous in respecting the 200-meter buffer zone between the oil palm plantations and the lake as well as the use of best agronomic practices. As a result, cases of improper use of pesticides, burning of vegetation, etc., were found. The use of gangs by KOPGT to ensure proper application of fertilizers and other chemicals is likely to mitigate these negative impacts. Many smallholder farmers have adopted leguminous cover crops as enrichment planting in the buffer zone with seeds/seedlings supplied by OPUL and district Officials. OPUL plantations and oil mills are compliant to NEMA and RSPO guidelines. OPUL adopted a "No Deforestation, No Peat and No Exploitation" policy. OPUL provides support to smallholders by sharing good practices and facilitating their compliance with these policies.

## D.6. Targeting and outreach

102. *Targeting and outreach is rated moderately satisfactory (Score=4).* The principal targeting mechanisms included: (i) establishing and supporting KOPGT with the mandate to promote development of smallholder oil palm plantation; (ii) establishing and supporting SOPGCO to represent farmers interests; (iii) forming smallholder oil palm growers into units and blocks and their capacity building; (iv) setting an upper limit of 5 acre per household for project support; (v) ensuring a minimum level of women participation (30 percent); and (vi) encouraging women to actively participate.
103. The project's geographic targeting strategy resulted in expansion of oilseeds cultivation into areas with limited market linkages and as a result a large number of subsistence farmers have been targeted. However, the project also adopted an inclusive targeting approach by assisting progressive farmers in areas with better market linkages to expand their production to provide adequate raw materials required by oil mills. Targeting was moderated to ensure support to large farmers for commercialisation of oilseeds production while smallholders were encouraged to upscale.

Identifying inequities within each stakeholder group provided the starting point for developing targeting mechanisms that mitigated negative impacts of commercialisation on smallholders.

104. **Outreach:** The project has exceeded the MTR targets related to number of direct beneficiaries, number of households reached and also the number of household members benefitting from project. The project has in total reached 130,359 direct beneficiaries being 160 percent of the MTR target of 81,500 beneficiaries covering 89,782 households being 110 percent of the MTR target of 81,500 households and 538,692 household members against the MTR target of 489,000 household members. However, outreach achievement against design targets is in the range of 60-69 percent with the exception of number of beneficiaries (Table 17). The indirect beneficiaries of this project is estimated at 69,866 persons. The project, under the Oil palm component, has reached 2,063 beneficiaries being 83 percent of MTR target of 2,500 and as a result supported 1,805 households being 72 percent of the MTR target of 2,500. The Oilseeds component has supported 128,296 beneficiaries being 162 percent of MTR target of 79,000 and consequently supported 87,977 households.

**Table 17: Project outreach**

Details	Target		Achievement against target	Achievement against target (%)	
	Design	MTR		Design	MTR
No. of households (OPD) <u>1/</u>	3,000	2,500	1,805	60	72
No. of Households (OSD) <u>2/</u>	136,000	79,000	87,977	65	111
Total number of households	139,000	81,500	89,782	65	110
No. of beneficiary farmers (OPD)	3,000	2,500	2,063	69	83
No. of beneficiary farmers (OSD)	136,000	79,000	128,296	94	162
Total number of beneficiaries <u>3/</u>	139,000	81,500	130,359	94	160
Number of household members <u>4/</u>	834,000	489,000	538,692	65	110
<u>1/</u> Post MTR target revised to 2,500 households					
<u>2/</u> MTR logframe indicates target of 79,000 and target in the main text remains at 136,000					
<u>3/</u> Total number of beneficiaries is more than the total number of households on account of participation of more than one member from a household in the project activities.					
<u>4/</u> Number of household members calculated using family size of 6					

105. The level of participation of women beneficiaries has been more than the project design estimates. The project has in total supported 61,228 male farmers being 47 percent of the total whereas 69,131 female farmers have been supported being 53 percent of the target (Table 18).

**Table 18: Project outreach by gender**

Details	Target	Number	Percent
No. of male farmers -OPD		1,321	
No. of male farmers -OSD		59,907	
<b>Total number of male farmers</b>	<b>70</b>	<b>61,228</b>	<b>47</b>
No. of female farmers -OPD		68,389	
No. of female farmers -OSD		742	
<b>Total number of female farmers</b>	<b>30</b>	<b>69,131</b>	<b>53</b>
<b>Grand total</b>		<b>130,359</b>	

106. Social mobilization process ensured the participation of disadvantaged sections of the community in the project activities. The project used PSPs and DLGs to mobilize the community under the Oilseeds component. In total 5,386 Farmer Groups were mobilized with 128,296 members. The project has supported formation of a three-tier farmer organization structure with Farmer Groups at the grassroots, 1,229 RPOs at the intermediary level and 167 HLFOs at the apex level. The project has also supported development of 1,646 Farmer Groups as VSLAs.

## D.7. Innovation

107. **Innovation, replication and scaling up is rated satisfactory (Score=5).** VODP 2 has successfully tested and verified results of several innovations that were initially conceptualized under VODP 1. This has provided necessary confidence to MAAIF to adopt these approaches in the new programmes designed for scaling up oil palm and oilseeds programmes nationally. In addition, the project also implemented additional innovations during the course of this project. These innovations can be classified as: (i) systemic innovations; and (ii) programmatic innovations.

108. **Public Private Producer Partnership modality - Systemic innovation 1:** The PPPP modality was conceived and implemented by MAAIF during VODP 1. As a part of this modality, MAAIF acquired land for nucleus estates and entered into an agreement to allow OPUL to utilise these lands on 99 years lease. OPUL invested in the development of nucleus estate and establishment of mills for production of crude palm oil. However, due to continued support to smallholder farmers of VODP 1 and expansion during VODP 2, the oil mills established by OPUL have reached a capacity utilization of 60 percent and OPUL has started paying dividends to GoU demonstrating both technical feasibility and financial viability of oil palm development. This innovation has been validated under VODP 2 and is ready for replication and scaling up. This modality has now been scaled up by MAAIF under NOPP.

109. **Semi-government management structure - Systemic innovation 2:** This innovation was also implemented during VODP 1. KOPGT was established as a trust with the participation of both farmer representatives and government officials. During VODP 2, KOPGT was used as the project implementation unit for Oil palm development component as in VODP 1. This innovation was fully tested under VODP 2 with KOPGT managing the full cycle of oil palm development covering all aspects. As a result of this modality, the project was also able to provide development loan, recover from farmers and repay the same back to GoU. This innovation has also exposed the weaknesses of KOPGT such as lack of systems and processes to administer development loans and multiple and conflicting management and operational functions of KOPGT related to policy making, regulatory affairs, project implementation, service delivery and protecting farmer interest.

110. **Evolution of SOPGCO - Systemic innovation 3:** The project design of VODP 1 had established KOPGA and under VODP 2, this association was to be supported for taking over some of the functions of KOPGT. However, during implementation, it was felt that the legal framework of the Association has its inadequacies and the farmers decided to form a cooperative. A cooperative structure provides adequate flexibility to take on functions related to transport, fertilizer, extension and other social functions. This is an innovation under VODP 2 but SOPGCO is still in its infancy.

Its governance structure, capital base, and management structure need to be strengthened to evolve as a member-owned and managed organization and to take over some of the functions of KOPGT in a phased manner based on performance.

111. **Evolution of SOPAG - Systemic innovation 4:** During the course of project implementation, with the influx of funds from the sale of FFB, the farmers started accessing financial institutions for both savings and credit services. This experience made some of the farmer leaders to think about the possibilities of establishing a member owned and managed SACCO. As a result, SOPAG was established which gives loans to members with recommendation from KOPGT. SOPAG does not have any risks in lending due to the guarantee provided by KOPGT. This SACCO is also in its infancy and requires continued support of SOPGCO and UCA to streamline its operations.
112. **Targeting smallholders with unintended impact on women empowerment - Programmatic innovation 1:** The project established a targeting strategy to support smallholders and it was decided to provide project support for only 5 acres per farmer under VODP 2. As a result of this, some of the farmers with more than 5 acres were facilitated to transfer the ownership of balance land in the names of their spouses. The spouse thereafter was provided with project assistance. This has led to women getting control over land resources and also regular income into their bank account from FFB sales.
113. **Collective service provision modality - Programmatic innovation 2:** During the course of project implementation, farmers were required to transport seedlings, fertilizer and other inputs to farms and transport FFB to OPUL and also manage the farms. It was realized that sourcing these services on an individual basis is cost ineffective and KOPGT established collective service provision for procurement of seedlings and fertilizer using OPUL and transportation of FFB and farm management through engagement of gangs. Cost of these services with the exception of payment to gangs for management of plantation were determined in advance and deducted from the payment due to farmers on account of FFB supply. Farmers paid directly to the gangs for plantation management.
114. **PSP engagement - Programmatic innovation 3:** The project tested two modalities of service provision for oilseed farmers: (i) engagement of PSPs; and (ii) use of DLGs. The services included training of farmer groups in group management, governance and agronomic practices, and establishing market linkages. The experience indicates that use of PSPs to support Farmer Groups, has led to better results, compared to the services provided by DLGs. PSPs had the right mix of skills and knowledge on agronomy, business development and the right attitude. This is demonstrated by Farmer Groups facilitated by PSPs being much stronger compared to those facilitated by DLGs.
115. **VSLAs to facilitate access to financial services - Programmatic innovation 4:** The project initially supported Farmer Groups and provided training. These Farmer Groups after sufficient capacity building started savings and credit activities and many of the Farmer Groups were transformed into VSLAs under the Oilseeds This has improved the access of smallholders to financial services in terms of getting small loans for purchase of seeds and for other consumption purposes. Some groups introduced special savings products for purchase of seeds.
116. **Local seed business development - Programmatic innovation 5:** The project supported development of local seed businesses to multiply largely soybean seeds. Farmers were using local seed varieties which resulted in low yield. Research Institutions with support from the project developed OPV foundation seeds and provided them to LSBs. These LSBs then produced quality-declared seeds and sold them to interested farmers. This innovation has led to increased gross margin of seed multiplication farmers by about UGX 200 per kilogramme of soybean seed produced compared to farm gate selling of soybean apart increasing the availability of quality seeds to the farmers.

## D.8. Scaling up

### Potential for Scaling-up

117. *Potential for scaling up is rated satisfactory (Score=5).* The project has good potential for scaling up. The project has selected oil palm as a commodity after careful selection of the area for cultivation through assessment of agro-ecological suitability and trial plantation. GoU has developed requisite knowhow to select appropriate area for cultivating oil palm and based on this, new areas have been identified for expansion. The project has also for the first time implemented a PPPP modality with considerable investment from the private sector with production linked to firm marketing arrangements and a price fixation committee for fixing price of FFBs produced by the farmers. This modality has the potential for scaling up as this creates a win-win situation for both farmers who produce FFBs and the private sector that is involved in procurement of FFBs and oil production. Based on these experiences, GoU with financial assistance from IFAD has started implementing NOPP to scale up these modalities in Buvuma and other neighbouring locations.
118. The project also supported expansion of oilseeds production with the establishment of OSSUP for conducting MSPs. These MSPs became the starting point for dialogue between the producers and private sector interested in establishing market linkages. Through this mechanism, the private sector participation in supply of quality seeds and

procurement of produce from farmers was built. The project mobilized community based organizations for cost effective delivery of extension services and technology transfer. These efforts offer substantial potential for scaling up. The experience gained from this project has led to GoU designing and implementing NOSP with financial assistance from IFAD for scaling up oilseeds production and marketing.

## E. Assessment of project efficiency

119. *Efficiency is rated moderately satisfactory (Score=4)*

### E.1. Project costs and financing

120. The total project cost at design was USD 148.19 million which was revised to USD 83.40 million during MTR. The total project expenditure works out to USD 81.68 million being 55.1 percent of design allocation and 97.9 percent of MTR allocations. IFAD had allocated SDR 33.5 million as loan of which 99.95 percent has been utilized. IFAD loan allocation of SDR 33.5 million was estimated to finance USD 52.00 million out of the total project cost. However, during implementation with the strengthening of USD against SDR, the project was only able to withdraw USD 48.24 million being 92.8 percent of the USD allocation resulting in an exchange loss of about USD 3.76 million.

121. IFAD loan has been almost fully (99.95 percent) used whereas IFAD grant and SNV co-financing have been fully used. GoU has provided funds exceeding its allocation being 171.3 percent of design estimate and 130.7 percent of MTR allocation. The achievement under Oil palm development component is 107.5 percent whereas expenditure under Oilseeds development component is 79.8 percent of the revised MTR allocations. In terms of expenditure categories, the project substantially exceeded the allocations in SDR in respect of vehicles and equipment (229.5 percent) and other civil works (146.21 percent). Expenditure was low in respect of extension service category (78.58 percent). The disbursement rate for IFAD loan has reached 99.95 percent.

122. **Per beneficiary investment cost:** The project incurred a total expenditure of USD 81.68 million of which expenditure for Oil palm component in Kalangala including proportionate project management cost works out to USD 33.99 million. The net investment after deducting development loan given to smallholders and also investment made into common public infrastructure works out to USD 20.45 million covering 2,063 beneficiaries. The per-beneficiary investment under oil palm development component works out to USD 9,910. Similarly, the net investment in the Oilseeds development component works out to USD 17.92 million covering 128,296 beneficiaries and the per-beneficiary investment works out to USD 140. Details of this calculation are provided in Table 5.1 of Appendix 5.

123. The per-beneficiary investment in respect of Oil palm development component is high (USD 9,910) and that of Oilseeds development component is low (USD 140). However, higher per-beneficiary investment of oil palm development became necessary on account of two major reasons: (i) the project invested in developing 2,590 ha of smallholder oil palm plantation under VODP 2 apart from continued management of 2,258 ha of smallholder oil palm plantation developed under VODP 1 which will provide continuous yield over the next 20 years requiring no additional capital investment cost except the yearly operating costs; and (ii) the project also invested in continued management of 6,500 ha nucleus estate developed under VODP 1 and established two oil mills in Kalangala and as a result no additional capital investment is required for the next 20 years except operating costs. These investments will yield substantial and continuous return on investment to the smallholders and OPUL. GoU will benefit from the dividend pay-out from OPUL apart from improved tax collection due to increased economic activity.

124. A simplistic cash flow modelling of VODP 1 and 2 investments was undertaken taking into account the investment made by GoU using IFAD loan and GoU's own funds to determine net cash flow from out of oil palm. The fund outflow works out to USD 120.72 million taking into account investments in two phases of VODP. This takes into account the grant element of IFAD loan on account of 10-year grace period and 0.75 percent service charge payable over 25 years. In respect of GoU contribution, LIBOR as on 4 March 2020 for 25 years has been applied. Conservative projections for cash inflow have been made. This simple model indicates that the project is cash flow positive with over USD 60.00 million surplus at the end of this investment cycle (details in Table 5.2 of Appendix 5). Despite the high initial per beneficiary cost of investment, oil palm development activities are able to generate direct monetary returns to the exchequer to recover the investment made proving its commercial viability.

### E.2. Quality of project management

125. MAAIF being the implementing agency established a PMU to manage project implementation. PMU is fully staffed and the staff have been engaged from the market. Field level implementation in respect of oil palm development was entrusted to KOPGT, a trust established by the project with the participation of farmers in its management. KOPGT is also fully staffed and needs to be credited with successes achieved in oil palm development in Kalangala. PMU provided excellent support in finalizing land procurement and facilitating OPUL to establish nucleus estate, oil mills and related infrastructure. KOPGT facilitated resolution of disputes between land owners and tenants/squatters and

speedier farmer mobilization. This apart, this project management structure and implementation modality provided increased ability to deal with negative propaganda and redress the environmental concerns.

126. However, issues related to formulation of development loan delivery modalities, lending policies including interest rate modalities, audit of development loan accounts and balance confirmation systems were not put in place from the beginning. This process was started in 2018 and generation of farmer ledgers have been completed but reconciliation related to development loan (fertilizer, seedling and cash loan), and credit of 33 percent sale proceeds are yet to be finalized. SOPGCO was registered in 2018 which has been a step in the right direction, though much delayed, to enhance participation of farmers. The process of KOPGT restructuring and evolution of SOPGCO as a member owned and managed institution and to take on some of the KOPGT functions in a phased manner was delayed.
127. The project used a centralized approach to oilseeds development with engagement of PSPs and DLGs to support Farmer Groups. Hub offices were fully operational with skeletal staff manned by hub coordinators in all the four locations. SMs made recommendations to expand the staffing of the hubs but MAAIF concerns over the size of the field offices, which were to remain liaison offices prevailed. [54] This situation continued till the project completion. As a result of this, there was limited supervision of the field level activities undertaken by PSPs and DLGs resulting in wide variation in implementation performance which also impacted data collection and verification. Centralization of PSP and DLG engagement by the PMU is also one of the reasons for delays in procurement and also for settlement and transfer of funds to decentralized operations.
128. The project operated under laid down systems and procedures, which were consistent with those of the GoU and IFAD. These include financial planning through Annual Work Plan and Budget (AWPB), accounting and financial reporting, funds flow, audit and procurement. The internal controls and checks were put in place through oversight of the Permanent Secretary and the internal audit unit of MAAIF. PMU has been largely effective in implementing project activities for the benefit of the participating farmers. The role of the Project Manager and the technical team has been pivotal to achieving largely the revised output and outcome targets. The project had established a PSC headed by the Permanent Secretary, MAAIF to review and approve AWPB and to periodically review progress. This forum provided necessary policy guidance to the project management to implement the project.

#### **i) Procurement**

129. Procurement is rated moderately unsatisfactory (Score=3). The project followed PPDA Act except for procurement of specific items that would follow IFAD's Procurement Guidelines. Substantial delays were observed in many activities, particularly the delays in the procurement of ferries and construction of landing sites. The execution of planned activities varied from 43 percent to 50 percent. Several reasons contributed to such delay including: (i) delays in preparation of terms of reference or technical specifications and scope of work by the concerned technical units; (ii) over ambitious planning; and (iii) no delegation of authority to the Project Manager, which in some instances affected the pace of implementation. The contract management systems were inefficient and performance of the contractors was poor. All ongoing contracts eligible for financing under the project have been completed before the project closing date. Plans are being made to handover some of the ongoing contracts for financing under the bridging arrangements with NOPP in consultation with IFAD.
130. The project procurement generally complied with procurement procedures with a few exceptions such as direct contracting for purchase of oilseeds without obtaining "No Objection" from IFAD. The format of the Procurement Plans was well structured and in conformity with IFAD requirements but in some cases not regularly updated. At the start of the project, contract management function was not efficient as the contract monitoring forms were updated by the finance staff, and not by the contract manager. Since contract management is more than payment monitoring, this system was changed and these functions were transferred to contract managers to follow up on the technical aspects of the contracts including payment sanction.

#### **ii) M&E and KM**

131. **M&E:** Several critical gaps in the design and functioning of the project M&E system and Management Information System (MIS) are evident. First, the PMU did not prepare an M&E manual to describe the processes, tools and responsibilities for data collection, submission and analysis. The only data collection tools developed were some basic Excel tables containing Logframe indicators, to be used by KOPGT and the extension staff of PSPs and DLGs for periodic reporting to the four hubs for initial consolidation before submission to the PMU. The M&E system was only designed to track the data necessary to inform the original Logframe indicators. Unfortunately, these indicators were neither sufficient nor adequate to capture all key outputs. The quality and reliability of output, outcome and outreach data has been consistently low since project start.
132. A customized MIS was developed in 2016 which is functional and has been used for the tracking the outputs and outcomes of oil palm development component but neither AWPB implementation nor outputs and outcomes of Oilseeds development component were tracked. The MIS was customized to track key production and sales data of each oilseed farmer but the available human and budgetary resources [55] were inadequate to match the envisaged

data collection and data entry requirement. As a result, monitoring remained limited to the periodic consolidation of the data submitted by PSPs and DLGs to update Logframe indicators of Oilseeds development component.

133. Baseline studies were conducted in August 2014; the Buvuma and Kalangala studies were outsourced to a national consulting firm, while the oilseeds baseline study was carried out by the Planning Department of MAAIF. Due to the late collection of baseline data, no mid-term impact survey was conducted. The project engaged RCTIL to conduct an impact survey to prepare the Project Completion Report in 2019 for Oil palm development component. Similar impact assessment study for the Oilseeds development component has not been conducted. Inadequate time series data is available with the project on project outputs, outcome and impact on oilseeds farmers.

134. **Knowledge management.** A communication strategy describing the audiences, communication products, the type of media to be used and the frequency of communication has been developed prior to MTR, but the document had no particular focus on knowledge generation and dissemination strategies. Despite not having a Communications & Knowledge Management Officer for the most part of project implementation, several interesting knowledge products were developed. In order to counter negative publicity and external pressure on account of media stories in both international and national press, PMU undertook a number of studies to document the impact of oil palm plantation on the environment and the local economy.<sup>[56]</sup> The key knowledge product developed for the Oilseeds development component is a report "*Knowledge heterogeneity: experimental evidence on information barriers to oilseeds adoption in Uganda*" prepared in May 2018 by the University of California, Davis and MAAIF. In order to share information on major events and news on project achievements, PMU has created a Website (no longer active) and a Facebook page (still being used).

### E.3. Quality of financial management

135. **Acceptable disbursement rate is rated satisfactory (Score=5).** The project though became effective on 21 October 2010, did not take off as expected due to delays in engagement of staff and service providers. At MTR, re-allocations were made in expenditure categories and re-allocations within components and sub-components. The project completion date for oilseeds component was extended from 31 December 2018 to 31 December 2019 with the loan closing on 30 June 2020. The loan closing date was subsequently extended by two months to 31 August 2020 due to exceptional circumstances related to the effects of COVID-19 pandemic. The project's original investment outlay was USD 148.19 million which was revised to USD 83.40 million during MTR. OPUL was to contribute USD 70.38 million for infrastructure and nucleus estate development in Buvuma which was not implemented due to issues related to land acquisition. Overall, the project was able to utilize 55.1 percent of the total design allocation but the utilization against the revised MTR allocation stands at 97.9 percent. GoU and the farmers contributed 130.7 percent and 121 percent respectively of the MTR allocation (Table 19). Farmers' contribution accounted by the project does not include USD 1.09 million leveraged from the financial institutions and USD 3.72 million inter-loaned by VSLA members from out of their savings under the Oilseeds component.

**Table 19: Disbursement by financier**

Financier	Appraisal Allocation USD '000	MTR Allocation USD '000	Achievement USD'000	Achievement against allocation (%)	
				Appraisal allocation	MTR Allocation
IFAD Loan	52,000.00	51,999.77	48,242.00	92.8	92.8
IFAD Grant	1,086.00	1,086.00	1,086.00	100.0	100.0
GoU	15,000.00	19,668.14	25,698.00	171.3	130.7
OPUL	70,380.00	0.00	0.00	0.0	0.0
Trust	4,440.00	4,911.95	0.00	0.0	0.0

KOPGT	1,040.00	1,040.00	1,046.00	100.6	100.6
Farmers	3,900.00	4,355.13	5,269.00	135.1	121.0
SNV	340	340	340	100.0	100.0
<b>Total</b>	<b>148,186.00</b>	<b>83,400.98</b>	<b>81,681.00</b>	<b>55.1</b>	<b>97.9</b>

136. The project design had allocated USD 120.51 million to the Oil palm component, USD 18.12 million to the Oilseeds component and USD 9.55 million to the project management component. This was revised during MTR and the allocations for the oil palm, oilseeds and project management were revised to USD 51.66 million, USD 19.95 million and USD 10.75 million respectively. The project performance in terms of disbursement by component is provided in Table 20 below. The project was able to disburse 47 percent, 87.8 percent, 95.4 percent against the design allocations for oil palm, oilseeds and project management components respectively. However, since the budgets were significantly amended post MTR, the achievement against MTR allocations was 107.5 percent, 79.8 percent and 84.8 percent for oil palm, oilseeds and project management components respectively. The investments into the Oil palm development component was the highest USD 56.65 million out of the total expenditure of USD 81.68 million being 69.4 percent of the total expenditure. The investment into Oilseeds development component was USD 15.92 million being 19.5 percent of the total expenditure.

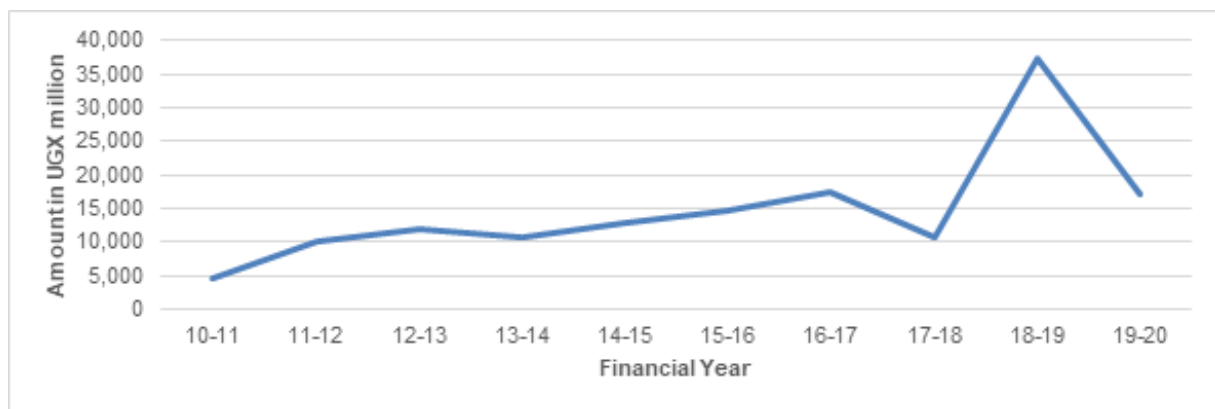
**Table 20: Disbursement by component**

Component	Appraisal Allocation USD '000	MTR Allocation USD '000	Achievement USD '000	Achievement against allocation (%)	
				Appraisal allocation	MTR Allocation
<b>Oil Palm Development</b>					
Consolidation and Expansion in Kalangala	12,791.10	26,240.22	24,676.00	192.9	94.0
Support to KOPGT	4,482.80	5,110.03	4,711.33	105.1	92.2
Mobilization Buvuma	4,028.00	0	171.64	4.3	
Development Buvuma	98,534.30	20,629.95	26,452.00	26.8	128.20
Identification of new areas	673	724.63	635	94.4	87.6
<b>Sub-total Oil Palm Development</b>	<b>120,509.20</b>	<b>52,704.83</b>	<b>56,645.97</b>	<b>47.0</b>	<b>107.5</b>
<b>Oilseeds Development</b>					
Seed production	2,019.60	2,238.47	1,410.00	69.8	63.0

Extension for Farmer Groups	12,830.20	15,597.99	12,304.00	95.9	78.9
Other Value chain activities	3,275.03	2,109.52	2,205.00	67.3	104.5
<b>Sub-total Oilseeds Development</b>	<b>18,124.83</b>	<b>19,945.98</b>	<b>15,919.00</b>	<b>87.8</b>	<b>79.8</b>
<b>Project Management</b>					
Project Management	9,551.80	10,750.17	9,116.00	95.4	84.8
<b>Sub-total Project Management</b>	<b>9,551.80</b>	<b>10,750.17</b>	<b>9,116.00</b>	<b>95.4</b>	<b>84.8</b>
<b>Total</b>	<b>148,185.83</b>	<b>83,400.98</b>	<b>81,680.97</b>	<b>55.1</b>	<b>97.9</b>

137. **Trend in disbursement:** The average project expenditure during the first four years of implementation was about UGX 9.31 billion per year. This increased to UGX 13.73 billion per year during the next two years and to UGX 14.08 billion during the subsequent two years. The project expenditure increased to UGX 37.32 billion during 2018-19 being almost 25 percent of the total expenditure (Figure 1).

**Figure 1: Expenditure trend**



138. **Coherence with AWPB** is rated *moderately unsatisfactory* (Score=3). The AWPBs were developed using a bottom up approach based on planned activities for each component which were given no-objection by IFAD. There were recurring issues of under absorption repeatedly raised in audit reports due to delays in implementation of activities. Overall, the implementation achievement was only 55 percent of AWPB targets. The lowest achievement was 14 percent during 2017-18. In the most recent financial year ended 30 June 2019, the absorption rate was 80 percent. (Table 21). Payments were however in line with approved AWPB.

**Table 21: Summary of Expenses against AWPB (in UGX million)**

Fiscal year	2010-11	2011 - 12	2012 - 13	2013 - 14	2014 -15	2015 - 16	2016 - 17	2017 - 18	2018 -19	2019 - 20	Total

<b>AWPB</b>	4,370	15,889	21,759	18,065	19,679	19,936	28,161	79,896	46,433	19,599	273,787
<b>Expenditures</b>	4,623	10,126	11,840	10,634	12,948	14,521	17,352	10,808	37,322	17,035	147,209
<b>% of achievement</b>	106	64	54	59	66	73	62	14	80	87	54

139. **Withdrawal applications (WAs):** Disbursements from IFAD were made by way of an advance to the Designated Account and subsequent replenishments based on expenditure incurred as supported with Statement of Expenditures. The system of direct payments by IFAD was also utilised for payments to suppliers. In total, 72 WAs were submitted. Although there were delays encountered in preparation of WAs at the start of the project, the project management got used to digital submission. WAs were submitted largely on time. As on 31 January 2020, the project has submitted WAs amounting to SDR 33,484,728.37 being 99.95 percent of the original IFAD loan amount of SDR 33,500,000.
140. **Financial management is rated moderately unsatisfactory (Score=3):** The project followed the GoU's financial management system. The processes related to project expenditure initiation, authorization and payments were in line with Public Finance Management (PFM) Act of GoU. The identified controls including proper record keeping and posting, authorization of accounting, balancing and checking, physical security of assets, double signing (approval) arrangements and financial reporting and monitoring systems as prescribed in PFM Act and further detailed in the finance and operation manual for the project were applied and were found to be adequate.
141. The PMU under MAAIF was the overall accounting hub for the project including consolidation of the entire project financial statements. The project finance team was hired on a two years renewable contract basis which has worked well. The staff were suitably qualified and experienced to perform the roles and responsibilities allocated to them. Tally accounting system was used for recording project's financial transactions. This system was adequate for managing the accounting system but the project was not able to extract statement of expenditure directly from the system in the format required.
142. An area of weakness noted was the financial oversight of KOPGT that was established for implementing Oil palm development component. KOPGT using project funds provided development loans to the registered farmers for plantation establishment and management which included both cash and in kind loans. In addition, KOPGT, receives FFB value from OPUL and makes payment to farmers after deducting 33 percent of the value towards development loan. The project did not develop standardized procedures within KOPGT for account keeping, interest charging, auditing and balance confirmation from the very beginning. Efforts to reconcile the accounts of KOPGT with that of farmers are still underway. The other main areas of weaknesses include: (i) inadequate follow up on stock counts at the stores and inventory reconciliation which exposed farm inputs purchased to undetected pilferages; (ii) lack of regular reconciliations and issuance of account statements to farmers; (iii) delayed external audits for KOPGT and long outstanding unresolved audit queries; and (iv) failure to promptly update farmers' loan management software including delays in rolling out an effective loan management system for farmers.
143. **Quality and timeliness of audit is rated satisfactory (Score=5):** Audit of the project has been conducted by the Office of the Auditor General, Uganda. Unqualified audit reports for all the project years have been submitted within the due date of six months after the end of financial year (31 December every year). There are no major internal control issues in the recent audit report except low percentage of expenditure compared to budget and partial settlement of previous audit observations. The project maintains an Audit Log and updates after validation of settled audit observations. As the project has been completed on 31 December 2019, audit of 2019-20 should be completed and audit report should be submitted within loan closing date. Hence, the project should request Auditor General to conduct audit for the financial year 2019-20 and submit the audit report prior to the loan closing date. The audit observations in the last audit of the project have to be resolved and ineligible expenditures of unresolved audit observations if any should be deducted from amounts to be claimed from IFAD.
144. **Counterpart funds** is rated highly satisfactory (Score=6): The project design had expected GoU contribution of USD 15.00 million which was revised to USD 19.67 million during MTR. GoU had made adequate allocation on a yearly basis for implementation of the project. GoU in total has invested USD 25.70 million as counterpart funds being 171 percent of the design allocation and 131 percent of the MTR allocation.
145. **Handing over of assets:** The project had acquired various assets including computers and printers, digital cameras, tablets, furniture, motor cycles, motor vehicles and other accessories. The assets are currently held by PMU and some of these assets were distributed to DLGs and KOPGT. These assets will be used by the upcoming NOPP and

NOSP. A detailed assets handover report will have to be prepared by the project and any asset disposal will have to be carried out in accordance with PPDA Act.

146. **Compliance of Loan Covenants** is rated *satisfactory* (Score=5): The project has complied with all applicable legal covenants. These included: (i) appointment of a Project Manager and a Financial Controller acceptable to the Fund; (ii) constituting a contract committee; (iii) drafting of guidelines for oilseeds and oil palm development, and project operations; (iv) establishment of a PSC; and (v) execution of various MoUs. There were some covenants related to Buvuma oil palm development that were not complied but these covenants became redundant with the cancellation of these activities post MTR.

#### E.4. Project internal rate of return

147. **Approach for ex-post EFA:** The primary objective of the economic and financial analysis (EFA) is to validate the financial viability of project activities undertaken by the targeted beneficiaries, examine the impact of these interventions on household incomes and assess the overall economic contribution of the project to the economy.

148. Cost-benefit analysis method was used for carrying out the economic and financial analysis of the VODP 2 at completion. Incremental benefits were estimated based on actual physical outputs and likely chances of building up of incremental benefits during the remainder of the project life. Prices were collected for all inputs and output commodities from the markets and adjusted them to farm-gate prices. Data compiled by the respective field units with the support of PMU have been used as basic sources of reference. Using all available data, both primary and secondary, production models for each value chain were developed. These production models were aggregated into respective value chain commodity models and finally the project aggregate model has been developed. More details are provided in Appendix 4.

149. **Project performance indicators:** The cost-benefit analysis yielded an overall Internal rate of return (IRR) of 27 percent for the project with a Net present value (NPV) of USD 38.4 million (Table 21) compared to the IRR band of 19-25 percent estimated at design. A positive NPV indicates that the project investments have been robust and sound. The sensitivity analysis indicates that the project investments are worthy of sustaining a 15 percent decline in yields or 15 percent increase in costs. Decline in yields by 15 percent reduces IRR to 20 percent and NPV to USD 18.57 million and 15 percent increase in costs will have minimal impact on IRR declining to 25 percent and NPV to USD 31.96 million (Table 22). Details are presented in Appendix 4.

**Table 22: Project Performance Indicators**

Project performance indicators	Ex-ante Appraisal	Ex-post at PCR
<b>Overall project IRR</b>		
IRR (%)	19-25%	27%
NPV on discounted cash flow (USD million)		38.4
<b>Reduction in yield by 15 percent</b>		
IRR (%)		20
NPV on discounted cash flow (USD million)		18.57
<b>Increase in costs by 15 percent</b>		
IRR (%)		25
NPV on discounted cash flow (USD million)		31.96

150. Yield, area under cultivation and net benefits of three major crops (oil palm, sunflower and soybean) are provided in Table 23 below. The household models are financially viable with substantial net benefits with benefit cost ratio of more than 2.

**Table 23: Benefits by crop**

Crop	Yield (kg/ha)	Area under cultivation (ha)	Net benefits per ha (UGX)	Benefit cost ratio
Oil palm (at 10 year) FFB	14,000	4,848	7,239,641	6.60
Sunflower	1,706	60,710	1,141,210	2.31
Soybean	1,813	72,369	1,599,700	2.39

## F. Partners' performance

### F.1. IFAD's performance (Quality of supervision and implementation support)

151. *IFAD's performance is rated moderately satisfactory (score=4)* IFAD fielded 10 SMs, 7 Implementation Support Missions (ISMs) and a MTR Mission during the course of project implementation between 2011 and 2019 (See Appendix 7 for details of Missions). These missions provided necessary support, guidance and recommendations to the project for effective implementation. Engagement of technical experts particularly the Extension Expert and Oil Palm Expert on a sustained basis facilitated the project to receive recommendations and sustained support and follow through of the recommendations. In addition, IFAD also organised ISMs to the project from time to time to address specific concerns of the project and/or to redress short-term challenges that hindered implementation. This helped the project to expedite implementation. In addition, separate implementation support has been provided through experts to support KOPGT in logistics management, oil palm agronomy, developing a sustainability plan and securing tenure rights for small scale farmers. The mission worked in a spirit of collaboration with the project with a focus on finding solutions.

152. The project was classified as a 'problem project' for two consecutive years in IFAD portfolio reviews (2014 and 2015). This was mainly due to the uncertainty regarding the likelihood of achieving its original development objectives mainly on account of: (i) the withdrawal of the private sector partner from the original plan of establishing a nucleus estate of 6,500 hectares in Buvuma, which put at risk the whole oil palm investment on the island; and (ii) the accumulated delays in the implementation of the oilseeds component, with very limited activities visible on the ground after almost four years of implementation. The project was put on track with agreements reached post MTR to remove the target of establishing 6,500 ha of nucleus estate of 3,500 ha and smallholders' plantation development for Buvuma and to increase the implementation capacity in the oilseeds component in order to achieve the expected targets in a shorter time, through a combination of increased coverage by the existing PSPs, recruitment of five new PSPs and support to HLFOs for better and more sustainable service delivery to their members. The project thereafter moved out of 'problem project' status in 2016.

153. The project covers 52 most backward districts. The missions were planned to ensure that the identified locations for field visit covered both strong and weak areas of performance. Weak areas were at times revisited to assess change in the situation. Missions typically consisted of professionals with domain knowledge of oil palm, agronomy, extension, finance, M&E and gender. The mission members based on the detailed deliberations with the project staff and field interactions, developed several changes to the implementation modality. This was achieved through a consultative process with project stakeholders. The missions shared their findings at the highest administrative levels of the borrower comprising top management of MAAIF and MFPED. However, the supervision and implementation support were not adequate to ensure, establishment of systems and processes for development loan delivery, interest rate policy development, balance reconciliation between farmers and KOPGT and yearly audit of KOPGT. This has resulted in disputes between the farmers and KOPGT which could have been prevented in the event of timely actions. This apart, SMs prior to MTR were not able to identify clearly the inability of BIDCO and GoU to implement oil palm development in Buvuma and necessary steps were not taken to amend the financing agreement to exclude Buvuma development from project activities.

## F.2. Government's performance

154. *GoU's performance is rated moderately satisfactory (score=4).* The performance of GoU has been good in relation to allocation of budgets, fund release according to budgetary allocation and approving supplementary budgets for purchase of land in Buvuma. The quality of project management and financial management at the PMU has been very good, in addition to high quality and timely audit reports. Through UNBS, GoU improved the inspection and capacity building of small and medium scale millers with most of them having their oil mill certified. GoU has performed well in research under the Oilseeds component. The NARO/Makerere University soybean research team has been instrumental in developing new soybean varieties for multiplication and in supporting (through training and guidance) locally contracted production of quality foundation seed. However, there have been significant delays in procurement thereby affecting timely project implementation including: (i) delays in designing and building ferries, landing sites and produce stores; (ii) delay to implement the recommendations of the KOPGT sustainability plan; (iii) weaknesses in development loan management and distribution of fertilizer and seedlings by KOPGT; and (iv) inadequate MIS development leading to inconsistency in the M&E data particularly for Oilseeds component.

## F.3. Other partners' performance (including co-financiers)

155. *Other partners' performance is rated moderately satisfactory (score=4).*
156. **OPUL:** The performance has been satisfactory compared to the targets revised after MTR. The project design plan of OPUL developing 6,500 ha of nucleus estate and other infrastructure development in Buvuma was cancelled post MTR. As a result, about USD 70.38 million in investments proposed by OPUL could not materialize. OPUL continue to manage the nucleus estate in Kalangala, raised oil palm seedlings for distribution to smallholders and mentored smallholders in management of oil palm plantations. OPUL also invested in two crushing mills in Kalangala and provides competitive prices to out-growers for their FFB. In addition, OPUL has supported farmers through KOPGT with bulk import of fertilizers without making any profit on this activity.
157. **SNV:** The performance of SNV has been satisfactory during the initial implementation phase. SNV co-financed USD 0.34 million and received a grant of USD 1.086 million from IFAD for implementing this activity under oilseeds component. SNV guided the project in setting up OSSUP and in implementing systems, procedures and processes for the establishment of OSSUP and conducting MSPs involving the millers, seed suppliers and farmers. SNV has made a significant contribution to the project, in developing and fine-tuning many key elements of the MSP. However, OSSUP activities including MSPs stopped after full utilization of IFAD grant funds and SNV did not put in place an institutional backbone for continued and sustainable operation of MSPs.
158. **BIDCO-GoU Partnership:** Partnership development with the private sector for oil palm development started with advertising of the project in 1997. Negotiations with BIDCO started in 2000 and were concluded in 2003 with signing of an agreement between GoU and BIDCO. Subsequently, farmers were facilitated to organize and become effective partners and a tripartite agreement was signed in 2006. Even after signing the tripartite agreement, the process of supporting the farmer organizations continued. This engagement therefore took more than 5 years to concretize. All these activities for Kalangala project area of VODP 2 were completed under VODP 1. VODP 2 project design did not taken into account this lengthy process and extended period of time required for developing private sector partnership and land acquisition for nucleus estate development while proposing oil palm development in Buvuma. Hence, this activity had to be cancelled during MTR and only the preparatory activities for Buvuma oil palm development were retained under VODP 2.
159. **PSPs and DLGs:** The project engaged PSPs and DLGs to provide agricultural extension and farmer institutional development services and to create linkages between farmers and the market players. The partnership was created through an elaborate process of advertising, receiving expression of interest from various private sector organizations and evaluation to select the best PSPs. This engagement was formalized through signed MoUs to undertake provision of extension services.
160. Under the Oilseeds component, PSPs have performed satisfactorily in linking Farmer Groups to input and output markets and capacity building of farmers in modern agronomic practices and undertaking farming as a business. PSPs had a right blend of skills in agronomy and agribusiness. All Farmer Groups supported by PSPs have been exposed to improved seed through FLPs with 70-80 percent adoption of PANNAR and AGSUN sunflower varieties, and 60-70 percent adoption of Maksoy 3N soybean seed. However, the support from DLGs was not up to the expectations. Issues related to fund flow and fund settlement have hampered the activities of DLGs and the Farmer Groups supported by the DLGs continue to be weak.
161. **Oil millers:** Partnerships were built between the farmer organisations and the millers to facilitate a formal arrangement to purchase crushing material from the farmers. The oil millers have developed a long term engagement with the farmers to procure crushing material and in some cases to supply hybrid seeds. This partnership has been built through MSPs and continuous interaction between the project, oil millers and farmers. It took 2 to 3 years to forge functional partnerships between farmer organisations and millers

162. **Research Institutions:** The design of VODP 2 included partnership with the three research institutions under the umbrella of NARO: (i) National Crops Resources Research Institute (NaCRRI); (ii) NaSARRI; and (iii) Coffee Research Centre (COREC). The project's initial partnership with COREC was transferred to NaCRRI as the latter became the responsible for oil palm research activities. NaCRRI was involved in baseline studies for oil palm production, evaluations of yields in adaptive trials and identification and management of oil palm pests. NaCRRI undertook an important research on Fusarium wilt disease caused by *Fusarium oxysporum* sp. *elaeidis* (Foe). The project has established a partnership with CIRAD to procure planting materials of *Tenera* variety which is resistant to Fusarium wilt. NaCRRI has also updated situation of oil palm weevil in Uganda thus contributing to knowledge base for control of weevils in oil palm.
163. NaCRRI and Makerere University were involved in research for soybean breeder seeds and worked on six varieties of soybean (*Maksoy* 1N – 6N) and produced 500-1000 kg of breeder seed annually for each variety. NaSARRI was involved in research on groundnuts and sesame. They widened their germplasm base for breeding purposes. Overall, research institutions despite issues related to delays in establishment of partnerships, availability of funds and human resources, have performed satisfactorily.
164. **Other IFAD projects of Uganda portfolio:** VODP 2 developed linkages with the Project for Restoration of Livelihoods in the Northern Region (PRELNOR). The project personnel from VODP 2 were exposed to the processes and implementation experiences of PRELNOR with regard to Household Mentoring Methodology, Gender Action Learning System, and support to farmer organisations in provision of technical services. VODP 2 also established linkages with Project for Financial Inclusion in Rural Areas (PROFIRA) to introduce financial inclusion aspects into the project. The concept of sustainably increasing the access to and use of financial services by the rural poor through Savings and Credit Cooperatives (SACCOs) and VSLAs was introduced into this project. The SACCOs received training and start up kits from PROFIRA. VODP 2 benefitted from experience gained from these two projects.

## G. Assessment of sustainability

165. *At completion, sustainability of the project has been rated moderately satisfactory (Score= 4).*
166. **Social Sustainability.** The project focussed on land owners with suitable land for oil palm cultivation. As a result, about 20 percent of the total number of households from Kalangala have benefitted from this intervention. These oil palm farmers have formed their own cooperative (SOPGCO) and also a savings and credit cooperative (SOPAG) as institutional backbones which will provide a platform to articulate a shared vision for achieving economic and social development of the participating households. However, sudden influx of wealth amongst the participating households is having other negative impact on the family that include high levels of expenditure on consumption and unproductive assets and limited financial saving to manage years of crop loss and low prices. In addition, on account of new found wealth, instances of family disputes due to extravagant spending on alcohol and women are on the rise. Instances of divorce and polygamy are reported in about 5 percent families. SOPGCO is planning to undertake household mentoring and there is also a demand from SOPGCO to support left out households. NOPP is addressing some of these aspects.
167. The project mobilized community-based organizations (Farmer Groups, VSLAs, RPOs and HLFOs) have been mainly formed to advance the business interests of farmers in oilseeds. However, these groups form the very foundation of social capital development and trust within the community. These community-based organizations have become the focal point for delivering messages on health, HIV/AIDS and nutrition related aspects. The culture of saving and credit by VSLAs has inculcated financial discipline. Women who form substantial number (53 percent) of members have risen to manage the affairs of these organizations. Social sustainability of these community-based organizations will remain intact due to limited and uniform levels of support from the project and also interdependence amongst members.
168. **Institutional sustainability:** Field level implementation of Oilseeds component was handled by KOPGT which is a semi-government trust with farmer leaders in the forefront. In addition, the project also promoted a KOPGA to take care of farmers' interest. However, during the final stages of project implementation, the farmer leaders realized the need for a member owned and managed organization to take over the functions of KOPGT and unsuitability of KOPGA to meet the emerging needs. The farmer leaders formed SOPGCO under cooperative legal framework and efforts are on to collect share capital, establish an office and also takeover some of the functions of KOPGT. The efforts to establish SOPGCO and the conceptualization process to delineate management structure and functions between KOPGT and SOPGCO are yet to begin. SOPGCO is still at its infancy and institutional strengthening measures will have to be fast tracked to ensure sustainability. However, transition of SOPGCO to a sustainable member owned and managed institution is easy to achieve since it works as an intermediary in a value chain with high level of interdependency between the oil palm growers and OPUL coupled with ability of the farmers to pay for the services offered.

169. The project supported Farmer Groups comprising 15-30 members and their capacity has been built with the engagement of PSPs and DLGs. Many of these Farmer Groups have evolved as VSLAs wherein the members save and take loans to meet their urgent needs. A cluster of (4-20) Farmer Groups/VSLAs have formed a RPO and 4-6 RPOs have formed a HLFO. Institutional sustainability of the Farmer Groups/VSLAs and RPOs mobilized by PSPs is more advanced than those mobilized by the DLGs. UCA has been entrusted the task of supporting the cooperatives to achieve institutional sustainability. This support came during the latter part of the project life and additional support for driving these cooperatives towards institutional sustainability is proposed under NOSP.
170. **Environmental sustainability:** The Oil palm component of the project attracted negative publicity and controversy mainly because of the international controversy around oil palm development in oil palm producing countries like Malaysia and Indonesia. The negative publicity for this project related to the possible negative impact of oil palm cultivation on the environment and on the integrity of the ecosystem, forest encroachment and alleged forced acquisition of land for nucleus estate development.
171. The project has addressed all these allegations and has set up a 200-meter buffer zone as required under the environment regulations and has stopped using fertilizer and pesticide to the plants in the buffer zone. The project produced satellite images of land cover since 2004 depict a net increase in vegetation cover due to introduction of oil palm. This apart, rain fall data collected over a period of time indicates increase in rainfall from 1,800 mm in 2010 to 2002 mm by the end of 2018 negating the fears of environment degradation due to oil palm cultivation. The project had to acquire land for nucleus estate from the land owners after paying requisite compensation. However, there was no forced acquisition of land as alleged and whole land acquisition process was based on willing buyer – willing seller basis.
172. The oilseeds cultivation continues to be a low input farming practice with low levels of impact on the environment. The main risk of negative environmental impact continues to be effluents from both oil palm and oilseeds processing units. Major oil plants in the project area are following the effluent treatment guidelines.
173. **Technical sustainability:** The Oil palm development component has well developed systems for procurement of germinated seeds and fertilizer, and delivery of extension service. OPUL imports germinated seeds of good quality, undertakes nursery management and distributes seedlings to farmers. KOPGT aggregates the seedling, fertilizer and other inputs requirements of farmers and place orders with OPUL. This has resulted in farmers getting quality inputs at cost-effective pricing. KOPGT provided farm level extension service using extension staff and also by establishing best practice management farms. These functions are expected to be devolved to SOPGCO. These operations will be sustainable as OPUL is interested in ensuring availability of adequate quantity of FFB and the farmers have adequate returns from farming to pay for these services. NARO is engaged in identifying diseases and suggesting treatment regime and also in identifying disease resistant varieties. However, there are instances of local nurseries coming up using seeds from existing oil palm plantation. This unscientific system will result in propagation of low productivity seedlings and needs to be stopped. However, the demand for seedlings for both replacement of trees and also from the farmers interested in cultivating oil palm needs to be met by bringing in high quality germinated seeds.
174. Technical sustainability of oilseeds development is not at risk. The project provided extension services through the PSPs and DLGs. In addition, the millers engaged extension staff and local agents to provide services. All these extension staff worked with the Farmer Groups, RPOs and HLFOs and adequate capacity has been built to ensure technical sustainability of these operations. A system of import of seeds (particularly sunflower) by the millers is in place. These seeds are sold to HLFOs who in turn sell the same to members. Local seed businesses have been established by RPOs and HLFOs who buy foundation seeds of OPVs and multiply at farmers' fields, buy back multiplied seeds from farmers, get them certified as QDS and sell the same back to the farmers. Since farmers are adopting best practices to grow known crops, technical sustainability is not a major issue.
175. **Economic sustainability:** Selection of right value chains having high market potential with adequate demand from the private sector is yielding results. Establishing the culture of business linkages and building trust and relationship between Farmer Groups/Cooperatives and market players, have been the key successful interventions. In case of oil palm, KOPGT gave development loans to the smallholder farmers and OPUL established necessary infrastructure to establish a nucleus estate and processing facilities. OPUL procures entire FFB production and pays the farmers based on the price fixed by a pricing committee comprising farmer leaders as members. The farmers get an average net income of USD 1,211 per ha even after deducting 33 percent of the sale proceeds towards development loan. Net income of farmers will increase substantially after the closure of development loan. Farmers have access to individual loans from financial institutions and also from SOPAG. OPUL on the other hand has started making profits and has declared dividends and KOPGT got dividends of UGX 10.0 billion during the last two years towards its 10 percent stake in the OPUL's operations.
176. The oilseeds farmers have started from a very low base of production. Social mobilization, training on agronomic practices, hybrid and QDS availability through millers and LSBs, bulking and linkage to market players have helped the farmers to expand oilseeds Farming practices have shifted from subsistence farming (broadcasting of seeds and use of local seeds) to land preparation, row sowing and use of hybrid seeds/QDS. The gross income from oilseeds production per acre has increased from USD 57 in 2005 to USD 313 during 2019 for sunflower and from USD 62 to

USD 438 for soybean during the same period. Oilseeds cultivation is economically viable and sustainable. Farmers have access to financial services from VSLAs. With the promotion of HLFOs/cooperatives, the project has created required institutional ecosystem to achieve economic sustainability of Farmer Groups in undertaking their business functions and to engage as equals with agribusinesses, traders and other stakeholders. The project was expected to improve the milling capacity utilisation of oil mills. During the project period milling capacity remained relatively stagnant but overall capacity utilisation has improved substantially.

177. **Exit strategy:** The project's exit strategy hinges on the ability of the SOPGCO to take over regular functions of KOPGT and evolve as a member owned and managed institution. However, currently KOPGT continues to provide all services and KOPGT's operational self-sufficiency was reported at 103 percent for the year 2018-19. However, it is being planned that SOPGCO will take over regular functions of KOPGT such as collection and transport of FFB, fertilizer procurement and sale and also provision of extension service. SOPGCO has been registered as a cooperative but yet to start operating as an independent organization. This is mainly on account of delays in conceptualizing and implementing an exit strategy. The process of restructuring and phased transfer to regular farmer focused responsibilities to SOPGCO will have to be envisioned and implemented for achieving sustainability. In addition, MAAIF will have to develop a firm strategy for maintaining and handing over the access roads to the DLG and also maintenance of farm roads by SOPGCO/Farmers.
178. The project's focus under Oilseeds component was to provide training and market linkages to the community-based organizations (Farmer Groups, RPOs and HLFOs). PSPs and UCA have provided technical assistance under this project. UCA continues to provide basic services even after the project closure. The oilseed farmers will be able to consolidate the business models developed and supported during the project. All these community-based organizations are still young and need continued support. The Farmer Groups promoted by DLGs remain weak and this needs to be addressed by allowing DLGs to engage service providers to assist them in promoting and developing Farmer Groups.

## H. Lessons learned and knowledge generated

179. **Zero delinquency rate for development loan repayment can be achieved in case of value chains that have close interdependency between buyers and sellers with a neutral facilitator for price determination.** Oil palm development activity is a value chain wherein both farmers and market players are interdependent. In such a situation, farmers' ability to side-sell and also the ability of market player to buy from other producers to suppress farm gate price are completely restricted. The project provided funds and inputs for establishment of oil palm plantation by farmers as development loans repayable with a moratorium of four years and repayable through deduction of 33 percent of the production (FFB value) at source. This water-tight system enabled repayment of loan with zero delinquency rate without putting any burden on the oil palm farmers. This is in contrast to the high delinquency rates particularly in respect of the agriculture loan portfolio across the world.
180. **Dual commodity, and dual implementation and management modality makes the project complex.** VODP 2 design had two components covering two distinct set of commodities (oil palm and oilseeds). Both these commodities required different implementation modalities and management structures. Oil palm covered a small project area with fixed pre-negotiated engagement with the private sector and substantial investments into smallholder farms; almost 70 percent of the total project investments were directed to oil palm development. The oilseeds related activities were spread over almost half the country covering the whole eastern and northern parts (except Karamoja region) with investments at Farmer Group level in training on improved agronomic practices, facilitation for credit access, supply of quality seeds and market linkages, and conducting MSPs. This has increased the complexity of the project and has led to slow start-up of implementation of oilseeds related activities. This lesson has been taken on board by GoU and IFAD, and two separate follow-on projects have been designed to address the oil palm and oilseeds sectors separately.
181. **Priority to be accorded for development of an efficient M&E system:** The project has faced considerable challenges for generating detailed data on project performance disaggregated by sex and age. This is largely linked to inadequate attention to M&E system development at the outset to monitor the project performance with plans to adjust the same during implementation. Development of a sound M&E system to capture project outputs and outcome with particular reference to IFAD target groups disaggregated by gender and age is a priority step during the initial stages of project implementation.
182. **Land acquisition, land identification and infrastructure planning being the preliminary activities of oil palm development need to be taken up well ahead of starting project implementation:** The project faced several challenges related to land acquisition, land mapping, boundary fixation, and settlement of tenure rights for different stakeholders. These issues were not considered adequately during the project design especially for Buvuma oil palm development. As a result, ambitious targets were drawn out at design. However, in respect of Kalangala, as the land acquisition process for the nucleus estate was largely completed during the VODP 1 and the project focussed expansion into lands of smallholder farmers. The project could not acquire land on time in Buvuma Island and as a

result, the project downsized the targets during MTR and subsequently excluded oil palm activities in Buvuma from the project. Lesson from this experience indicates that the project needs to plan these activities well in advance and much before the project implementation begins.

- 183. Building efficient systems and processes for managing development loan to farmers is a pre-requisite:** The development loan facility to oil palm growers was well-packaged to finance all activities related to the development phase. Recovery of loans was linked to FFB harvest. The project started with manual recording of development loans provided to the oil palm farmers, which included land development cost and cost of implements, seedlings, fertilizer and other inputs over a period of initial five years and started recovering the development loan by deducting 33 percent of the sale proceeds received from OPUL. The project also made changes to the interest calculation procedures which complicated the manual account maintenance systems. These transactions were not audited from the very beginning and balance confirmation from farmers was not obtained. Only in the year 2017, a software was designed and the manual records were migrated to this software. Thereafter disputes from the farmers on balances started emerging. The project has put in a place an audit of the farmers' loans – disbursements, recovery and balance outstanding - and this work is progressing. It is imperative that the project, prior to issuance of development loans, operationalize a robust software system for registering beneficiary farmers, geo-tagging their land, managing the development loan accounts and notifying farmers for every credit and debit into their account. This apart, lending policies and procedures, processes related to audit and yearly balance confirmation with farmers needs to be operationalized prior to starting development loan disbursement.
- 184. An efficient extension system on a pay for service basis needed to enhance productivity:** The project has provided extension services through KOPGT to all the farmers and these activities were treated as public goods. Two main weaknesses are observed in this system. First, KOPGT staff delivered standard extension messages particularly on fertilizer usage without adjusting the usage recommendations based on farm level productivity data and also soil testing results. This led to farmers not adopting the recommendations provided by the extension staff. Second, the cost of extension service was not included into the recovery arrangements of the development loan which resulted in farmers viewing this as another government service. Overall, the productivity of oil palm plantations of smallholder farmers is lower compared to the nucleus estate of OPUL and the productivity of farmers with plantations on grassland is the lowest. This system of free extension service is not relevant in a high value commodity such as oil palm. A system for paying for extension services needs to be put in place from the very beginning. In addition, oil palm plantation management coupled with extension service needs to be professionalised for the benefit of smallholder farmers which can result in substantial yield gains.
- 185. Support for landless households is required to reduce the growing disparity between income of oil palm farmers and landless.** The project has supported farmers with land for oil palm development. It has also set in place a system of negotiating lease between the tenants and land owners. However, a large number of households without/ or with limited land remain excluded from oil palm development. Disparity in income between the landless and the oil palm farmers is expected to increase with the increasing incomes of the oil palm farmers as oil palm trees mature. This disparity may bring in social tension. GoU and IFAD have provided for an Alternative Livelihoods Component under NOPP to address this challenge. This apart, the dividends from GoU's investment in OPUL may be used for developing social infrastructure that benefits all the households instead of placing it with KOPGT for the benefit of only oil palm growers.
- 186. Women centric and gender sensitive approaches needed:** The project under VODP 1 supported largely men farmers with development loans with no maximum cap on area of land to be supported. Based on this experience, under VODP 2, the project provided development loans for developing only 5 acres per farmer. This led to transfer of land by the farmers with more land to their spouses and make application to the project in the name of their spouse. However, on the negative side, there are a few instances of divorce and polygamy due to the sudden influx of wealth from oil palm. This apart, the rapid rise of Kalangala farmers from poverty to abundance has led to extravagant expenditure on unproductive assets and conspicuous consumption in some cases. In future projects, such issues need to be addressed with strategies for provision of joint project support to husband and wife, household mentoring on managing personal finance including financial saving and diversification into productive assets and provision of legal support to women to seek compensation from the oil palm farmer in case of divorce.
- 187. MSPs need an institutional backbone with resources:** The project conceived MSP modality to drive oilseeds value chain development by firmly placing market as the starting point with a series of interactions. These interactions were designed for selecting, prioritizing and shortlisting of agribusiness/trader stakeholders, developing both formal and informal buy-back arrangement between producers (sellers) and agribusinesses/traders (buyers) and also developing contracts between buyers and sellers. MSP modality in this project stopped after the closure of SNV support. This is mainly on account of not developing an institutional backbone and a neutral facilitator for continuing MSP activities. This needs to be addressed in NOSP possibly by promoting MSPs through PMU as a short- term measure and thereafter transferring this responsibility to a neutral facilitator such as the Chamber of Commerce and Industry or the Policy and Planning Division of MAAIF. The next level of growth in oilseeds sector will not come only through MSPs, agronomic training and facilitation of market linkages. Catalytic support in the form of matching grants/micro-equity will be necessary to accelerate mechanization, promotion of private service providers such as input business and promotion of small oil extraction units.

188. **Rural infrastructure essential for oilseeds cultivation expansion:** Opening new areas for effective and sustainable oilseeds production requires further investments in rural infrastructure, especially roads and other marketing infrastructure. Farmers have widely reported poor infrastructure as a major impediment in market access under the Oilseeds GoU will have to invest in roads whereas investments into marketing infrastructure need to be accessed from private sector.

## I. Conclusions and recommendations

189. **Conclusions:** The oil palm development component of VODP 2 is transformational in nature with market-first approach and large private sector investment preceding oil palm development by smallholders. This is one of the few projects where government investment into smallholder farms are provided as development loans and recovered from the sale of produce. Oil palm development utilized 69.4 percent of the total investment and supported 2,063 farmers. The Oilseeds development component was built on a very low production base and simple interventions on agronomic practices, quality seed and market linkages introduced by the project have contributed substantially to the increase in income of participating households. However, it has suffered from wide geographic spread, sparse hub and district level project management capacity, delayed engagement of service providers and lower than expected performance of DLGs. Oilseeds development component utilized about 19.5 percent of the total investment and reached 128,296 farmers.

190. The project's objectives were consistent with those of GoU and modalities adopted for its implementation have been appropriate in case of oil palm development and have been too thinly spread in case of oilseeds VODP 2 has built an efficient, effective, inclusive and replicable model of supporting oil palm smallholder farmers which can be scaled up. The project has largely achieved most of the output targets taking into account downward revision during MTR and has achieved moderately satisfactory outcomes and impact compared to design to expectations. The project has fully utilized the IFAD grant of USD 1.09 million and SNV co-financing of USD 0.34 million. At completion, the project had utilized 99.95 percent of the IFAD loan in SDR terms.

191. **Recommendations:** GoU is in the process of scaling up the implementation modality designed under the project with improvements reflecting the lessons learned by designing two separate national programmes for oil palm and oilseeds with IFAD assistance. GoU has already signed a financing agreement to implement a new national programme covering oil palm development (NOPP) and another national programme for oilseeds development (NOSP) is being processed for parliamentary approval. It is recommended that MAAIF consider the following recommendations for continued support in Kalangala.

- - The development loan accounts under the Oil palm component were not regularly audited and balance confirmation from the farmers have not been obtained since project inception. The project has developed a software in 2017 for managing the development loans portfolio. KOPGT is reported to have completed accounting entries in the software until June 2019. Based on this, farmer ledgers were generated and the farmers got information on loans taken, interest and repayments. Subsequently, several disputes have been lodged by farmers. Consultants engaged by the project are in the process of verifying the accounting trails to validate or reject the claims. This activity which is long overdue needs to be completed at the earliest. A small committee comprising project officials, farmer leaders and KOPGT will have to be established to navigate the dispute resolution effort with care.
  - The project has stopped support for expansion of oil palm cultivation in Kalangala owing to concerns raised by the environmentalists, and civil society organizations. However, despite all this, farmers interested in expanding will find new ways of dealing with this situation; development of nurseries by some farmers for local seedling production is a case in point. Such seedling production will result in planting of low-quality seedlings with very low productivity. KOPGT/SOPGCO will have to plan for procurement of quality seedlings for replacement planting by existing farmers and also new planting by farmers who are interested in starting oil palm cultivation without KOPGT/SOPGCO support.
  - KOPGT was established as a semi-government structure with farmer representatives at the centre of KOPGT management. The farmers also established KOPGA which had a limited role in project activities. Both KOPGT and KOPGA functioned out of the same office with the same management reporting to both structures. Subsequently, SOPAG, a SACCO was registered to cater to the financial services need of oil palm farmers. With the imminent closure of project activities, and with the intention of taking over most of the functions of KOPGT, the farmer leaders established a cooperative (SOPGCO). The current thinking is to devolve some of functions from KOPGT and SOPGCO. This requires careful facilitation.
  - The restructuring of KOPGT and devolution of functions to SOPGCO should have started much before project completion. However, it is recommended that MAAIF consider the following during restructuring of KOPGT and devolution of functions from KOPGT to SOPGCO: (i) ensure share capital mobilization by SOPGCO from all oil palm growers and election of a Board of Directors – this should be a prerequisite for negotiations on devolution of some of KOPGT functions; (ii) restructure the board of KOPGT with a strong role for MAAIF in the use of dividends from OPUL and no dual membership into the management

committees of KOPGT and SOPGCO; (iii) separate office and staff for both KOPGT and SOPGCO; (iv) devolve functions related to transport, extension, fertilizer procurement, gang engagement for plantation management and farm road maintenance to SOPGCO in a phased manner based on performance; (v) maintain the financial management functions such as management of development loan portfolio and recovery, receipt of proceeds from FFB sales and dividend with KOPGT until SOPGCO delivers satisfactorily on the allocated functions.

- o SOPGCO requires management support in the form of a Chief Operating Officer with experience in managing large agriculture cooperatives. MAAIF may have to provide this support on a tapering basis.
- o The project will have to prepare a plan for maintenance of access roads and hand over the access roads to Kalangala DLG for future maintenance. Farm roads will have to be maintained through contributions from the farmers.
- o MAAIF has gained substantial experience in implementation of oil palm development activities and it is now appropriate to develop an oil palm development policy that outlines the contours of future engagement with farmers, farmer organizations, local financial institutions, marketing channels and processors.
- o The project needs to get the project accounts for 2019-20 audited by the Office of the Auditor General of Uganda. This audit will have to start by 15 March 2020 and an audit report will have to be submitted to IFAD by loan closing date. The project will have to submit all the remaining WAs and ensure release of funds from IFAD before the loan closing date.

## Footnotes

[1] IFAD mission comprised: Shreekantha Shetty (Mission Leader); Girija Srinivasan (Effectiveness; Sustainability and targeting); Maria Donnat (M&E); Joseph Rostand Olinga Biwole (Agronomist); Davis Atugonza (Economic and Financial Analysis); James Muthuri (Financial Management); Pontian Muhwezi (Country Programme Officer, Uganda Country Office, IFAD); and Lakshmi Moola (Country Director, Uganda, ESA/PMD, IFAD). The mission received valuable inputs from Ms. Connie Magomu Masaba, Project Manager, VODP 2 and her team at the PMU.

[2] Terms of reference of the mission is provided in Appendix 8.

[3] Mr. James Kamukama (M&E and Agricultural Development); Dr. Gerald Karyeija (Institutional Development and Governance Specialist); Dr. David Tumusiime (Environmental Management Specialist); Mr. Vicent Ssengendo (Statistician); Ms Faustine Nakazibwe (Gender and Poverty expert); and Mr. Gerald Nuwamanya (Financial Management Specialist).

[4] <http://pubdocs.worldbank.org/en/381951474255092375/pdf/Uganda-Poverty-Assessment-Report-2016.pdf>

[5] Human Development Report, 2019. Inequalities in Human Development in the 21<sup>st</sup> Century. Uganda- Briefing Report

[6] Development Strategy and Investment Plan 2009/10-2013/14

[7] Financing agreement, Schedule 1, para 2

[8] Largely on account of creating new districts from out of existing districts.

[9] Supervision Mission Report, 2017, para 44

[10] Supervision Mission Report, 2018

[11] Proposed 800 ha on Bugala Island and an additional 1,200 ha in the four neighbouring islands (Bunyama, Bubembe, Funve and Bukasa).

[12] Supervision Mission report, 2017.

[13] 6,000 hectares for smallholders in Mayuge, and 13,500 (9,000 for nucleus and 4,500 smallholders) in Sango Bay identified and this will be developed under NOPP.

[14] KoPGT has received about UGX 10.0 billion as dividend from OPUL. As per IFAD SM report 2019, 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. This needs to be reviewed as the dividends are the return on investment made by GoU to acquire land and lease the same to OPUL. It needs to be deployed for the common good of the Kalangala community and not to subsidize well to do oil palm farmer. KOPGT or SOPGCO will have to provide fee-based service and sustain.

[15] The project did not debit interest payable by the farmers to their respective development loan account until 2017. MTR recommended charging compound rate of interest by charging interest on the interest outstanding. There have been further negotiations and it was finally agreed that simple interest of 10 percent from the fifth year will be charged.

[16] 30 percent of the interest collection is the major revenue stream of KOPGT which will decline with the closure of development loan accounts by the farmers.

[17] It was envisaged that the restructuring agreement will be signed in 2013.

[18] 379 km in Bugala, 52 km in Bunyama and 50 km in Bubembe islands.

[19] Initial oil palm research activities were assigned to the Coffee Research Centre. In 2013, Coffee Research Centre became National Coffee Research Institute and effective July 2013, oil palm research activities were transferred to NaCRRI as one of the mandate crops of this Institute, operating under the Horticulture and Oil Palm Programme.

[20] J. Baguma et al.; Distribution and incidence of the oil palm weevil *Rhynchophorus phoenicis* (Fabricius, 1801) (Coleoptera: Curculionidae) in selected agro-ecological zones of Uganda. *African Entomology* 27(2): 477–487 (2019) DOI: <https://doi.org/10.4001/003.027.0477> ©Entomological Society of Southern Africa

[21] 70 percent of the total project outlay was allocated to Oil palm component whereas 19 percent of the outlay was allocated to oilseeds component.

[22] Maksoy 2N and Maksoy 3N varieties that are tolerant to soybean rust disease were released in 2008 and 2010 respectively. In addition, two more varieties (Maksoy 4N and Maksoy 5N) were released in 2013 and one variety (Maksoy 6N) in 2017 as per annual report for financial year 2017-18.

[23] Annual report, 2017-18, VODP 2,

[24] MIS data collected from hubs during PCR mission

[25] Supervision Mission Reports, 2018 and 2019

[26] UNBS 2019 Report and Supervision Mission Report, 2019

[27] Supervision Mission Reports 2018 and 2019

[28] UDBL, FINCA Uganda, Opportunity Bank, DFCU Bank and Post Bank Uganda at the start, and more financial institutions came on-board including Pride Microfinance, Microfinance Support Centre, Centenary Rural Development Bank, Barclay Banks and SACCOs

[29] Loan monitoring systems for lending widely dispersed groups was not in place

[30] Data provided by KOPGT

[31] Data provided by OPUL and KOPGT

[32] As per OPUL presentation

[33] Gross income calculated based on the total production value divided by the area of mature plantations as per data provided by PMU. The net income was calculated by the PCR mission after deducting cost of cultivation

[34] UGX 5,000 per bag of 50 kg is the present mark up to cover costs

[35] Annual report, 2016-17, VODP 2.

[36] Reported in NOPP project design document based a projections from FAOSTAT-2014.

[37] FAO food balance sheets and Annual Report 2018-19

[38] Uganda Demographic and Health Survey 2016

[39] Data extracted from FAO

[40] Data extracted from the Uganda Demographic Health

[41] The survey covered 1,297 oilseed farmers from 44 sub-counties in 16 districts

[42] Net income from sunflower (USD 313) and soybean (USD 438) used for calculating average income per ha

[43] For oil palm, the pricing sub-committee that was established in Kalangala continues to meet monthly and is comprised of the District Commercial Officer (Chair), two farmer representatives from all blocks, two representatives from OPUL (General Manager and Finance Manager), and representatives of VODP PMU (Oil Palm Coordinator) and KOPGT (all Managers). Oilseeds farmers are bulking and selling their produce at negotiated prices,

[44] Annual outcome survey 2018

[45] IDS and IFAD, 2015, Brokering Development: Enabling Factors for Public-Private-Producer Partnerships in Agricultural Value Chains; A case study of the Oil Palm PPP in Kalangala, Uganda, Institute of Development Studies Brighton BN1 9RE UK.

[46] The Project Completion Report prepared by RCTIL.

[47] Figures in parenthesis pertain to baseline data.

[48] MAAIF, 2018, Local Economy-wide Impact Evaluation of the Kalangala Oil Palm Project, Study conducted by Prof J. Edward Taylor, Edward Whitney, and Heng Zhu – University of California Davis.

[49] The project worked with Researchers from the University of California, Davis and the Statistics Division of MAAIF to document the economic impact of the oil palm project activities on Kalangala residents. Extensive surveys of households and businesses were conducted to construct a local-economy wide impact evaluation (LEWIE) model for the Kalangala economy

[50] Government of Uganda, 2018, Process Evaluation of Vegetable Oil Development Project Phase 2

[51] FAO, WFP and IFAD. 2019. Food loss analysis: causes and solutions – The Republic of Uganda. Beans, maize, and sunflower studies. Rome. 212 pp. Licence: CC BY-NC-SA 3.0 IGO. Page 122.

[52] NOSP Design Report.

[53] Diers, B. and A. Scaboo, "The state of Soybean in Africa: Soybean Breeding" farm doc daily (9):146, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, August 8, 2019.

[54] Midterm Review Report, 2014

[55] Following a recommendation of the 2015 supervision mission, a decision was to recruit an M&E Assistant to support the M&E Officer. It took almost three years for an additional M&E Officer to be recruited; but by that time, the previous M&E Officer had left the PMU.

[56] Such as: (i) *Report on the spatial analysis of the land use changes in Kalangala and Buvuma from 2007 to 2014*, Sept 2016; (ii) *Local economy-wide impact evaluation of the Kalangala oil palm project*, Feb. 2018 by the University of California Davis; (iii) *Farmers' knowledge, practices and constraints (oil palm)*, National Crops Resources Research Institute; (iv) *Enabling factors for public-private-producer partnerships in agricultural value chains*, Institute of Development Studies, 2015; and (v) *Process evaluation of VODP2 - Uganda*, Amazing Enterprises Ltd, March 2018.



## Uganda

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### Vegetable Oil Development Project 2

### Project Completion Report

### Appendix 1: Project logical framework

Mission Dates: 17 February-06 March 2020  
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East and Southern Africa Division  
Programme Management Department

This document will be publicly disclosed unless there is written dissent on its disclosure by the Borrower at the time of this document submission to IFAD or no later than the project closing date.





## Vegetable Oil Development Project 2

### Logical Framework

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
Outreach Total Project Outreach	1.b Estimated corresponding total number of households members										
	Household members	0		136 000	3 060	410 706	302				
	1.a Corresponding number of households reached										
	Households	0		30 200	510	68 451	226.7				
	1 Persons receiving services promoted or supported by the project										
	Females	0		9 060							
	Males	0		21 140							
	Total number of persons receiving services	0		30 200	510	134 838	446.5				
	Groups receiving project services										
	Groups	0		5 900	0	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		32.92	50							
	Oil Palm Buvuma		19.68	50							
	Oil Seeds - Eastern		31.72	50							
	Oil Seeds - West Nile		13.45	50							
	Oil Seeds - Northern		20.22	50							
	Oil Seeds - Lira		25.95	50							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	20% reduction in the prevalence of child malnutrition							Uganda Bureau of Statistics			
	Oil Palm Kalanagala - height/age - boys		66.2			15.6					
	Oil Palm Kalanagala - height/age - girls					14.8					
	Oil Palm Kalanagala - weight/age - boys		28.6			2.4					
	Oil Palm Kalanagala - weight/age - girls					0					
	Oil Palm Kalanagala - weight/height - boys		28.6			6					
	Oil Palm Kalanagala - weight/height - girls		16.3			6.6					
	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										

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	Oil Seeds - height/age - girls										
	Oil Seeds - weight/age - boys										
	Oil Seeds - weight/age - girls										
	Oil Seeds - weight/height - boys										
	Oil Seeds - weight/height - girls										
<b>Development Objective</b> 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	40	40	66.7				
	Increased domestic oilseeds production							UBOS statistics on Ugandan vegetable oil production database.			
	oilseeds production	70 000		150 000	234 767	882 730	588.5				
	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				

Results Hierarchy	Indicators							Means of Verification		Assumptions	
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	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				
<b>Outcome</b> 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	40 000	218 730	729.1				
	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							

Results Hierarchy	Indicators							Means of Verification		Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility
	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	100					
	smallholder net income per ha per year - Money (USD' 000)							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 - Money (USD' 000)									

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
<b>Output</b> 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	7 184	28 384	71				
	Area planted			20 000	0	6 500	32.5				
	Area planted by smallholders			7 000	424	4 848	69.3				
	Kalangala				11 384	11 384					
	Buvuma				7 500	7 500					
	Mayuge				6 000	6 000					
	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				

Results Hierarchy	Indicators							Means of Verification		Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility
	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	424	4 848	103.1			
	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	253	2 063	114.6			

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	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	1	100				
	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	1	1	100				
	In Bubembe			1	0	1	100				

Results Hierarchy	Indicators							Means of Verification		Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility
	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	0	379	122.3			
	Kalangala - Bunyama			40	12	52	130			
	Kalangala - Bubembe			40	50	50	125			
<b>Output</b> 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	2	100			
										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

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	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				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	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	100	100	100				
	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				
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					

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	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	19 813						
<b>Outcome</b> 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	65						
	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	0.4					
	N. of farmers in Eastern Hub			517 392.4	1 660	37 860	7.3				
	N. of farmers in West Nile Hub			70 608.7	3 191	23 566	33.4				
	N. of farmers in Northern Uganda			97 054.1	13 027	35 492	36.6				
	N. of farmers in Lira Hub			302 492.3	0	31 379	10.4				
	Oilseeds production of sun flower and soya bean increased by 10% each year										
	increase in soy bean production			25 768	145 077	364 454	1 414.4				
	increase in sun flower production			268 955	89 382	254 488	94.6				
	increase in soy bean production				13						

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	increase in sun flower production				-9						
	Number of secondary farmer organisations operational/ functional										
	Secondary farmer organisations				52	52					
	Number of farmers using purchased quality controlled seed										
	Number of farmers using purchased sunflower				29 837						
	Number of farmers using purchased soybean				46 445						
	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 (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
<b>Output</b> 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	33.7	283.7	1 418.5				
	MT sesame produced			10	0	23	230				
	MT ground nuts produced			10	0	25.6	256				
	MT sunflower produced			20		26.4	132				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	Percent of oilseed growers buying quality controlled seed by 2017							"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"			
	farmers buying sunflower seed			90							
	farmers buying soybean			90							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	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				139 286						
	hectares of soybean under oil seeds cultivation				208 078						
	annual percent increase - Sunflower cultivation-Percentage (%)				5						
	annual percent increase - Soybean cultivation-Percentage (%)				44						

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	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/ 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"			
	Average annual yields - Soybean - Tons/ha				1.23						
	Average annual yield - Sunflower - Tons/ha				1.25						

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	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	5 311	5 311	139.8				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
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"			
	Farmer groups bulk selling by 2017			1 000	2 022	2 022	202.2				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	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	100	100	111.1				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	Farmers groups supported to provide savings and loans services to their members							"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"			
	Farmers' groups providing savings and loan services - groups				1 812						
	Farmers in groups providing savings and loan services - Farmers				-15 690	54 360					

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	Total persons accessing financial services from Farmers' Groups/VSLAs							OSSUP reports NaSARRI/ NaCRR/ 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			
	Total persons accessing financial services from Farmers' Groups/VSLAs - savings				54 360						
	Amount of credit disbursed by Farmers' Groups/VSLAs - UGX				4 774 483 250	13 912 252 220					

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	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 UGX billions				0	3.4					

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	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.				3 959						
Output Component 2 RIMS	1.1.5 Persons in rural areas accessing financial services										
	Women in rural areas accessing financial services - savings				0	2 101					
	Young people in rural areas accessing financial services - savings										
	Not young people in rural areas accessing financial services - savings										
	Men in rural areas accessing financial services - savings				0	3 668					

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	Indigenous people in rural areas accessing financial services - savings										
	Non indigenous people in rural areas accessing financial services - savings										
	Men in rural areas accessing financial services - credit				0	3 668					
	Women in rural areas accessing financial services - credit				0	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				-15 690	54 360					
	Total persons accessing financial services - credit				-15 690	54 360					

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	Agricultural/livestock production groups formed/strengthened										
	Agricultural/livestock production groups formed/strengthened				0	5 311					
	Financial institutions participating in project										
	Financial institutions participating in project				0	10					
	Government officials and staff trained										
	Males				0	348					
	Females				0	119					
	People in agricultural/livestock production groups										
	Males				0	74 352					
	Females				0	31 866					
	Members in the groups formed/strengthen				0	132 775					
	1.1.4 Persons trained in production practices and/or technologies										
	Men trained in crop				0	77 894					
	Women trained in crop				0	41 575					
	Young people trained in crop										
	Not young people trained in crop										
	Indigenous people trained in crop										

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	Non indigenous people trained in crop										
	Men trained in livestock										
	Women trained in livestock										
	Young people trained in livestock										
	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										

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	Young people trained in fishery										
	Not young people trained in fishery										
	Indigenous people trained in fishery										
	Non indigenous people trained in fishery										
	Total persons trained in crop				0	132 775					
	Total persons trained in livestock										
	Total persons trained in forestry										
	Total persons trained in fishery										
	People trained in financial services										
	Males				0	2 540					
	Females				0	1 419					
	Staff of service providers trained										
	Males				0	251					
	Females				0	142					
	Value of gross loan portfolio: enterprises										
	Value of gross loan portfolio: enterprises				1 592	14 324					

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
<b>Outcome</b> 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	18.5	98.5	98.5				
<b>Output</b> 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					
<b>Output</b> 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				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	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

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### Vegetable Oil Development Project 2

### Project Completion Report

### Appendix 2: Summary of amendments to the financing agreement

Mission Dates: 17 February-06 March 2020  
Document Date: 15/10/2020  
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Report No. 5498-UG  
Loan ID 1000003703

East and Southern Africa Division  
Programme Management Department

This document will be publicly disclosed unless there is written dissent on its disclosure by the Borrower at the time of this document submission to IFAD or no later than the project closing date.





## Appendix 2: Summary of amendments to the financing agreement

The following were the key revisions made to the financing agreement:

Date	Amendment
11 April 2011	<p>A new paragraph 2 was added Schedule 2, to read as follows:</p> <p>"Withdrawals in respect of expenditures for start-up costs (in Categories 5, 7 and 10 of the Amount of the Loan Allocated) incurred before the satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of USD 5,500,000 for the following amount per category:</p> <p>Category 5 USD 5,000,000 Smallholder Oil Palm development. Category 7 USD 140,000 Consultancies, Workshops and Training. Category 10 USD 360,000 Operating Costs.</p>
29 September 2016	<p>Main Document:</p> <p>Section C para. 2.(b) shall be amended in its entirety to read as follows:</p> <p>"2. (b) Oil Palm Development: The National Crops Resources Research Institute (NaCCRI), Oil Palm Uganda Limited (OPUL), the Kalangala Oil Palm Growers Trust (KOPGT) and any other similar or successor organisation(s) formed for providing technical backstopping and/or financing for smallholder oil palm development."</p> <p>B. <u>Schedule 1:</u></p> <p>(a) Part I, Paragraph 2 shall be amended in its entirety to read as follows:</p> <p>"2 Project Area</p> <p>Oil Palm development shall take place in the Kalangala District on Bugala Island and two outlying islands (Bubembe and Bunyama); on Buvama Island and adjacent areas on the main land; and any other new areas which may be identified on the basis of research trials and rainfall data.</p> <p>Oilseeds development shall be focused around four hubs in the following districts:</p> <p>Lira hub: covering the districts of Lira, Apac, Dokolo, Oyam, Masindi, Soroti, Kaberamaido, Amuria, Serere, Amolatar, Kiryandongo, Alebtong and Kole</p> <p>Eastern Uganda hub: covering the districts of Mbale, Bukedea, Kapchorwa, Kamull, Kumi, Manafwa, Pallsa, Sironko, Bugiri, Busia,</p> <p>Gulu hub: covering the districts of Gulu, Kitgum, Amuru, Pader, Nwoya, Agago and Lamwo.</p> <p>West Nile hub: covering the districts of Arua, Koboko, Moyo, Nebbi, Yumbe, Maracha and Zombo."</p> <p>(b) Part I, paragraph 3(a) shall be amended in its entirety to read as follows:</p> <p>"3. Target Population</p> <p>Oil palm development: The primary target group is 2500 small holder farmers, along with inclusive measures for women and youth. The indirect beneficiaries shall include workers on the nucleus estate and labourers on small holder plots; and"</p> <p>(c) Part I, paragraph 4(a) (II) and (III) shall be amended in its entirety to read as follows:</p> <p>"(a) (ii) initiate oil palm development activities on Buvuma Island by developing 2500 hectares of oil palm plantations under smallholder farmers using counterpart funding from the Borrower/Recipient; and</p> <p>(iii) identification of new areas for oil palm development, on the basis of successful oil palm trials carried out by NaCCRI and confirmed rainfall data."</p> <p>(d) Part I, Paragraph 4(b)(iii) is deleted in its entirety.</p> <p>(e) Part II, A Paragraph 1(c) shall be amended in its entirety to read as follows:</p> <p>"1.(c) Continuation of its managerial/supervisory role for the use of IFAD funds provided to KOPGT for financing smallholder oil palm development, or any other successor organisation; and"</p>

(f) Part II, B Paragraph 2 shall be amended in its entirety as follows:  
“2. VODP 2 shall conclude a Memorandum of Understanding (MoU) with NARO relative to the research work to be carried out for oilseeds and oil palm, with monitorable outputs with two NARO research Institutions (NaCCRI and NaSARRI). VODP 2 shall also conclude a specific two year rolling MoU with UNBS.”

(g) Part II, B Paragraph 3 shall be deleted in its entirety.

(h) Part II, C Paragraph (b) shall be amended in its entirety to read as follows:  
“1.(b) *Oil palm development on Buvuma Island*: the PMU and Buvuma District Local Government shall formally register smallholders to participate in oil palm development, and the PMU shall be responsible for establishing an organisation similar to KOPGT for smallholders on Buvuma; and”

Part II, C Paragraph 1(c) shall be amended in its entirety to read as follows:  
“1(c) *Identification of new areas*: The PMU, working with NaCCRI, shall carry out oil palm planting trials in the areas identified and shall collect rainfall data. The PMU shall also examine the potential and modalities for smallholders-only oil palm development where there is no land for purchase for the establishment of a nucleus estate.”

(j) Part II, C Paragraph 3 shall be amended in its entirety to read as follows:  
“3. The Borrower shall submit to the Fund a short-term and long-term medium plan for KOPGT to become self-sustaining in its operational costs on Kalangala Island by 31 December 2018, and amend the legal frame work documents contained in Schedule 1, paragraph B of Section II of this agreement, if required.”

(k) Part II, C. Paragraph 6(c) shall be deleted in its entirety.

C. Schedule 2:  
A new Schedule 2 (Schedule 2 bis) is added to Financing Agreement as reflected below.

*1. Allocation of Additional Loan Proceeds.* The table below sets forth the Categories of Eligible Expenditures to be financed by the Additional Loan, the allocation of amounts of the Additional Loan to each Category and the percentages of expenditures for items to be financed in each Category

Category		Amount of the Loan Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
1.	Vehicles and Equipment	1 270 000	100% of total expenditures net of taxes
2.	Materials	830 000	100% of total expenditures net of taxes or 90% of total expenditures
3.	Pontoon Landing Sites	810 000	100% of total expenditures net of taxes
4.	Other Civil Works	1 040 000	100% of total expenditures net of taxes
5.	Smallholder Oil Palm Development	9 560 000	100% of total expenditures net of taxes
6.	Oilseed Guarantee Fune		100% of total expenditures net of taxes
7.	Consultancies, Workshops and Training	3 360 000	100% of total expenditures net of taxes
8.	Extension Services	8 080 000	100% of total expenditures net of taxes

9.	Salaries and Allowances	3 510 000	100% of total expenditures net of taxes
10.	Operating Costs	2 100 000	100% of total expenditures net of taxes or 90% of total expenditures
Unallocated		2 940 000	
TOTAL		33 500 000	

(b) Category 5 - Smallholder Oil Palm Development – Expenditures for funding new development on the outlying islands and Buvuma Island from the IFAD Loan shall only be eligible subject to prior approval by the Fund.

D. Schedule 3:

Paragraph 7 shall be amended in its entirety to read as follows:

“7. The Borrower shall ensure that it has formal commitment from OPUL for the support of oil palm development on Buvuma Island before disbursing any funding from the IFAD loan for oil palm plantation development by smallholders on the Island. The Borrower shall enable the registration of the Buvuma Oil Palm Growers Trust (BOPGT) within six months following the beginning of the investment.”

Paragraph 10 shall be deleted to be replaced by the following:

“10. The Borrower shall ensure the provision of the necessary financial resources to achieve the target of planting 2500 ha of smallholders’ oil palm plantations by VODP 2 completion, through the loan repayments from the Kalangala investment and/or new counterpart funding as required.”



## Uganda

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### Vegetable Oil Development Project 2

### Project Completion Report

### Appendix 3: Actual project costs

Mission Dates: 17 February-06 March 2020  
Document Date: 15/10/2020  
Project No. 1100001468  
Report No. 5498-UG  
Loan ID 1000003703

East and Southern Africa Division  
Programme Management Department

This document will be publicly disclosed unless there is written dissent on its disclosure by the Borrower at the time of this document submission to IFAD or no later than the project closing date.





## Appendix 3: Actual project costs

### 4.1 Financial performance by financier as at 31 Jan 2020

Financier	Appraisal (USD '000)	Disbursements (USD '000)	Percent disbursed
IFAD loan	52,000	48,242	92.8
IFAD Grant	1,086	1,086	100.00
Government of Uganda	15,000	25,698	171.3
Oil Palm Uganda Ltd (OPUL)	70,380	-	0.00
Oil Palm Growers' Trust of Uganda	4,440	-	0.00
KOPGT	1,040	1,046	100.6
Farmers	3,900	5,269 <sup>1</sup>	135.10
SNV co-financing	340	340	100.00
<b>Total</b>	<b>148,186</b>	<b>81,681</b>	<b>55.1</b>

### 4.2 Financing by financier per components in USD '000

Component	IFAD loan			IFAD grant			Government			OPUL			Trust			KOPGT			Farmers			SNV financing			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
Oil Palm Development																											
Consolidation and Expansion in Kalangala	8,608	18,361	213.3				3,250	0	0.0							1,040	1,046	100.6	933	5,269	564.7				13,831	24,676	178.4
Support to KOPGT	4,483	4,711	105.1																						4,483	4,711	105.1
Mobilization Buvuma	4,028	172	4.3																						4,028	172	4.3
Development Buvuma	9,217	1,773	19.2				10,490	24,679	235.3	70,380	0	0.0	4,440	0	0.0				2,967	0	0.0				97,494	26,452	27.1
Identification of new areas	673	635	94.4																						673	635	94.4
Sub-total Oil Palm Development	27,009	25,652	95.0	0	0		13,740	24,679	179.6	70,380	0	0.0	4,440	0	0.0	1,040	1,046	100.6	3,900	5,269	135.1	0	0		120,509	56,646	47.0
Oilseeds Development																											
Seed production	2,020	1,410	69.8																						2,020	1,410	69.8
Extension for Farmer Groups	12,830	12,304	95.9																						12,830	12,304	95.9
Other Value chain activities	1,849	779	42.1	1,086	1,086	100.0																340	340	100.0	3,275	2,205	67.3
Sub-total Oilseeds Development	16,699	14,493	86.8	1,086	1,086	100.0	0	0		0	0		0	0		0	0		0	0		340	340	100.0	18,125	15,919	87.8
Project Management																											
Project Management	8,292	8,097	97.6				1,260	1,019	80.9																9,552	9,116	95.4
Sub-total Project Management	8,292	8,097	97.6	0	0		1,260	1,019	80.9	0	0		0	0		0	0		0	0		0	0		9,552	9,116	95.4
Total	52,000	48,242	92.8	1,086	1,086	100.0	15,000	25,698	171.3	70,380	0		4,440	0	0.0	1,040	1,046	100.6	3,900	5,269	135.1	340	340	100.0	148,186	81,681	55.1

<sup>1</sup> This does not include USD 1.09 million leveraged from financial institutions by oilseed farmers and also USD 3.72 million inter-loaning amongst VSLA members using their own savings

#### 4.3 Status of funds by category of expenditure in SDR

Category description	Allocation	Disbursement	Disbursement Percentage
Vehicles and equipment	1,270,000.00	2,914,590.55	229.50
Materials	830,000.00	786,415.71	94.75
Pontoon landing sites	810,000.00	748,885.96	92.46
Other Civil works	1,040,000.00	1,520,593.25	146.21
Smallholder oil palm development	9,560,000.00	10,125,442.01	105.91
Consultancies, Workshops and Training	3,360,000.00	3,472,313.01	103.34
Extension services	8,080,000.00	6,349,306.96	78.58
Salaries and allowances	3,510,000.00	3,920,634.13	111.70
Operating costs	2,100,000.00	2,500,821.51	119.09
Unallocated	2,940,000.00	0.00	
Initial deposit		1,145,725.28	
<b>TOTAL</b>	<b>33,500,000.00</b>	<b>33,484,728.37</b>	<b>99.95</b>

#### 4.4 Status of funds by category in USD

Category description	Allocation	Disbursement	Disbursement Percentage
Vehicles and equipment	1,960,000.00	4,134,772.03	211.0
Materials	1,260,000.00	1,104,669.36	87.7
Pontoon landing sites	1,260,000.00	1,036,175.40	82.2
Other Civil works	1,570,000.00	2,144,654.54	136.6
Smallholder oil palm development	14,910,000.00	15,200,193.42	101.9
Consultancies, Workshops and Training	5,210,000.00	4,909,237.14	94.2
Extension services	12,540,000.00	8,923,961.17	71.2
Salaries and allowances	5,370,000.00	5,592,490.01	104.1
Operating costs	3,210,000.00	3,578,811.83	111.5
Initial Deposit		1,616,549.62	
Unallocated	4,710,000.00	0.00	
<b>TOTAL</b>	<b>52,000,000.00</b>	<b>48,241,514.52</b>	<b>92.8</b>



## Uganda

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### Vegetable Oil Development Project 2

### Project Completion Report

### Appendix 4: Project internal rate of return (detailed analysis)

Mission Dates: 17 February-06 March 2020  
Document Date: 15/10/2020  
Project No. 1100001468  
Report No. 5498-UG  
Loan ID 1000003703

East and Southern Africa Division  
Programme Management Department

This document will be publicly disclosed unless there is written dissent on its disclosure by the Borrower at the time of this document submission to IFAD or no later than the project closing date.





## Appendix 4: Project internal rate of return

### A. Introduction

1. This appendix presents per beneficiary investment cost and the re-estimation of VODP 2's Internal Rate of Return (IRR) at PCR. This will also assist in determining whether the project-funded investments were good value for money. The appendix presents a comparison of project costs with the benefits of project investments to the extent these could be quantified at project completion. The project costs used cover all project expenditure, including those covered by co-financing (GoU and beneficiaries). The project benefits have been re-estimated at PCR based on increase in yields and increase in area under cultivation.

### B. Per-beneficiary investment cost

2. This project with an investment of USD 148.19 million managed to post actual expenditure of USD 81.68 million. The reduction in investment outlay was due to cancellation of investment in Buvuma Island. The cumulative expenditure for oil palm component in Kalangala was USD 30.19 million and after adding proportionate project management cost, the total investment works out to USD 33.99 million. The net investment after deducting development loan given to smallholders and also investment made into common public infrastructure works out to USD 20.45 million covering 2,063 beneficiaries. The per-beneficiary investment under Oil palm component works out to USD 9,910. Similarly, the net investment in the oilseeds component works out to USD 17.92 million covering 128,296 beneficiaries. The per-beneficiary investment under Oilseeds component works out to USD 140 (Table 5.1).

**Table 5.1: Per-beneficiary investment cost**

Details	Oil plam - Kalangala	Oilseed	Oil palm Buvuma	Project Management	Total
Project expenditure (USD '000) 1/	30,193.97	15,919.00	26,452.00	9,116.00	81,680.97
Project management cost share in percentage (%)	42	22	36		
Apportionment of project management cost (USD'000) 2/	3,793.13	1,999.83	3,323.04		9,116.00
Cost of investment (USD'000)	33,987.10	17,918.83	29,775.04		
Amount provided as development loan (USD'000) 3/	11,730.90				
Investment into common services (roads, landing jetty and ferry service) 4/	1,811.31				
Net investment after deducting investment in development loan and common services (USD'000)	20,444.89				
No. of smallholders supported	2,063	128,296			
Per beneficiary investment (USD)	9,910.27	139.67			
1/ Expenditure related Buvuma and identification of new areas excluded from calculation of per beneficiary investment					
2/ Project management cost apportioned based on the investment cost share					
3/ UGX 42.82 billion provided as development loan under VODP 2 taken into account; exchange rate of 1 USD=UGX 3,650 applied					
4/ Investment made to develop infrastructure in the islands considered as common service and not included in per beneficiary investment					

3. The per-beneficiary investment in respect of Oil palm component is high (USD 9,910) compared to Oilseeds component (USD 140). However, high per beneficiary cost on investment under oil palm component needs to be viewed from the perspective that the project made full investment in 2,590 ha of smallholder oil palm plantation under VODP 2 and related infrastructure which will provide continuous yield over the next 20 years with no additional investment requirement except the yearly operating costs for management. In addition, this investment will yield returns to the exchequer as these investments will be recovered from the development loan interest repayments and dividend receipts from OPUL towards 10 percent shareholding in OPUL's Kalangala operations apart from increased tax collection from increase in economic activity in Kalangala due to increase in household income.

4. In order to determine the cash flow from out of Oil palm component, a simplistic cash flow modelling of VODP (VODP 1 and VOP 2) was undertaken taking into account the investment made by GoU using IFAD loan and GoU's own funds. The fund outflow works out to USD 120.72 million taking into account investments in two phases of VODP. This takes into account the grant element of IFAD loan which works out to 57.88 percent on account of a 10 year grace period, 0.75 percent service charge payable over 25 years using the calculator designed by the International Monetary Fund. As a result of this, IFAD loan of USD 68.56 million gets discounted to USD 28.65 million. In respect of GoU contribution LIBOR as on 4 March 2020 has been applied. Conservative projections for cash inflow have been made taking into account 50 percent of the average annual price increase of FFBs during the last 5 years for projecting future FFB price and without accounting for production increase. Dividends have been projected at 25 percent less than the current dividend yield rates for the next 20 years. This simple model indicates that the project will be cash flow positive with over USD 60.00 million surplus at the end of this investment cycle (Table 5.2). Despite the high initial per beneficiary cost of investment, oil palm development activities are able to generate direct monetary returns to the exchequer to recover the investment made proving its commercial viability.

**Table 5.2: Simplistic cash flow modelling of VODP (Amount in USD million)**

Details	IFAD	GoU	Total
VODP 1	21.44	4.99	26.43
VODP 2	48.24	25.70	73.94
Total	69.68	30.69	100.37
Grant element from IFAD 1/	28.65	0.00	28.65
Interest on GoU Investment for 25 years 2/	0	61.38	61.38
<b>Total outflow</b>	<b>28.65</b>	<b>92.07</b>	<b>120.72</b>
Revenue generation to farmers during last 5 years 3/			21.7
Expected revenue generation to farmers for next 20 years 4/			124.8
Dividend during last two years 5/			2.96
Expected dividend during the next 20 years 6/			31.2
<b>Total inflow 7/</b>			<b>180.66</b>
1/IFAD loan discount works out to 57.88 percent using the methodology to calculate the grant element of individual loans being used by IMF ( <a href="https://www.imf.org/external/np/pdr/conc/calculator/">https://www.imf.org/external/np/pdr/conc/calculator/</a> )			
2/Interest on GoU investment calculated at 8 percent (LIBOR as on 4 March 2020 )			
3/ Actual data from KOPGT and OPUL			
4/ Average increase in FFB prices projected at 50 percent of the actual average annual increase (8%) during the last 5 years and production increase not accounted.			
5/ Actuals from KOPGT and OPUL			
6/ Dividends projected at 25% less than the dividend paid (USD 2.08 million) during 2019 for next the 20 years			
7/ at an exchange rate of USD 1=UGX 3,650			

## C. Benefits

5. **Yield:** The project recorded considerable increase in yield. Yield from oil palm is estimated at 5,000 kg/ha for six years old plantations and 14,000 kg/ha for 10 years old plantation. The yield of sunflower increased from 893 kg/ha to 1,706 kg/ha and that of soybean increased from 735 kg/ha to 1,813 kg/ha (Table 5.3). The yield increase from oil palm is purely attributable to the project interventions. In respect of oilseeds, about 50 percent of the increase in yield in the hubs can be attributed to the project interventions. The yield levels comparing baseline (without project) situation and the levels at completion are provided below.

**Table 5.3: Yields (kg/ ha)**

Description	Design estimates/ Baseline	Project Completion
Baseline figure/a	3,778	
Oil palm (at 6 years)- FFB	5,000	5,000
Oil palm (at 8 years)-FFB	15,000	12,000
Oil palm (at 10 years)-FFB	14,000	14,000
Sunflower	893	1,706

Soya bean	735	1,813
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6. **Net benefit:** Three crop models have been updated at project completion. These crop models indicate that incomes for beneficiary farmers have increased. The net benefits from oil palm per ha at 10 years development is UGX 7.24 million. In case of sunflower and soybean, the net benefits are estimated at UGX 1.14 million and UGX 1.60 million respectively. The benefit cost ratio (BCR) is 6.6 in case of oil palm and in case of sunflower and soybean the BCR is 2.31 and 2.39 respectively (Table 5.4)

**Table 5.4: Benefit Cost Ratio / ha in UGX**

Details	Benefits	Operating Costs	Net Benefits	Benefit/cost ratio
Oil palm (at 10 years)	8,534,211	1,294,570	7,239,641	6.6
Sunflower	2,010,960	869,750	1,141,210	2.31
Soya bean	2,751,200	1,151,500	1,599,700	2.39

7. **Area under cultivation:** Oil palm area under cultivation at baseline was 2,258 ha increasing to 4,848 ha by project completion. For sunflower baseline area under cultivation was only 2,204 ha in the project area increasing to 60,710 ha by project completion and soybean baseline area was 4,632 ha increasing to 72,369 ha (Table 5.5).

**Table 5.5: Area under cultivation (ha)**

Crop	Baseline	PCR
Oil palm	2,258	4,848
Sunflower	2,204	60,710
Soya bean	4,632	72,369

#### D. Crop models and gross margins

8. **Oil palm crop model:** This model indicates that incomes have increased. Average price of FFB in 2019 was UGX 523 per kg increasing to UGX 608 per kg and UGX 658 per kg in January and February 2020 respectively. The average oil extraction rate was 21-23 percent. With these parameters, farmers are able to earn USD 2,338 per ha per year by the 10<sup>th</sup> year. Considering a capex of USD 3,900 and that oil palm yields go on all the way up to the 25<sup>th</sup> year, this is a financially viable investment (Table 5.6).

**Table 5.6: Computation of farmers income from 1 ha of Oil Palm by 10 year**

Details	Unit	Year 10
<b>CAPEX (USD)</b>		3,947
Annual Operating Costs		355
<b>Income</b>		
Yield/ha ffb	MT	14
Extraction rate	%	21-23
Tonnes CPO/ha	MT	3
Price of CPO landed Mombasa	USD/MT	728
+ Transport cost (24%)		175
Price of CPO landed Jinja		903
Factor in price formula		1.2
Farmer price of CPO	USD/MT	752
Less transport of CPO to Jinja	USD/MT	10
Net farmer price of CPO	USD/MT	742
Farmer price of FFB	USD/MT	156
<b>Total Income/ha</b>		<b>2,338</b>
Cost-benefit ratio (Income/ operating costs)		6.59

9. A more detailed oil palm model updated at PCR is a presented in Table 5.7 below:

**Table 5.7: Detailed oil palm crop model**

	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	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25
Investment Costs																									
Land preparation	194																								
Seedlings	715																								
Fertiliser	275	280	423	423	452																				
Crop maintenance	296	296	296	296																					
Total Investment Costs	1,480	577	720	720	452																				
Operating Costs																									
Crop maintenance					74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74	74
Harvesting costs					89	143	178	224	281	281	281	281	281	267	249	249	214	214	214	214	214	196	196	178	178
Total Operating Costs	0	0	0	0	163	217	252	299	355	355	355	355	355	341	324	324	288	288	288	288	288	270	270	252	252
Income																									
Yield/ha ffb					5	8	10	12	15	15	15	15	15	15	14	14	12	12	12	12	12	11	11	10	10
Extraction rate					20	20	20	21	21	21	21	21	21	20	20	20	20	20	20	20	20	20	20	20	20
Tonnes CPO/ha					1	2	2	3	3	3	3	3	3	3	3	3	2	2	2	2	2	2	2	2	2
Price of CPO landed Mombassa					728	728	728	728	728	728	728	728	728	728	728	728	728	728	728	728	728	728	728	728	728
+ Transport cost (24%)					175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175
Price of CPO landed Jinja					903	903	903	903	903	903	903	903	903	903	903	903	903	903	903	903	903	903	903	903	903
Factor in price formula					1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Farmer price of CPO					752	752	752	752	752	752	752	752	752	752	752	752	752	752	752	752	752	752	752	752	752
Less transport of CPO to Jinja					10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Net farmer price of CPO					742	742	742	742	742	742	742	742	742	742	742	742	742	742	742	742	742	742	742	742	742
Farmer price of ffb					148	148	148	156	156	156	156	156	156	148	148	148	148	148	148	148	148	148	148	148	148
Total Income/ha	0	0	0	0	742	1,188	1,485	1,871	2,338	2,338	2,338	2,338	2,338	2,227	2,078	2,078	1,781	1,781	1,781	1,781	1,781	1,633	1,633	1,485	1,485
Benefit/ operation cost ratio										6.59															

10. **Oilseeds crop model:** The popular crops under oilseeds component were sunflower and soybean. Sesame and groundnut were also supported to a smaller extent. The crop model for sunflower and soybean at project completion indicate that incomes have gone up. From one hectare, a farmer is able to get a net income of UGX 1.14 million with a cost benefit ratio 2.31. The detailed sunflower crop model is provided in Table 5.8 below:

**Table 5.8 Sun-flower summarised crop model (per acre in UGX)**

	<b>Suflower (non Adopter) &amp; Regular Practices /Acre (2015)</b>	<b>Sunflower theoretical model /Acre (2019)</b>
Ploughing (x2)	60,000	100,000
Seed	20,000	50,000
Fertilizer & application	-	30,000
Planting	30,000	30,000
Weeding	20,000	40,000
Bird scaring	10,000	10,000
Harvesting	20,000	30,000
Threshing & drying (PHH)	10,000	30,000
Hiring tarpaulins	-	5,000
Transport to the store	2,000	5,000
Packaging materials	10,000	15,000
Storage	-	5,000
Loading and offloading	-	5,000
<b>Total cost</b>	<b>182,000</b>	<b>355,000</b>
<b>REVENUE</b>		
Expected average yield in kilogram (kg/acre)	363	698
post harvest loss 5% (kg)	18	14
average price per kg	750	1,200
<b>Sunflower sales</b>	<b>258,827</b>	<b>820,800</b>
<b>Total sales</b>	<b>258,827</b>	<b>820,800</b>
<b>Profit</b>	<b>76,827</b>	<b>465,800</b>
<b>Production cost per Kg</b>	501	509
<b>profit per Kg</b>	211	667

11. The sunflower model in Table 5.8 is calculated in a per acre basis in UGX. The results on a per hectare basis in USD are provided in Tables 5.9 below:

**Table 5.9: Hectare comparison of the sunflower model**

	<b>Acre basis</b>		<b>Hectare basis</b>	
	<b>2015</b>	<b>2019</b>	<b>2015</b>	<b>2019</b>
Total cost-UGX	182,000	355,000	445,900	869,750
Total sales- UGX	258,827	820,800	634,125	2,010,960
Profit- UGX	76,827	465,800	188,225	1,141,210
Profit - USD at respective historical exchange rates			57	313

12. Soybean posts higher net income in the region of UGX 1.6 million with cost benefit ratio of 2.39. The detailed soybean crop model is provided in Table 5.10 below:

**Table 5.10 Soya bean summarised crop model (per acre in UGX)**

	soybeans non(adopter) and regular Practice /Acre 2015	SOYBEANS ACRE 2019
Ploughing (x2)	60,000	100,000
Seed	30,000	70,000
Fertilizer & application	-	50,000
Planting	15,000	30,000
Weeding	20,000	50,000
Pest & disease control (agro-chemicals)	-	40,000
Harvesting	15,000	30,000
Threshing & drying (PHH)	15,000	30,000
Hiring tarpaulins	-	5,000
Transport to the store	5,000	15,000
Packaging materials	5,000	15,000
Storage	5,000	15,000
Transport to the market	5,000	20,000
<b>Total cost</b>	<b>175,000</b>	<b>470,000</b>
<b>REVENUE</b>		
Expected average yield in kg /Acre	302	739
post harvest loss 5% (kg)	15	37
Average price per kilogram	900	1,600
Soybeans sales	258,245	1,122,939
<b>Total sales</b>	<b>258,245</b>	<b>1,122,939</b>
<b>Profit</b>	<b>83,245</b>	<b>652,939</b>
Production cost per Kg	579	636
profit per Kg	276	884
<b>Sales/ Revenue/Kg</b>	<b>855</b>	<b>1,520</b>

13. The soybean model in 5.10 is calculated in a per acre basis in UGX. The results on a per hectare basis in USD are provided in Tables 5.11 below:

**Table 5.11: Hectare comparison of the soya bean model**

Details	Acre basis		Hectare basis	
	2015	2019	2015	2019
Total cost- UGX	175,000	470,000	428,750	1,151,500
Total sales- UGX	258,245	1,122,939	632,700	2,751,200
Profit- UGX	83,245	652,939	203,950	1,599,700
Profit - USD at respective historical exchange rates			62	438

## E. Aggregation of benefits

### Oil Palm aggregate benefits

14. Using the yields in Table 5.3 and 5.4 and the area under cultivated area in Table 5.5 the aggregate benefits being generated under the oil palm component of VODP 2 have been estimated in Table 5.12 below:

**Table 12. Aggregate benefits combining tables 1, 3 and 5**

	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	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Cumulative
Oil Palm Planting Schedule (ha)																										
Kilangalla	2,258	108	1,132	365	0	437	0	124	0	424																4,848
Total ha Planted	2,258	108	1,132	365	0	437	0	124	0	424	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Crop Establishment Costs	USD/ha																									
Year 1 Plantations	1,480	3,342	160	1,675	540	0	647	0	184	0	627	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Year 2 Plantations	577	1,302	62	653	210	0	252	0	71	0	244	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Year 3 Plantations	720		1,625	78	814	263	0	314	0	89	0	305	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Year 4 Plantations added with year 5	1,172			2,645	127	1,326	428	0	512	0	145	0	497	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Crop Establishment Costs	3,947	3,342	1,462	3,362	3,916	1,151	2,235	680	498	583	717	390	305	497	0	0	0	0	0	0	0	0	0	0	0	0
Crop Operating Costs	USD/ha																									
Year 5 Plantations	163				368	18	185	60	0	71	0	20	0	69	0	0	0	0	0	0	0	0	0	0	0	0
Year 6 Plantations	217				489	23	245	79	0	95	0	27	0	92	0	0	0	0	0	0	0	0	0	0	0	0
Year 7 Plantations	252					570	27	286	92	0	110	0	31	0	107	0	0	0	0	0	0	0	0	0	0	0
Year 8 Plantations	299						32	338	109	0	130	0	37	0	127	0	0	0	0	0	0	0	0	0	0	0
Year 9 Plantations	355							801	38	401	129	0	155	0	44	0	150	0	0	0	0	0	0	0	0	0
Year 10 Plantations	355								801	38	401	129	0	155	0	44	0	150	0	0	0	0	0	0	0	0
Year 11 Plantations	355									801	38	401	129	0	155	0	44	0	150	0	0	0	0	0	0	0
Year 12 Plantations	355										801	38	401	129	0	155	0	44	0	150	0	0	0	0	0	0
Year 13 Plantations	355											801	38	401	129	0	155	0	44	0	150	0	0	0	0	0
Year 14 Plantations	341												771	37	366	125	0	149	0	42	0	145	0	0	0	0
Year 15 Plantations	324													730	35	366	118	0	141	0	40	0	137	0	0	0
Year 16 Plantations	324														730	35	366	118	0	141	0	40	0	137	0	0
Year 17 Plantations	288															650	31	326	105	0	126	0	36	0	0	
Year 18 Plantations	288																650	31	326	105	0	126	0	36	0	
Year 19 Plantations	288																	650	31	326	105	0	126	0	36	
Year 20 Plantations	288																		650	31	326	105	0	126	0	36
Year 21 Plantations	288																			650	31	326	105	0	126	0
Year 22 Plantations	270																				610	29	306	99	0	0
Year 23 Plantations	270																					610	29	306	99	0
Year 24 Plantations	252																						570	27	0	0
Year 25 Plantations	252																							570	27	0
Total Crop Operating Costs		0	0	0	0	368	507	778	1,006	1,198	1,341	1,444	1,501	1,527	1,595	1,582	1,587	1,501	1,515	1,469	1,448	1,446	1,388	1,381	1,308	1,300

## Oilseeds aggregate benefits

15. Using the aggregate production under the various hubs, the overall benefits being generated from the oilseeds component are as follows.

**Table 5.13. Aggregate benefits from the oilseeds component**

	Lira Hub					Eastern Uganda Hub					Gulu Hub					West Nile Hub					Total				
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
<b>Sunflower</b>																									
Total acreage (ha)	753	7,743	15,986	24,471	29,915	261	3,225	7,480	10,936	13,689	1,149	5,111	9,298	13,641	15,675	41	277	927	1,376	1,421	2,204	16,356	33,701	50,424	60,710
TOTAL PRODUCTION (MT)	678	9,292	22,380	39,154	52,258	183	2,580	8,239	13,670	18,458	1,083	5,622	13,947	24,554	30,842	25	249	1,112	1,885	1,989	1,988	27,804	45,679	79,263	103,547
Yield per Ha (MT)	0.9	1.2	1.4	1.6	1.7	0.7	0.8	1.1	1.3	1.3	0.9	1.1	1.5	1.8	2.0	0.6	0.9	1.2	1.4	1.4	0.9	1.7	1.4	1.6	1.7
Gross margin per ha (average- USD ) with project less without project	255.2	255.2	255.2	255.2	255.2	255.2	255.2	255.2	255.2	255.2	255.2	255.2	255.2	255.2	255.2	255.2	255.2	255.2	255.2	255.2	255.2	255.2	255.2	255.2	255.2
Annual benefits- USD'000	192	1,976	4,079	6,245	7,634	67	823	1,911	2,791	3,496	293	1,304	2,373	3,481	4,000	10	71	237	351	363	562	4,174	8,600	12,868	15,492
<b>Soybean</b>																									
Total acreage (ha)	3,049	7,246	19,526	23,198	27,587	639	8,368	17,424	20,945	22,978	884	7,673	13,876	18,635	20,706	60	420	759	1,034	1,118	4,632	23,707	51,585	63,812	72,369
TOTAL PRODUCTION (MT)	2,287	8,685	28,118	39,436	40,621	383	6,694	22,651	31,418	36,785	707	11,510	23,588	35,407	43,483	29	378	759	1,241	1,353	3,406	27,277	75,117	107,502	131,221
Yield per Ha (MT)	0.8	1.2	1.4	1.7	1.8	0.6	0.8	1.3	1.5	1.6	0.8	1.5	1.7	1.9	2.1	0.5	0.9	1.0	1.2	1.2	0.7	1.8	1.8	1.8	1.8
Gross margin per ha (average- USD ) with project less without project	376.0	376.0	376.0	376.0	376.0	376.0	376.0	376.0	376.0	376.0	376.0	376.0	376.0	376.0	376.0	376.0	376.0	376.0	376.0	376.0	376.0	376.0	376.0	376.0	376.0
Annual benefits- USD'000	1,146	2,724	7,342	8,722	10,365	240	3,146	6,551	7,875	8,640	332	2,885	5,217	7,007	7,785	23	158	285	389	420	1,742	8,914	19,396	23,993	27,211
Total annual vegetable oil benefits - sunflower plus soya bean (USD'000)	1,339	4,700	11,421	14,967	17,999	307	3,969	8,463	10,666	12,136	626	4,189	7,590	10,488	11,785	33	228	522	740	783	2,304	13,087	27,996	36,861	42,703

## F. Internal rate of return

16. **Internal rate of return:** With the above gross margins per ha and using the incremental area under cultivation, it has been possible to estimate the internal rate of return at project completion as 27 percent with a NPV of USD 38.4 million. At design the IRR had been estimated in a range band of 19-25 percent. (Table 5.14).

**Table 5.14. Estimation of the Internal Rate of Return (IRR) at project Completion**

	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	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25
<b>Component 1: Oil Palm</b>																									
Oil Palm Revenues	-	-	-	-	1,676	2,762	4,321	5,999	7,596	8,516	9,381	9,773	9,997	10,301	10,191	10,233	9,517	9,629	9,244	8,421	9,026	8,248	8,406	7,908	7,712
<b>Component 2: Other Vegetable Oils</b>																									
Incremental Economic Benefit from Crop Production	-	-	-	-	1,152	6,544	13,998	13,998	18,430	21,352	10,676	10,676	10,676	10,676	10,676	10,676	10,676	10,676	10,676	10,676	10,676	10,676	10,676	10,676	10,676
<b>Total Programme</b>																									
Total Costs	1,742	4,087	5,580	6,216	6,697	8,081	21,890	8,029	14,601	2,942	2,942	2,942	2,942	2,942	2,942	2,942	2,942	2,942	2,942	2,942	2,942	2,942	2,942	2,942	2,942
Aggregate benefits	-	-	-	-	2,828	9,306	18,319	19,997	26,026	29,867	20,056	20,448	20,673	20,977	20,867	20,908	20,193	20,305	19,920	19,097	19,702	18,924	19,082	18,584	18,388
Total Net Economic Benefit	-1,742	-4,087	-5,580	-6,216	-5,869	-1,224	-3,571	11,968	11,425	26,925	17,115	17,507	17,731	18,035	17,925	17,967	17,251	17,363	16,978	16,155	16,760	15,982	16,140	15,642	15,446
Economic Rate of Return	27%																								
Net Present Value (@12%)	\$38,360																								

Assumes 50% of production can indeed be attributed to VOPD2: only for oil seed production  
Assumes that after VOPD2 production levels purely attributable to VOPD2 could drop again by 50% only for oil seeds

17. **Sensitivity analysis:** A decrease in yields by 15 percent will generate an internal rate of return of 20 percent with an NPV of USD 18.57 million. An increase in costs by 15 percent will generate an internal rate of return of 25 percent with an NPV of USD 31.96 million (Table 5.15).

**Table 5.15. Sensitivity Analysis**

Details	IRR (%)	NPV (USD '000)
Reduction in yield by 15 percent	20	18,567
Increase in costs by 15 percent	25	31,964

## Appendix 4: PCR rating score descriptor

**1. Relevance:** Assess the extent to which project objectives were consistent with the priorities of the rural poor, and the perception of their needs and potentials and with the priorities, poverty alleviation policies and strategies of the country; and with IFAD's mandate and policies.

No.	Assessment question	Response	Rating
1.1	Did the project design focus on, and were objectives consistent with, the needs and priorities of the rural poor? Were project objectives, approaches and activities consistent with IFAD's objectives of increasing the assets and incomes of poor rural households, and improving their food security?	Yes. The design is highly consistent with needs and priorities of rural poor and development opportunities of the project area both for oil palm and for oil seeds. The objectives, approaches and activities are consistent with IFAD's objectives; the project goal is to contribute to sustainable poverty reduction in the project area with the objective to increase the domestic production of vegetable oil, thus raising rural incomes and food security for smallholder producers. The project also aimed at ensuring the supply of affordable vegetable oil products to Ugandan consumers and neighbouring regional markets	5
1.2	Was the design process participatory and did it take into account the needs, potential, livelihoods, asset bases and development opportunities of the rural poor at the time of project design?	Yes. The process was participatory. The design was based on fieldwork conducted by IFAD Missions during VODP 1, analysis of context, consulting of lessons learned in Phase 1 and best practices from similar interventions. Processes related to drafting and eventual production of VODP 2 Project Design Report in 2010 allowed for thorough introspection of project logic, and rationale for expansion among project stakeholders.	5
1.3	Are these characteristics, constraints and opportunities still the same today?	Though there are improvements in removing some of the constraints faced in production and marketing due to project intervention, opportunities exist to achieve domestic self sufficiency of vegetable oil and more interventions are needed for increasing production and productivity in both oil palm and oil seed sectors.	5
1.4	Were the approaches promoted, consistent vis-à-vis the socio-politico-economic conditions at the time of project design and vis-à-vis prevailing environmental and conditions?	The project approach as designed and implemented was driven by seven the guiding principles: (i) expansion of the PPP model that has leveraged major foreign direct investment to produce an essential food commodity; (ii) expansion of nucleus estate concept in oil palm development for knowledge transfer to smallholders; (iii) respect to environment with prior environmental assessments, implementation of a 200 metre forest/lake protective border with no use of herbicide, zero burning, minimum use of agrochemicals and effluent treatment to treat waste from oil mills; (iv)	5

No.	Assessment question	Response	Rating
		provision of import parity pricing to the farmers through a price fixation committee to address monopolistic position of OPUL in FFB procurement; (v) providing development loans to smallholders for oil palm development and recovery of these loan by deducting the same from the proceeds of FFB sales; (vi) drive the oil seed value chain development process from the demand/agribusiness side and by so doing establish the VCs for the participating producers on the basis of a demonstrated, concrete market for the high value commodities; and (vii) ensure that the oil seed producers become partners in the value chain by developing them into cost effective Farmer Groups through facilitation on improved governance, agronomic practices, savings and credit, local seed business, credit access and market linkage.	
1.5	Were project objectives realistic and consistent with national development plans, poverty reduction strategies, agriculture and rural development strategies and other sectoral priorities?	The development objective is to increase the domestic production of vegetable oil and its by-products, raising rural incomes for smallholder producers. The project design overall has been consistent with Development Strategy and Investment Plan of MAAIF. In consonance with the GoU's Peace and Recovery Development Programme and IFAD's policy on Crisis Prevention and Recovery, the project tried to restore the livelihoods and expand oil seed development covering largely the entire northern and eastern regions. Rising global demand for vegetable oils and large dependence on imports to cater to the needs of domestic market offered an opportunity to expand investment in vegetable oil development. Poorest areas were chosen for the project interventions.	5
1.6	Were the project objectives consistent with IFAD's mandate, its Strategic Framework and with IFAD's country strategy?	The project objectives are consistent with IFAD's mandate and country strategy and aligns with IFAD strategic vision- 'Poor people overcome poverty and achieve food security through remunerative, sustainable and resilient livelihoods' and its three strategic objectives as outlined in IFAD 2016-2025 strategic framework (i)Increased poor people productive capacities; (ii) Increased benefits from market participation; and (iii) strengthened environmental sustainability and climate resilience of poor rural people livelihoods.	5
1.7	Did the Project Design Document include a well-defined, clearly articulated Log frame or Results" Framework?	The design document had a well-defined log frame and verifiable indicators.	5

No.	Assessment question	Response	Rating
1.8	Were all identified activities and outputs consistent, and commensurate, for the attainment of proposed goal and objectives?	The identified activities were consistent and commensurate for the attainment of proposed goal and objectives. However, the outputs expected were too optimistic without taking into account issues related to land acquisition and cost of investment. As a result, activities proposed in Buvuma were not implemented.	4
1.9	Were external risks (or Assumptions) clearly identified?	Risks were identified but the risks related to land acquisition for oil palm development, development loan delivery systems and processes through KOPGT were not clearly identified.	4
1.10	Were the proposed indicators relevant and adequate to monitor project implementation and results?	Overall yes. Some of the indicators for oil seeds were difficult to measure and report.	4
1.11	Were the initial implementation arrangements well defined and adequate to ensure a smooth, cost-efficient project implementation?	The implementation arrangements for oil palm and oil seed components were different. Oil palm component was to be implemented by KOPGT which was functional from VODP 1. The oil seeds component was to be managed by PSPs and DLGs. Adequate support for mobilizing and supporting Farmer Groups and their higher level organizations and supervision of implementing partners was not built into project design. ,	4
1.12	Were there any major changes in these arrangements, and if so, were these changes appropriate and timely?	No major changes in implementation arrangements. The project increased the number of PSPs and engaged UCA for supporting Farmer Groups and higher level organizations.	4
1.13	Were there major changes in the external project environment since the project was designed and implementation started?	No.	5
1.14	Were project objectives adjusted to reflect changing circumstances during implementation? Are initial (or revised) project objectives still valid?	The project objectives remained the same.	5
1.15	What were the main factors that contributed to a positive, or less positive, assessment of project relevance?	The factors include: Edible oil self-sufficiency and exports remain the priority of the Government in line with its strategy to specialize in strategic, profitable and viable enterprises and value addition. It is consistent with needs and priorities of rural poor and development opportunities of the project area.	5
		Total	70
		Average	4.7
		Score given for Relevance	5

**2. Project effectiveness** - Assess the extent to which the project's objective was achieved in both quantitative and qualitative terms. This will involve the careful description of the main activities undertaken by the project since its start, as well as a thorough analysis of the results achieved at the output, outcome and impact levels. Variations between initial and actual targets will be highlighted and the external factors that had a bearing on project effectiveness will be explained.

No.	Assessment question	Response	Rating
2.1	Were all activities implemented as planned? If not, what were the reasons?	Oil palm development activities in Kalangala were fully implemented; Buvuma oil palm development had to be shelved and are planned for implementation under NOPP. Under oil seeds development component most planned activities were implemented.	4
2.2	Were all expected outputs achieved in quantitative and qualitative terms?	<p>The major outputs to be achieved under oil palm included (i) establishing both nucleus estate and smallholder oil palm plantation; (ii) developing institutional framework and physical infrastructure; and (iii) strengthening environmental measures and research: The oil palm establishment in Kalangala has been overachieved where as in Buvuma, the oil palm development related activities were not implemented and are being planned under the next IFAD funded project NOPP. KOPGT's restructuring agreement was signed in 2018 after a delay of five years and the Sesse Oil Palm Growers Cooperative formed in 2018 is yet to evolve as a service provider to members. The infrastructure planned in terms of fertilizer shops and roads and ferry services in Kalangala and outlying islands have been completed. Environmental and Social Impact Assessments have been completed and active measures were taken to protect buffer zones. Satellite maps acquired by the project to compare pre and post project scenarios indicates increase in forest cover, limited encroachment in Bugala into forest area and increasing encroachments in Bunyama</p> <p>The outputs under oil seed include: (i) promoting farmer organizations – 5,386 farmer groups, 1,229 Rural Producer Organizations and 167 High level Farmer Organizations (HLFOs) as project services delivery institutions; these institutions will need further institutional support; (ii) producing and using quality seeds; About 66% of sunflower farmers and 67% of soybean farmers use quality seeds; (iii) farming oilseeds as a business and operating in groups to sell increasing volumes of crushing material to millers. At completion, 2,022 Farmer Groups have bulked their produce for sale as against the target of 1000 groups. On an average 61 percent of the</p>	4

No.	Assessment question	Response	Rating
		sunflower farmers bulked their produce compared to 38 percent of soya bean producers.	
2.3	Did they lead to the intended outcomes and were those properly measured and documented?	While the target of crude palm oil production has been achieved, the achievement could have been much more if the productivity issues had been addressed. In 2019, while the average yield in nucleus estate is 19 MT per hectare, the average yield of smallholders is only 12 MT per hectare. The project had projected a net income of USD 1,500 per ha. As of December 2019, the net income per ha USD 1,983 per hectare. Under the oil seeds, the project target was to increase mill capacity utilization from 30 percent in 2010 to 85 percent in 2018 and the actual capacity utilization has been 68 percent for 2019 as per MIS data of the project. The project had projected a net income of USD 350 per ha from oil seed production. As of December 2019, the net income per ha of sunflower cultivation was USD 313 and in respect of soya bean was USD 438. The outcomes of oil palm sub component is well measured and documented. For oil seed the collection and reporting of data for both outputs and outcomes have not been consistent indicating inadequacies of the monitoring system.	4
2.4	Are there significant discrepancies between original targets and actual achievements, and if so, what are the reasons?	The outreach and output targets for Buvuma island have not been achieved since the funds needed for oil palm development were underestimated but this activity was dropped post-MTR. The outreach targets were achieved under oil seeds. Some of the outputs and outcome targets on yield, production quantity and area under production have been achieved but targets for oil mill utilization capacity, and percentage of farmers using quality seeds have not been achieved.	4
2.5	Did the project achieve its objective?	As against the target of self-sufficiency in vegetable oil to the extent of 60% at the end of project the actual achievement is 50% as per NOPP projections. The per capita annual oil consumption is 10 kg as compared to the target of 15 lkg.	4
2.6	Was project implementation well monitored? Are all results at all levels properly measured, quantified and documented? Is this information reliable?	For oil palm component there is reliable data with the MIS is fully updated with information on FFB production, prices, value of production, registered farmers and area planted by the smallholder farmers. Under the oil seeds component, the service providers are not capturing information fully and there is lack of uniformity in reports submitted by the different hubs. Very	4

No.	Assessment question	Response	Rating
		limited progress reporting is done by DLGs and for the oil seeds component the data collection on results has been a challenge.	
2.7	Did all results meet expected quality standards? If not, what were the problems?	Under the oil seeds component, the results were not up to the mark on account of delayed start up, one-person hub office in four hubs monitoring a vast area and a variety of implementation partners, and project support for Farmer Groups for only about 2-3 years, and inadequate MIS system linked to farmer diaries with inability to generate data required for effective management.	4
2.8	Were all results achieved within the original timeframe and budget?	The oil palm component has largely achieved the revised results within the original timeframe. The oil seeds sub component had one year extension. Budget was revised post MTR and the funding for oil seeds component was slightly reduced. The budget for oil palm was substantially reduced due to postponement of investment in Buvuma.	4
2.9	Did the project provide all expected benefits to all intended target groups? Do results and achievements adequately fulfill the needs of these intended target groups?	The project worked with a variety of stakeholders to achieve results. The major target groups were farmers. Oil palm farmers are earning adequate income; however if the agronomical practices had been followed fully the income would have been higher. For oil seeds, the major interventions were training to farmer groups which has improved adoption of agronomical practices leading to improved yield and incomes. Limited infrastructure such as road network as well as storage facilities are constraining the marketing. Firm marketing arrangements are yet to be put in place.	4
2.10	What are the external factors that facilitated, or constrained, output delivery and the achievement of project objective?	Stable policy of the Government enabling PPP has been a key factor for success. Financial institutions could provide limited financial services often at high cost. VSLA promotion eased the access but was not available for all Farmer Groups. .	5
2.11	What factors in project design and implementation account the most for the estimated results in terms of effectiveness?	PPP model contributed the most in achieving the results. KOPGT with the representation of both GoU and farmers has been largely effective in implementation with the exception of systems and processes for development loan delivery and recovery and delivery of farm specific extension service to enhance yield of oil palm. Delayed restructuring of operations of KOPGT and SOPGCO have further negatively contributed to achievement of results in terms of effectiveness. The project worked with two sets of implementing partners under oil seeds – PSPs and DLGs. Engagement of PSPs contributed positively to expansion of oil seed	4

No.	Assessment question	Response	Rating
		cultivation, introduction of better agronomic practices and in establishing market linkage. Oil seed component implementation has suffered delayed start-up, limited number of PSPs to cater to wide geographic area, inadequate hub and district level project management capacity, delayed engagement of service providers and much lower than expected performance of DLGs.	
		Total	45
		Average	4.09
		Score given for effectiveness	4

**3. Project efficiency:** Assess how economically project inputs and resources (funds, expertise, time, etc.) were converted into results.

Project efficiency: Assess how economically project inputs and resources (funds, expertise, time, etc.) were converted into results.

No.	Assessment question	Response	Rating
3.1	What were the main expenditure patterns?	As at 14 February 2020, the disbursements rate was 97.65 percent and it is expected to reach 100% level as there are pending commitments to be paid by the closing date. Most expenditure was incurred during 2018-19. There was slow start in project implementation. The completion of oil seed component was extended to 31 Dec 2019 with loan closing date of 31 August 2020. At MTR, there were re-allocation made in expenditure categories and re-allocations within components and sub-components.	5
3.2	Were financial and budgetary resources spent as initially anticipated?	Equipment and other civil works had significant expenditures of 56 percent and 36 percent over and above the MTR allocations. In terms of components, oil palm development had exceeded expenditure above the MTR allocations by 11 percent. Other value chain activities under oil seeds development had significant underspending having utilized only 65 percent of the allocation.	4
3.3	Were there deviations from original cost estimates and, if so, what were the reasons?	There were significant revisions in the initial allocations made at the MTR. The revisions involved revising category and component allocations as well as amounts by other financiers. OPUL was to contribute USD 70.3 million for infrastructure at Buvuma. This component was shifted from VODP 2, hence the contribution for OPUL was revised to nil. The development in Buvuma was also revised from USD 8.5 million to USD 70,000 and re-allocated to consolidation and Expansion-Kalangala sub-component within the same oil palm development component.	4
3.4	Was the budget significantly amended in the course of implementation?	There were significant revisions on oil palm development component as described above which was done at MTR. This led to shifting of USD 8 million of IFAD	4

No.	Assessment question	Response	Rating
		financing from Buvuma to Kalangala and entire OPUL funds of USD 70.3 was not incurred. In regards to the unit costs, there were significant increase in price of land which led to increase in GoU counterpart contributions from USD 15 million at appraisal to USD 25.89 million which included land procurement in Buvuma.	
3.5	Were there timely and adequate financing contributions from all project financiers, including in-kind contributions from beneficiaries?	The financiers at appraisal were IFAD (loan and grant), Government of Uganda (GoU), and OPUL, Oil Palm Growers' Trust of Uganda, KOPGT, farmers and SNV co-financing. Except for OPUL, the other financiers provided their finances as expected with GoU and farmers exceeding their allocations. OPUL's expected investments in Buvuma operations did not materialize since Buvuma operations are earmarked for another IFAD funded project, NOPP. Oil Palm Growers' Trust of Uganda was supposed to be established to manage farmer repayments that were to be reinvested. The amounts recovered of USD 5.3 million was not re-invested as envisioned but was remitted to GoU with a commitment that it would be availed for future re-investment. The reinvestment is expected in NOPP.	4
3.6	For the resources spent, was the number (and quality) of outputs optimal? Could the project have produced more with the same resources, or the same results with less money?	There were delays in implementation of the project leading to significant expenditure incurred in the later years of the project.	4
3.7	Could other approaches have produced results more efficiently in terms of costs, time and resources?	Focus on early start up, accelerated expenditure planning during the initial years and also early decision on cancellation of Buvuma activities and reallocation to oil seed activities would have produced more efficient results.	4
3.8	<u>Quality of project management:</u> How well did the PMU coordinate and manage project activities? Were implementation timetables adequately met? Was project management responsive to the recommendations made during supervision missions or by the Project Steering Committees? Was the PMU adequately staffed with motivated staff members?	PMU with adequate staffing has been largely effective in implementing project activities for the benefit of the value chain farmers. The project had established a Project Steering Committee which provided necessary policy guidance to the project management to implement the project. Supervision missions made recommendations to expand the staffing of the hubs but MAAIF concerns over the size of the field offices, which were to remain liaison offices prevailed. As a result of this, there was limited supervision of the field level activities of oil seed component undertaken by PSPs and DLGs that also impacted data collection and verification. PMU has strong financial management systems for operations at PMU level. There were however weaknesses in financial management for KOPGT under Oil Palm Development component. The weaknesses were in inventory management system	4

No.	Assessment question	Response	Rating
		where there were lack of regular stock counts and reconciliations which may lead to unnoticed loss of stock, delays and errors in updating farmers' loans statements, failure to promptly update farmers' loans management software and delays in carrying out external audits for the KOPGT. The reconciliations for farmer's loans statements are currently on-going.	
3.9	How useful were the various project management tools (AWPB, Procurement Plan, M&E Plan) and the MIS developed during implementation? Did project management properly use these tools?	AWPB and Procurement plan tools were utilized by the project as expected. There were however notable delays in implementation of activities arising from other programmatic aspects. The accounting software for PMU supported the project satisfactorily.	4
3.10	Were there appropriate arrangements in place for sound financial management, flow of funds, financial record keeping and the timely preparation of financial reports? Were there any issues?	There were adequate arrangements at PMU for sound financial management. However, significant weaknesses were noted in administration of development loans.	4
3.11	How efficient was IFAD in handling loan administration, procurement reviews and AWPB reviews?	There was efficient handling of loan administration and reviews by IFAD including the processing of withdrawal applications.	5
3.12	Cost-benefits analysis- For each of the main project investments, what were: (a) the actual costs and value of inputs mobilized; (b) the estimated economic benefits and (c) the estimated social benefits?	The internal rate of return at project completion is 27 percent with a NPV of USD 38.8 million. At design the ERR had been estimated in a range band of 9-25 percent The project investments are not risky and not vulnerable to about 15 percent increase of costs and decline of benefits. A decrease in yields by 15 percent will generate an internal rate of return of 20 percent with an NPV of USD 18.5 million. An increase in costs by 15 percent will generate an internal rate of return of 25 percent with an NPV of USD 31.9 million.	5
3.13	What is the cost ratio of inputs to outputs and is it comparable to local, national or regional benchmarks?	Cost ratio to inputs and outputs is high in respect of oil palm component. However, this needs to be considered in conjunction with the system of development loan put in place wherein the farmers are required to repay the investments made in their farm once the production starts. The cost ratio in respect of oil seed development is quite low and this has raised the risk of continued adoption of practices which has been addressed with the design of a new programme.	5
3.14	Did the Lead Ministry implementing the project comply with the covenants of the loan	The project has complied with all applicable legal covenants. These included appointment of Project Manager and Financial Controller acceptable to the Fund, constituting contract committee, drafting of guidelines for oil seeds and oil palm	5

No.	Assessment question	Response	Rating
	agreement and the provisions of the Project Design Document?	development and project operations, establishment of a project steering committee, conclude on various MoUs among others. There were few items for compliance related to Buvuma that didn't materialize due to cancellation of this activity.	
		Total marks	62
		Average	4.43
		Score given for Efficiency	4

**4. Sustainability:** Assess the likelihood that the benefits from project intervention will continue after project completion. It will also assess the likelihood that actual and anticipated results will be resilient to risks beyond project life. The adequacy of the post-project strategy, as designed and/or implemented, will also be examined.

No.	Assessment question	Response	Rating
4.1	Was an appropriate post-project strategy developed and implemented since project start-up?	The post project strategy has been evolving since MTR. The key strategy has been establishment and capacity development of farmer organisations that can carry forward the services needed by the farmers and also have external tie ups for inputs and marketing. For oil palm, at completion, the role transformation of KOPGT and SOPGCO are still work in progress. UCA has been building capacity of higher level farmer organisations in oil seed areas but these institutions will require considerable support. Since there are two follow-on projects for oil palm and oil seeds, there are opportunities for strengthening of these institutions.	4
4.2	Social sustainability: (Empowerment): Do project beneficiaries have the necessary capacities and skills, individually or collectively, to continue the approaches or manage the investments promoted by the project? Are these socially acceptable?	The oil palm farmers have formed their own cooperative (SOPGCO) and a savings and credit cooperative (SACCO) for both economic and social development of the participating households. While quality of life indicators show large improvement, sudden wealth is also leading to wasteful expenditure and violence against women which SAPGCO plans to address through household mentoring. Under oil seeds the formation of Farmer Groups has led to social capital development and trust within the community. These community based organizations have become the focal point for delivering messages on health, HIV/AIDS and nutrition related aspects.	4
4.3	Is there sufficient local ownership for these approaches or investments? Was there adequate beneficiary participation during project implementation?	The local ownership in management of oil palm value chain is well demonstrated. The role transformation of KOPGT and capacity of SOPGCO to take on roles of KOPGT are still work in progress. Under oil seeds, farmers have been exhibiting high levels of ownership in coming together to form higher level	4

No.	Assessment question	Response	Rating
		farmer organisations for ensuring sustainable services, have been bulking and selling produce etc., Beneficiary participation in the palm oil component is satisfactory, as smallholder farmers contribute (in-kind) as expected for the development of their plantations and, repay the development loans through fixed deductions from FFB sale to OPUL. Project activities are demand-driven for oil seed farmers and farmers participate in trainings and also in governance of their institutions. Payment for services system has not been uniformly established.	
4.4	<u>Economic and financial sustainability</u> : Do project investments generate sufficient cash flow and income to offset future investment and O&M costs?	The oil palm farmers get an average net income of USD 1211 per ha even after deducting 33 percent of the sale proceeds towards development loan. Net income of farmers will increase substantially after the closure of development loan. OPUL has started making profits and has declared dividends and GoU got a dividend of UGX 10.0 billion during the last two years towards its 10 percent stake in the OPUL's operations. For oil seeds, the income level has been varied depending on weather, area under cultivation, etc.	5
4.5	<u>Technical sustainability</u> : Are the approaches promoted by the project viable from a technical point of view? Do beneficiaries have the necessary technical capacities to operate and maintain the investments promoted by the project? Do they have access to adequate funds for operation and maintenance?	Seedlings of oil palm and hybrid seeds of sunflower are mainly imported. Oil palm is progressively gaining strategic importance with increasing demand for seedlings. Sustainability of the smallholder oil palm farms depends on the proper application of agronomic practices including adequate fertilizer application and increasing application of quality inputs in oil seeds. SOPGCO has to ensure adoption of good practices.	4
4.6	<u>Institutional sustainability</u> : Are the institutions supported by the project self-sufficient and viable? Have operating capacities been created and/or reinforced in national and local partners? Are the new approaches or practices promoted by the project mainstreamed within normal government operations?	During the final stages of project implementation, the project and farmer leaders have formed SOPGCO as a cooperative and efforts are on to takeover some of the functions of KOPGT. SOPGCO is still at its infancy and institutional strengthening measures will have to be fast tracked to ensure sustainability. Under oil seeds, a cluster of (4-20) Farmer Groups/ have formed a RPO and 4-6 RPOs have formed a cooperative. Institutional sustainability of the Farmer Groups/VSLAs and RPOs mobilized by PSPs is more advanced than those mobilized by the DLGs. Uganda Cooperative Alliance's support came during the latter part of the project life and additional support for driving these cooperatives towards institutional sustainability is proposed under NOSP.	4
4.7	<u>Environmental sustainability</u> : Are the approaches and investments promoted by the project environmental-friendly? Are they helping reduce	The project is following the environment norms for oil palm. As required under the environment regulations the project has set up a 200 meter buffer zone. The project has produced satellite images of land cover since 2004, depicting a net	4

No.	Assessment question	Response	Rating
	the pressure on the natural resource base? Are they having any negative impact on the environment or the natural resource base? Did promoted techniques and approaches take into account climate change issues? Are they promoting adaptations to climate change?	increase in vegetation cover due to introduction of Oil Palm but it also indicates encroachment of forest areas. Rain fall data indicates increase in rainfall from 1,800 mm in 2010 to 2002 mm by the end of 2018 negating the fears of environment degradation. However, there is need for environment management policy and also an enforcement mechanism. The oil seed cultivation continues to be a low input farming practice with low levels of impact on the environment. The main risk of negative environmental impact continues to be effluents from both oil palm and oil seed processing units. Major oil mills in the project area are following the effluent treatment guidelines.	
		Total	29
		Average	4.14
		Score given for Sustainability	4

**5. Rural poverty impact** - The impact of project interventions should be presented in quantitative and qualitative terms, using the standard IFAD's impact domain classification.

No.	Assessment question	Response	Rating
5.1	<u>Households' incomes and assets</u> : Did the project contribute to positive changes in households' assets? Did the composition of incomes change or was there a diversification in means of livelihood. Did the project improve ownership, or security of access, to land, water or productive resources?	The project has contributed positively to the income of oil palm households which has resulted in improved housing, acquiring other assets including livestock and also expenditure on education of children. However wasteful expenditure and also in about 5 percent of cases men divorcing and remarrying or taking more than one wife due to prosperity have been found.. Impact assessment on oil seed farmers is yet to be undertaken. But the FGDs show that overall there is improvement in income, asset base, education of children.	5
5.2	<u>Human and social capital and empowerment</u> : Did the project influence the knowledge and skills of the rural poor? Did the rural communities gain access to better health, education facilities, safe water sources and other social facilities? Did the project enhance social capital and cohesion in the communities?	With project interventions farmers have moved from subsistence farming to market-oriented production acquiring new technologies in crop production and management. Farmers have acquired knowledge and skills not only on improved production technology but also on markets and their negotiation space for fixing prices have improved. The capacity of producers and their organizations have been greatly enhanced to have increased ownership and control in the management of the oil palm business in Kalangala. Formation and strengthening of Farmer Groups and their higher organisations and linking them with value chain actors are enhancing the confidence of oil seed growers	4

No.	Assessment question	Response	Rating
		to have better control over their production and income. KOPGT and PSPs have sensitised farmers on HIV/AIDS due to high prevalence rates. However, these effort of grassroots institutions in developing social capital and empowerment are started only during the last 2 years and need substantial additional support to have lasting impact.	
5.3	<u>Food security</u> : Did the project improve food availability, whether self-produced or purchased, to ensure a minimum necessary intake for all households' members? Do project beneficiaries have an improved and more regular access to enough or more nutritious food?	Oil palm farmers also grow other food crops and have reported with increased income they get three meals a day. Malnutrition levels of children have reduced drastically. Under oil seeds, sesame, groundnut and soya bean are part of food basket of households. FGDs show that farmers use the increased income to buy food as well.	5
5.4	<u>Agricultural productivity</u> : Did the project contribute to increase agricultural& livestock productivity; cropping intensity, yields and land productivity? Are there changes in the levels of local production and crop diversification? Are farmers applying improved or more sustainable farming practices? Did the project ensure that smallholders benefited from increased agricultural production?	Average yield in Nucleus estate in 2019 was 19 metric tons per ha and the smallholder farmers receive the same planting material but their average yield was 12 metric tons per ha. The variation is mainly due to differential management practices particularly in application of fertilizer. The average yield of sunflower has increased from 0.89 MT per hectare in 2015 to 1.71 hectare. Similarly yield of soya bean have improved from 0.74 in 2015 to 1.81 MT per hectare in 2019.	4
5.5	<u>Institutions and policies</u> : Are there changes in the capacities of the various grassroots organizations supported during project implementation? Are there changes in the institutional capacities of the main institutions involved in project implementation? Are there changes in the quality or range of services delivered for the rural poor? Are there changes in local governance or in the behaviors of local institutions? Are there changes in the policy or institutional framework as a result of project-led policy dialogue activities?	The project invested in building the capacity of farmer organisations, implementing agencies such as KOPGT, PSPs and DLGs, research institutions and also worked with millers and seed dealers. Farmer co-operatives have benefitted from UCA technical support but will need further support under NOSP and NOPP. KOPGT has been instrumental in implementing oil palm interventions for the first time in the country but adequate systems and processes have not been built for robust management of development loan, extension and input supply. Research institutions have benefitted from project support. Oil palm research is still nascent but the partnerships with other renowned institutes have been fruitful. PSPs and DLGs have benefitted from production related and value chain related capacity building. The range of services to the farmers have improved both for production and marketing. The experience from VODP 2 had substantial impact on the policy development related to vegetable oil sector with the design of new	4

No.	Assessment question	Response	Rating
		programmes funded by GoU and IFAD. The project has put in place a system of issuing development loans for oil palm development and is able to learn through experimentation the nuances of lending in terms of interest rate policy and systems and processes required for such operation. These policies will be harmonised into the operations of NOPP. Similarly, the project's experience led to design of a new oil seeds programme wherein policy related measures on road infrastructure and access to finance have been incorporated into NOSP.	
		Total	22
		Average	4.4
		Score given for impact	4

## 6. Additional evaluation criteria

No.	Assessment question	Response	Rating
6.1	<p><u>Gender equity and women empowerment:</u> Did the project generate changes in gender roles or gender relations? Are there changes in women status at the community level (participation in local elections or decision-making processes, representation in rural producers' groups), at the household level (workload, nutrition status, women influence on decision-making) or the community level)? What is the impact of capacity-building activities on individual women or on Women Groups? Are their changes in the institutional or legal framework that were made in favour of women as a result of project policy dialogue activities?</p>	<p>Overall participation of women farmers in VODP2 stands at 53 percent against the target of 30 percent. Under oil palm, during focus group discussions, farmer households reported an increase in joint decision making regarding planting and how to use proceeds from farming. Women with increased income are able to hire labour both for farm operations and also for household reducing their drudgery. With increased income, reportedly there is less tensions at household level; however in about 5 percent of households, men have remarried/ abandoning their wife and there are disputes for which women require legal aid. Evidence from focus group discussions in oil seed development project area suggest that gender inequalities are quickly changing in the soybean and sunflower value chains; 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. Women noted that being in groups has helped them to build their self-esteem and confidence, learn new skills in nutrition, adding value to soya bean produce which improves household nutrition and also earns income.</p>	4

No.	Assessment question	Response	Rating
6.2	<p><u>Access to markets:</u> Are there changes in farmers' physical access to markets (e.g. availability of roads and marketing outlets), in their access to market prices and information or in their bargaining power with traders?</p>	Oil palm farmers have assured market for their produce in PPP model with high level of interdependence between producer and market player. . OPUL invested in two crushing mills for oil palm and has been able to provide competitive prices to out growers for their FFB. VODP 2 has put in place mechanism for supply of high quality seedlings as well as fertilisers delivered at door step of farmers. Oil seed farmers' access to good quality seeds has improved. Through OSSUP and later through hub initiatives the farmer groups have been linked to millers and aggregators. Bulking and selling by farmer groups have improved.	4
6.3	<p><u>Innovation:</u> Was the project designed specifically to test or lead to innovation, for example by piloting new concepts or technologies? Did the project test and introduce innovative ideas in the project target area? What are the characteristics of these innovations? Are these consistent with the IFAD definition of the concept? How did the innovation originate and was it adapted in any particular way during project design?</p>	<p>The oil palm development component is transformational in nature with market-first approach and large private sector investment preceding oil palm development by smallholders. This is one of the few projects where government investment into smallholder farms are provided as development loans and recovered from the sale of proceeds. Due to continued support to smallholder farmers of VODP 1 and expansion during VODP 2, with 60 percent capacity utilisation of oil mills, OPUL has started paying dividends to GoU.</p> <p>The institutional framework for supporting oil palm farmers through their own cooperative and also SACCO are innovations in the project area. Under oil seeds, the project tested two modalities of service provision: (i) engagement of Private service provider (PSPs); and (ii) use of District Local Government. The experience indicates that use of private service providers support farmer groups, has led to better results. The project supported development of local seed businesses to multiply largely soya bean seeds which is an innovation</p>	5
6.4	<p><u>Potential for Scaling up:</u> Assess the extent to which some approaches, technologies or innovative features successfully implemented by the project are likely to be up-scaled. It will also assess the likelihood that some project approaches may be replicated in other geographical areas. How likely is it that the project - or some of its activities, approaches or innovative technologies - may be replicated in other localities or at the national level by the Government or other donors?</p>	GoU has already signed a financing agreement with IFAD to implement a new national programme covering oil palm development (National Oil Palm Programme) and another programme (National Oil Seeds Programme) to support the oil seeds sector is before the Parliament for approval.	5

No.	Assessment question	Response	Rating
6.5	<u>Environment and natural resource management:</u> Were the approaches to environment preservation and natural resources management appropriate to local circumstances and were they effective in addressing local problems?	The project has as required under the environment regulations set up a 200 meter buffer zone and has stopped using fertilizer and pesticide to the plants in the buffer zone. The project has produced satellite images of land cover since 2004, depicting a net increase in vegetation cover due to introduction of Oil Palm. Rain fall data collected over a period of time indicates increase in rainfall from 1,800 mm in 2010 to 2002 mm by the end of 2018 negating the fears of environment degradation due to oil palm cultivation. The oil seed cultivation continues to be a low input farming practice with low levels of impact on the environment.	4
6.6	<u>Adoption of Climate change:</u> Are the agricultural approaches promoted by the project suitable in a context of a rapidly changing climate?	Drought conditions followed by incessant rains have been experienced affecting productivity of farmers. Drought resistant varieties of oil palm and oil seeds are being developed. Training and demonstrations on technologies more directly related to climate change adaptation (water and nutrient conservation; minimum and zero tillage; integrated soil fertility management with organic matter and fertilizer use; crop rotation; water harvesting and moisture retention strategies; climate smart agriculture; mechanization; as well as Integrated Production and Pests Management) have been undertaken during the last years of project and the adoption rate still remains relatively low.	4
6.7	<u>Targeting and outreach:</u> Assess the extent to which project interventions have reached the intended target groups examining the following aspects: a) Did the project reach out to the expected number of beneficiaries in the manner intended? b) Did the project provide all anticipated benefits to the specific socio-economic groups identified in the Project Design Document? c) Were there deviations from initial outreach targets and if so, what were the reasons?	Under oil palm, in Kalangala, outreach targets have been achieved. In Buvuma farmers have registered their interest; no development has happened. Under oil seeds, farmer groups both existing and new were supported and outreach target as revised during MTR has been reached.	5

## 7. Partners' performance

No.	Assessment question	Response	Rating
7.1	<u>Government Performance</u> – To what extent the service support provided by the Government in efficient project implementation Was the Project Steering Committees (PSC) useful and proactive to help resolve problems and guide project implementation?	The key roles of MAAIF included constituting the PMU and the project steering committee; providing for budgets under its vote; providing a share of GoU's counter-part co-financing; and proving overall oversight to the project. PSC provided useful oversight. The government provided a conducive environment for the private sector through a supportive policy, legal and regulatory environment, tax and other incentives in support of palm oil import substitution, purchase of land that was led to BIDCO, ensuring compliance with environmental guidelines. The project activities had a slow start up and the oil seed related activities started after four years of project commencement. The project did not put in place appropriate systems and processes for development loan delivery and repayment. This apart, the project did not hasten the process of developing farmer owned and managed institutions to take over the functions of KOPGT.	4
7.2	<u>Quality of IFAD supervision and implementation support</u> a) To what extent did the services and support provided by IFAD ensure a sound project design and an efficient project implementation? Did IFAD mobilize the adequate technical expertise and resources in project design and implementation?	IFAD provided periodic technical support missions to field operations throughout the eight year project period. These missions were done biannually, and consisted of experts in procurement, financial management, M&E, Agronomists, Project Management and other special areas according to expressed needs. However, IFAD's support to put in place an efficient computerised development loan management system, regular audit of KOPGT accounts and a MIS system were not adequate. IFAD during the initial years was also not able to fast track project activities particularly to implement MTR recommendation of strengthening hubs under oil seeds development.	4
7.3	Did IFAD provide adequate support through direct supervision and/or country presence? Were supervision missions useful and timely? Did IFAD ensure pro-active problem identification, follow-up and resolution?	IFAD has fielded 10 supervision and 7 implementation support missions. In addition, separate implementation support has been provided through experts in logistics management to KOPGT, oil palm agronomy and in developing a sustainability plan for KOPGT; and on securing tenure rights for small scale farmers. IFAD did not identify early in project life the need for systems and processes for development loan management, KOPGT restructuring and a robust M&E system.	4





## Uganda

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### Vegetable Oil Development Project 2

### Project Completion Report

### Appendix 5: Environmental social and climate impact assessment (detailed analysis)

Mission Dates: 17 February-06 March 2020  
Document Date: 15/10/2020  
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Loan ID 1000003703

East and Southern Africa Division  
Programme Management Department

This document will be publicly disclosed unless there is written dissent on its disclosure by the Borrower at the time of this document submission to IFAD or no later than the project closing date.





## Appendix 5: Environmental, social and climate impact assessment

1. The Environmental and Social Review Note (ESRN) was elaborated at design of VODP2 and provides an analysis of the environmental and social risks and issues. The ESRN mentions the full environmental and social impact assessments (ESIAs) that was due for the area to where oil palm development was planned under VODP2. Taking into account the description of the project, the ESRN presented the Environmental Policy and Legal Framework as well as the Roundtable on Sustainable Palm Oil (RSPO). After a review of the VODP environmental performance with the three Environmental Impact Assessments (EIAs) that were conducted in 1995, 2000 and 2003.

2. The latest EIA of 2003 proposed a number of environmental mitigation measures to be implemented within the framework of an Environmental Management Plan as specified by NEMA in its conditional approval. An environmental management plan was prepared before that start of plantation development, and included the following key mitigation measures to address the potential negative impacts: the implementation of a 200 metre forest buffer zone along the lakeshore to be left intact to protect the lake from soil runoff; no degazettement of protected forests for the planting of oil palm; species enrichment planting of native trees in the lakeshore buffer zone and other areas unsuitable for oil palm; zero-burning on lands being cleared for plantation development; no use of herbicides and the planting of cover crops incorporated into plantation management; minimum use of agro-chemicals; effluent tanks to treat waste from the CPO mill, with the sludge being used as organic liquid fertiliser on the plantation; and waste materials removed from the palms (such as fronds and empty fruit bunches) used for mulching. Environmental monitoring takes place through the relevant government agencies and the Impact Monitoring System (IMS), as well as self-conducted environmental compliance audits by OPUL.

3. All of the above measures were strictly adhered to. The IMS was established in 2006, met six times and produced two useful reports. The private sector investor was also complying with RSPO, and had carried out its own Environmental Self-Audit in 2007. Both of these mechanisms revealed minor issues which have been addressed. The most pressing problem was with the disposal of seedling bags and they put in place measures to collect these bags both on the nucleus estate and from smallholders. While smallholders are using the same techniques for plantation development as the nucleus estate, they are less rigorous in their respect of the 200 m lake protective border, sometimes planting their palms there and in other cases using them for wood extraction and/or charcoal burning. It was recommended that under VODP2, KOPGT make a special effort to address this problem by carrying out its own self-audit of compliance with environment measures, greater awareness building among farmers about why the lake border it there as well as promoting the planting of woodlots for the provision of fuel.

4. The majority of the poor rural households targeted by VODP2 are directly dependent on natural resources for their livelihoods. The close interdependence between environmental health, sustainable production and rural livelihoods represented an opportunity to apply improved natural resource management initiatives to prevent damage to the environment and, at the same time, address the social and economic issues underlying rural poverty. These initiatives were meant to address the following issues in natural resource management: land degradation; forest and biodiversity including lake shore and wetland protection; agro-industrial processing; use of fertilisers and pesticides; carbon footprint and climate change.

5. The Environment and social safeguards were supposed to be integrated into all components of the Project to ensure that any negative impacts are mitigated and benefits are maximised. In oil palm development, the ESRN mentioned that environmental and social issues were already comprehensively addressed on Bugala Island within the NEMA-approved Environmental Management Plan. Additional plantings on other islands in the Kalangala group were not expected to encounter significant new or additional risks. However, the proposal to begin a new scheme on Buvuma Island was supposed to be thoroughly assessed in order to address the following potential environmental and social impacts and concerns on land; plant and animal biodiversity; forests; fisheries; micro-climate; carbon footprint, agrochemicals; impact of oil mill; solid waste management/air pollution; road construction; social infrastructure as well as livelihood Enhancement Activities. Concerning other vegetable oil crops (oil seeds) component, the environmental and social impacts were expected to be minimal and mainly

positive. The only significant concerns was proper use of agrochemicals and the disposal of waste from oilseed processing.

6. Based on the IFAD Environmental Assessment Guideline, the Oil Palm Component of the Project had the potential to create significant environmental and social impacts if not properly conducted, and was therefore considered Category A. The Other Vegetable Oil Crops (oil seeds) Component was considered Category B. A full environmental impact assessment in line with the RSPO principles and criteria was recommended mainly for the Oil Palm Component. In that context, the following actions were supposed to be considered to prevent adverse environmental and social consequences: adequate management of agrochemicals, palm oil mill effluents, solid waste, plant and animal diversity, ecologically sensitive areas, soil erosion and livelihood enhancement measures. Concerning oil seeds, apart from the routine use of agrochemicals and disposal of processing waste, no special environmental or social mitigation measures were considered necessary but validation of this statement during the EIA was recommended.

7. The current review is based on the ESRN elaborated during design to ensure compliance with recommendations therein. Owing to the sensitivity of oil palm development as per environmental management worldwide, it is important to mention that NGO raised issues during implementation of VODP2 mainly concerning environment and natural resource management; the review also highlights some of those controversial issues. The review follows the organization of the ESRN and will highlight issues related to Environmental Policy and Legal Framework; compliance of VODP 2 with the requirements; updates on natural resource management issues; compliance with RPSO principles; assessment of the new scheme on Buvuma Island and environmental impact of oil seeds component.

#### **A. Environmental Policy, Legal Framework and compliance of VODP 2**

8. During implementation of VODP2, no notable change was noted in the environmental policy and legal framework. The National Environmental Act, 1995, remains the overarching environmental law of Uganda. Section 8(a) of the Third Schedule of the Act which lists "Agriculture, including - large scale agriculture....." as a project that requires an Environmental Impact Assessment (EIA). This EIA must be undertaken by the developer where the lead agency, in consultation with the National Environmental Management Authority (NEMA), is of the view that the venture is likely to have a significant impact on the environment. The Act outlines various categories of major agricultural interventions, including oil palm development, that require an EIA before their implementation.

9. In addition, the Uganda Forestry Policy of 2001 and the National Forestry and Tree Planting Act of 2003 remains in effect and emphasise that the permanent forest estate under Government trusteeship must be protected and managed sustainably. The National Forestry and Tree Planting Act, 2003, stipulates that a person or organisation intending to undertake a project or activity which might have, or is likely to have, a significant impact on a forest, must undertake an EIA. Role of NEMA remains very important in these EIA. NEMA is a semi-autonomous institution that was established under the 1995 Act. It is specifically, mandated as the principal agency with the responsibility of coordinating, monitoring, supervising and regulating all environmental management matters.

10. The environmental policy, legal and institutional framework guided implementation of VODP2. During design of VODP II it was assumed that plantation development techniques used by KOPGT were exactly those used by OPUL and were thus compliant with NEMA guidelines. The ESRN of VODP2 outlined environmental management issues and recommended an Environmental and Social Impact Assessment (ESIA) in 2010 for the area to be developed with oil palm in Buvuma Island. The ESIA was finalised in December 2013 outlining positive and negative impacts of oil palm development as well as environmental management plans. Based on the findings, environmental and social impact statement (ESIS) was submitted to NEMA in 2015 and VODP2 secured an environmental compliance certificate from NEMA. Moreover, an Environmental and Social Audit (ESA) of VODP 2 on Bugala Island was conducted in 2016 to assess compliance of the outgrowers' operations with IFAD's procedures and provide recommendations to mitigate environmental and social risks and impacts. The ESA of 2016 highlighted efforts made by VODP PMU and KOPGT to ensure sustainable production of oil palm and willingness to ensure continual improvement.

#### **B. Natural resource management issues**

11. **Land acquisition and degradation:** Land acquisition was one of the major issue of concern during implementation of VODP2. As mentioned earlier, many issues were raised by NGO given the controversies related to oil palm development. Just to mention some facts:

- (a) In 2009, Kalangala NGO District Forum published report of “A study to identify key issues for engagement about the oil palm project in Ssesse Islands Kalangala District: a case study of Buggala and Bunyama Island in Kalangala District” raising issues on land acquisition and environmental impacts of oil palm development<sup>1</sup> and providing recommendations to stakeholders on measures to ensure environmental sustainability.
- (b) In 2012, the National Association of Professional Environmentalists (NAPE), supported by Friends of the Earth International (FOEI), published a report on land grabbing in Uganda, which included a section on the oil palm plantation in Kalangala. A factsheet was issued in May 2013 with findings of the report<sup>2</sup>.
- (c) In 2012, Africa Biodiversity Collaborative Group<sup>3</sup> under leadership of World Resource Institute published another report on “Due diligence on lands at risk of or subject to land acquisitions in Uganda”
- (d) More recently, Rainforest rescue completed a campaign<sup>4</sup> in 2018 about the “10 000 ha about to be destroyed for oil palm plantations”. The campaign stated that “Villagers on Buvuma fear that they are next in line to have their land stolen and human rights trampled”.

12. These reports highlights need for the Government to (i) protect land tenure, natural forests and the rights of communities living in those areas and depending on forest resources for their livelihoods and to (ii) enforce its policies on social issues and sustainable environmental management. Issues with land acquisition impacted implementation of VODP2. Although 5000 hectares were settled for the nucleus estate and 2500 hectares for 1923 smallholders for projected oil palm development in Buvuma, land acquisition process was polarized and politicised, and land speculations made the cost of acquisition very expensive. The targeted area on the Buvuma Island (total land cover of 517km<sup>2</sup>) represents 19% of the total land cover on the island<sup>5</sup>. This percentage is 1% less than what was envisioned during design of VODP2.

13. Land degradation as a result of oil palm development was another issue raised. In this section we will focus on degradation linked with how land use for different purposes. Other aspects of degradation will be covered in the next sections of the review. According to Nangendo et al., (2019)<sup>6</sup>, fully stocked tropical high forests have been significantly displaced by oil palm on Bugala Island since year 2000, declining from 58% to 20%, while oil palm increased from 0 to 28%. Grasslands were also significantly reduced by more than half. It is also important to note that prior to oil palm plantations, vegetation in Bugala island included 70% secondary forest cover, less than 10% cultivated land, the remainder being undulating grassland and swamp. Evolution of land use/cover in Kalangala District since 2010 when implementation of VODP2 started is below.

**Table 1: Percentage land use/land cover, Kalangala district (2010-2015)<sup>7</sup>.**

Land use %	2010	2015
Tropical high forest, fully stocked	35	22
Tropical high forest, degraded	3	10
Uniform farmland	14.3	18
Subsistence farmland	12	14

<sup>1</sup> <https://landmatrix.org/media/uploads/wrmorguycountriesugandakalangalapdf.pdf>

<sup>2</sup>

[https://www.foeeurope.org/sites/default/files/press\\_releases/land\\_grabbing\\_for\\_palm\\_oil\\_in\\_uganda\\_0.pdf](https://www.foeeurope.org/sites/default/files/press_releases/land_grabbing_for_palm_oil_in_uganda_0.pdf)

<sup>3</sup> [http://www.abcg.org/action/document/show?document\\_id=281](http://www.abcg.org/action/document/show?document_id=281)

<sup>4</sup> <https://www.rainforest-rescue.org/petitions/1065/uganda-stop-the-destruction-of-buvuma-island#letter>

<sup>5</sup> See Vegetable Oil Development Project, Phase 2 (Vodp2) On Buvuma Island; ESIS: Environmental and Social Impact Statement, 2015.

<sup>6</sup> “The impact of oil palm on land cover and land use in Kalangala and Buvuma: trends and future predictions” in Ssemmanda R. and M. Opige (eds.) 2019 An assessment of the impacts of oil palm in Kalangala and Buvuma. Lessons learned and recommendations for future developments Wageningen, the Netherlands: Tropenbos International and Ecological Trends Alliance.

<sup>7</sup> Source: Nangendo, G, Land use changes (1990-2015) in Kalangala and Buvuma districts, southern Uganda in Ssemmanda R. and Opige M.O. (eds.). 2018. Oil palm plantations in forest landscapes: impacts, aspirations and ways forward in Uganda. Wageningen, the Netherlands: Tropenbos International

Woodland	17	14
Bushland	2	2
Grassland	10	13
Wetland	5	6
Urban or built-up area	1	1
Impediments	1	0

14. The table shows that under VODP2, changes in land use are not very significant in Kalangala District. Taking data on the table into account, Nangendo et al., (2019) mention that most protected areas are still about half covered by fully stocked tropical high forest. Extraction of land cover/use of protected areas from the district map showed that within forest reserves, fully stocked tropical high forest had the highest percentage (53%), followed by woodland (14%) and grassland (12%). Oil palm growing in Kalangala district has, therefore, had low impact on land reserved for forest, and which has remained relatively unchanged since 1990.

15. Construction of roads also generate land degradation but impact under VODP2 was low. Concerning community and farm access roads both in Bugala and the outlying islands, 379km were completed. The construction of landing sites was not achieved. Issues with land acquisition and degradation were not raised for the oil seeds component.

16. **Forest and biodiversity:** Clearing of forests for oil palm plantations result in loss in biodiversity. It has been observed that due to the forest cover lost for oil palm, populations face challenges in getting firewood and this threatens as protected areas such as forest reserves. It was agreed that OPUL and DLG will jointly undertake reforestation efforts by planting indigenous trees in vulnerable areas. Those reforestation efforts are mainly implemented by OPUL. More involvement of District Local Government is needed in that effort. The PMU and IFAD piloted real time deforestation monitoring, focused on forest reserves and other protected areas, in collaboration with the European Space Agency and the firm Satelligence.

17. There is a growing demand for wood for building, fuelwood, and charcoal which results in increased pressure on the forests. Although oil palm plantations are also covered with vegetation and fauna, they are low biodiversity zones and can't be compared with natural forests. Kalangala district is known for its unique Pitadeniastrum-Uapaca forests. A high diversity of plants and animals (birds, butterflies) is found in that forest, but no accurate data is available. An important recommendation was made by Polycarp Musimami Mwima<sup>8</sup> to conduct a full biodiversity inventory for the Ssesse islands, and a detailed baseline biodiversity inventory for the Buvuma Islands before any oil palm plantations are established.

18. Lake shore and wetland protection are important aspect to consider for biodiversity. It was noted that smallholders are less rigorous in their respect of the 200-meter buffer zone between the oil palm plantations and the Lake Victoria. Nangendo et al., (2019) mention that respect for that buffer along the Lake Victoria shore as stipulated by law has been under contention with regards to oil palm development, and contraventions were mapped with 694 ha of oil palm plantations and 1936 ha of farmland falling within the Bugala island buffer zone.

19. As mentioned in the ESA of 2016, VODP has worked with the District Forest Officer and District Environment Officer to demarcate the Central Forest Reserves (CFRs) and the Local Forest Reserves (LFRs) by establishing boundary roads around them. This has helped to stop encroachment by the local communities and farmers into the forests as the boundaries were previously not clear. But the DFO, NFA and NEMA have no jurisdiction over forests on private land and if a land owner or tenant wishes to clear the land he owns or rents, he may do so.

20. The review noted that PMU of VODP2 alongside sensitization of farmers to respect that zone, implemented mitigation measures: the level of encroachment on the buffer zone was assessed and trees falling in that area were marked to avoid any use of agrochemicals. In addition, enrichment planting is done in degraded parts of forests and buffer zones. Many outgrower farmers have adopted

<sup>8</sup> Impacts of oil palm on forest products and implications for the management of remaining forest fragments in Ssemmanda R. and Opige M.O. (eds.). 2018. Oil palm plantations in forest landscapes: impacts, aspirations and ways forward in Uganda. Wageningen, the Netherlands: Tropenbos International

cover crops with leguminous species and enrichment planting in the buffer zone with tree seedlings supplied by OPUL and District Officials.

21. **Agro-industrial processing:** OPUL oil mills are NEMA and RPSO compliant. OPUL oil mills operate following industry standard of zero-waste, with the only fossil fuels (diesel) being used for transportation of FFB. They make effort to respect rigorous environmental standards and protection measures.

22. Out of international pressure-Wilmar/OPUL recently adopted a “No Deforestation, No Peat and No Exploitation” policy, which is expected to have a significant and potentially positive impact on the inclusion of smallholder farmers in its supply chains with the experience of VODP in Uganda being considered an example of good practice.

23. **Use of fertilisers and pesticides:** OPUL undertakes soil analyses to assess nutrient contents and determine formula for fertilizer application. Types of fertilizers used by OPUL and outgrowers and their compositions are as follows:

Fertilizer type	Composition
1. NPK BLUE	N:12 P:12 K:17 MgO:2 TE; B,Z Kadar air 3%
2. NPK Granular	N:13 P:8 K:27 0.5B
3. NPK compound	N:10 P:6 K:24 Mg:5 0.96B
4. Sodium Borate	15% B 48.03% B <sub>2</sub> O <sub>3</sub>
5. Dolomite	CaO: 30% MgO: 18%
6. NK mixture	15:75
7. MOP	60% K <sub>2</sub> O
8. Rock phosphate	P2O5: 28%,P2O5: lalut dalam 11%, asam sitrat 2%, kadar air 3.49%

24. The review noted that smallholders were less rigorous in implementation of best agronomic practices (inadequate use of fertilizers, cases of improper use of pesticides, some use burning, etc.). Reports show that outgrowers don't apply the fertilizers as recommended both in terms of quality and quantity. The use of gangs by KOPGT to ensure proper application of fertilizers and other chemicals is likely to mitigate impacts.

25. As mentioned in the ESA of 2016, OPUL takes regular water quality measurements at given streams within their allocated areas on the island, ie. at the springs, mid-stream and where the streams enter the lake. For the outgrower plantations, the DEO is supposed to monitor water quality but does not have the resources to do so. Soil contamination may occur as a result of spillage or leaching of agrochemicals, and is a pathway for agrochemicals to enter into the aquatic environment. Soil quality in terms of contamination of soils due to agricultural inputs is not currently being monitored by OPUL. The review noted that reports from testing of soil and water samples does not show significant change.

26. **Carbon footprint and climate change:** At design, analyses of oil palm development in Uganda considered wider global implications of no longer transporting CPO thousands of miles from Malaysia to Jinja for on-site refining and packaging. A “guess estimate” framework for analysis was prepared showing that the carbon balance is neutral for land development under oil palm. This was because most of the land under oil palm was grassland, not forest. As mentioned in the ESA in 2016, assertions that oil palm plantations have affected the islands' microclimate can be appeased through biodiversity offsetting, reforestation and maintaining existing forest stands.

27. The reduction in use of burning as well as cultivation of early maturing and drought resistant crops are some adaptation measures noted during implementation of VODP 2. Examples of varieties are Maksoy for soybean and Naronut for groundnuts. Another “guess estimate” for carbon emissions associated with the oil mill at design showed that, with the implementation of “best practices” and the covering of effluent-holding ponds, the overall emissions were neutral. As mentioned earlier, oil mills are NEMA and RPSO compliant.

## C. Compliance with RPSO principles<sup>9</sup>

<sup>9</sup> Roundtable on Sustainable Palm Oil (RPSO) is a not-for-profit that unites stakeholders from the 7 sectors of the palm oil industry: oil palm producers, processors or traders, consumer goods manufacturers, retailers, banks/investors, and environmental and social non-governmental organisations (NGOs), to develop and implement global standards for sustainable palm oil. For more details : <https://rspo.org/>

28. During design of VODP 2 it was assumed that plantation development techniques used by KOPGT were exactly those used by OPUL and were thus compliant with NEMA and Round Table on Sustainable Palm Oil (RSPO) guidelines. Although the Impact Monitoring System (IMS) was not fully active under VODP2. Reports confirm that OPUL plantations are NEMA and RSPO compliant, along with the OPUL palm oil mill. In addition, Wilmar/OPUL adopted a “No Deforestation, No Peat and No Exploitation” policy. OPUL provides support to smallholders by sharing good practices and facilitating their compliance with these policies.

29. Concerning outgrower plantations, the ESA of 2016 made a review of the outgrowers plantations the compliance with RSPO’s principles. Report mentions that outgrowers plantation were fully compliant with 11 sub-criteria, partially compliant with 18 sub-criteria and not compliant with 5 sub-criteria.

30. The ESA concluded that VODP2 in Kalangala has a way to go before it can achieve RSPO compliance. In addition, outgrowers in Uganda are members of local communities who generally have low levels of education, and have not had exposure to or experience in sophisticated farming management systems or environmental and social management systems or requirements.

31. The following recommendations were made to address the main shortcomings and achieve - and demonstrate - compliance with RSPO principles:

- ⇒ A designated and qualified environmental and social officer (E&S Officer) needs to be appointed on the KOPGT staff who can ensure legal compliance and ensure environmental and social best practices are being undertaken in the cultivation, harvesting and transporting of oil palm;
- ⇒ An environmental and social management system (ESMS) should be set up. It would be worthwhile hiring a consultant in order to do this effectively. The KOPGT E&S Officer would work closely with the consultant so that s/he will be fully familiar with the ESMS and can then train all persons within the organization in best practice requirements;
- ⇒ An environmental and social management plan (ESMP) has to be prepared for Bugala Island
- ⇒ A documentation system needs to be set up and all processes documented;
- ⇒ Baseline data needs to be gathered to enable appropriate monitoring – this data needs to be directly relevant to the Programme objectives in order to provide a benchmark against which progress can be measured;
- ⇒ Comprehensive reporting to VODP on issues and actions, including evidence of monitoring and analysis, needs to be done on a quarterly basis.

32. The review noted that a qualified environment affairs officer was recruited for NOPP but mentions that it remains important to provide KOPGT with similar competences. Concerning environmental management, the environmental and social management system (ESMS) and the Impact Monitoring System (IMS) were not fully active under VODP2. More efforts need to be effective under NOPP.

#### **D. Assessment of the new scheme on Buvuma Island**

33. As mentioned earlier, based on the findings, environmental and social impact statement (ESIS) was submitted to NEMA in 2015 and VODP2 secured an environmental compliance certificate from NEMA. It was planned to replicate the nucleus model in Buvuma during VODP 2 but only preparatory activities for oil palm expansion were done.

34. As the ESIS mentions, a Cumulative Impact Assessment and management (CIA) was undertaken based on the International Finance Corporation’s (IFC’s) Good Practice Handbook for CIA: Guidance for the Private Sector in Emerging Markets (2013), according to which cumulative impacts are those (impacts) that result from the successive, incremental, and/or combined effects of an action, project, or activity (collectively referred to as “developments”) when added to other existing, planned, and/or reasonably anticipated future ones (impacts). As of June, 2015, there were no other forms of large-scale developments/industrialisation planned for the foreseeable future, and/or operating on Buvuma Island that will have noticeable environmental and social impacts on the Valuable Environmental and Social Components (VECs) identified. Environmental and social impacts that arise from the current and foreseeable activities on Buvuma Island which are mainly as a result of the current land-use – settlements and largely small scale subsistence agricultural activities from which the local people derive their livelihoods, were considered when assessing the direct impacts of the proposed VODP2 and,

therefore not repeated during the CIA. Such impacts included; loss of natural vegetation types habitat loss, fragmentation and destruction.

#### **E. Environmental impact of oil seeds component**

35. During the two rainy seasons, (March–June and June–September) farmers mainly produce soybean during the first and sunflower during the second. They mention the fact that there are too many birds during the first season thus posing threat to efficient production of sunflower. Apart from that fact, the major environmental challenge for oil seeds is maintenance of soil fertility. Farmers practice permanent cropping and progressively reduce time allocated to fallowing. This is the main reason why although soils are fertile, they also use mineral fertilizers. As these crops are common in the area, they are more used to health and safety measures associated with the use of fertilizers and other chemicals as well as pest management in general. Furthermore, use of timber and fuel wood have negative impacts fertility of the soils due to destruction of soil cover and erosion associated. Negative impacts are mitigated through many agronomic practices (use of organic manure, mulching, crop rotation, etc.).

36. The review mission had discussions with Millers of oil seeds and they mentioned that they are NEMA compliant in terms of environment management, frequently inspected, and developed good waste management schemes. They also work with UNBS for development of standards, promotion and enforcement of quality assurance including environmental issues.



## Uganda

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### Vegetable Oil Development Project 2

### Project Completion Report

### Appendix 6: Dates of supervision mission and follow-up missions

Mission Dates: 17 February-06 March 2020  
Document Date: 15/10/2020  
Project No. 1100001468  
Report No. 5498-UG  
Loan ID 1000003703

East and Southern Africa Division  
Programme Management Department

This document will be publicly disclosed unless there is written dissent on its disclosure by the Borrower at the time of this document submission to IFAD or no later than the project closing date.





<b>Mission</b>	<b>Dates</b>
<b>Supervision Mission 1</b>	05 December 2011 - 16 December 2011
<b>Impl. Sup/Follow Up Mission 1</b>	27 January 2012 - 16 February 2012
<b>Supervision Mission 2</b>	18 June 2012 - 29 June 2012
<b>Supervision Mission 3</b>	03 December 2012 - 14 December 2012
<b>Supervision Mission 4</b>	11 March 2013 - 21 March 2013
<b>Impl. Sup/Follow Up Mission 2</b>	13 April 2013 - 28 April 2013
<b>Supervision Mission 5</b>	23 September 2013 - 04 October 2013
<b>Supervision Mission 6</b>	23 June 2014 - 04 July 2014
<b>Impl. Sup/Follow Up Mission 3</b>	09 March 2015 - 20 March 2015
<b>Impl. Sup/Follow Up Mission 4</b>	26 October 2015 - 06 November 2015
<b>Supervision Mission 7</b>	09 May 2016 - 20 May 2016
<b>Impl. Sup/Follow Up Mission 5</b>	20 March 2017 - 31 March 2017
<b>Supervision Mission 8</b>	04 September 2017 - 15 September 2017
<b>Supervision Mission 9</b>	19 February 2018 - 16 March 2018
<b>Impl. Sup/Follow Up Mission 6</b>	17 September 2018 - 28 September 2018
<b>Impl. Sup/Follow Up Mission 7</b>	06 March 2019 - 22 March 2019
<b>Supervision Mission 10</b>	16 September 2019 - 11 October 2019



## Uganda

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### Vegetable Oil Development Project 2

### Project Completion Report

### Appendix 7: Terms of Reference of the completions review mission

Mission Dates: 17 February-06 March 2020  
Document Date: 15/10/2020  
Project No. 1100001468  
Report No. 5498-UG  
Loan ID 1000003703

East and Southern Africa Division  
Programme Management Department

This document will be publicly disclosed unless there is written dissent on its disclosure by the Borrower at the time of this document submission to IFAD or no later than the project closing date.





## **Appendix 7: Terms of reference of the completion review mission**

### **A. Terms of reference**

**Country of assignment/location:** UGANDA – Vegetable Oil Development Project (Phase II) (VODP2)  
(Project Number - GRIPS: 1100001468)

**Mission name:** Completion Mission

**Mission start and end dates:** 16 February – 07 March 2020

**Report to:** Lakshmi Moola, Country Director, Uganda (ESA/PMD)

#### **Mission composition:**

Mr. Shreekantha Shetty Mission Leader; Project Management, Institutions (15 Feb-30 Apr) – 21 days

Ms. Girija Srinivasan Co-mission leader; Effectiveness; Sustainability and targeting (15 Feb-08 March) – 21 days

Mr. Davis Atugonza; Economic and Financial Analysis (27 February-07 March) – 5 days

Mr Joseph Rostand Olinga Biwole; Agronomist (February 16-29) – 14 days

Mr James Muthuri; Financial Management (29 February-06 March)

Mr. Pontian Muhwezi, Country Programme Officer, Uganda Country Office, IFAD

#### **Introduction**

1. The proposed project completion review for the Vegetable Oil Development Project (Phase II) is undertaken jointly by IFAD and the Ministry of Agriculture, Animal Industries and Fisheries. Its main purpose is to report on the results achieved through project interventions for accountability and learning purposes. The process should also help reflect on performance, elicit lessons learned and define an appropriate hand-over or post-project strategy.

2 The project completion review will take place from 16 February 2020 to 7 March 2020. The process completion review process should be guided by the methodological framework set out in IFAD Project Completion Review Guidelines, while the present TOR describe the detailed objectives, timeline and deliverables of the completion review mission. In-country, the work of the PCR team will be facilitated by the Project Management Unit for VODP II, under the overall supervision of the Country Director, Uganda, for IFAD.

#### **Background**

3. The second phase of the Vegetable Oil Development Project (VODP2), approved by IFAD and the Parliament of the GoU in 2010. 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 regional markets. This will be achieved by supporting farmers to increase production of crushing material (both oil palm and oilseeds), and facilitating commercial relations with processors. The second phase of the VODP2 project has three components: (i) the Oil palm development component: the project has fostered a partnership with Oil Palm Uganda Limited (OPUL) in Kalangala District and is consolidating the current gains in smallholder oil palm development while expanding the area covered to the neighbouring outlying islands and Buvuma; (ii) the Oil Seeds Component: the project is supporting the development of the value chains of sunflower, groundnuts, soya beans and sesame; and (iii) the Project Management and Monitoring and Evaluation (M&E). The project targets to benefit 139,000 agricultural producers and other value chain actors across 53 districts, of which about 3,000 are oil palm growers. Total project cost was estimated at about USD 147 million, out of which IFAD contributes by a loan of USD 52 million.

4. The Project is being implemented in in Kalangala District and the area covered to the neighbouring outlying Islands of Bunyama and Bubembe for oil palm development. Oil seeds are groundnuts, soya beans and sesame in 52 districts organised around four hubs of Eastern Uganda, Lira, West Nile and Northern Uganda.

5. The project's 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.

**6. Project milestones:**

Concept Approval	17/06/2008
QE Approval	23/11/2009
QA Approval	04/02/2010
EB Approval	22/04/2010
Entry into force	21/10/2010
Available for Disbursement	21/10/2010
First Disbursement	03/06/2011
MTR Date	29/11/2014
Original Completion	31/12/2018
Current Completion	31/12/2019
Financial Closure	30/06/2020
Last audit receipt	24/12/2019

7. The second phase of the Vegetable Oil Development Project (VODP 2) 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.

8. The 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.

9. The project completion date is 31 December 2019 and closing date is 30 June 2020.

**Mission objectives and outputs:**

10. The overall objective of the completion review is to assess and document overall project implementation performance and the results achieved. This process calls for an informed reflection on the relevance, effectiveness, efficiency and sustainability of project interventions.

11. More precisely, the detailed objectives of the completion process include the following:

- (a) assess the relevance of project interventions at the time of project design and in today's context.

- (b) assess the effectiveness of project implementation, or the extent to which project objectives were met, and to document the immediate results and impacts of project interventions.
- (c) review the project costs and benefits and the efficiency of the overall project implementation process, including IFAD's and partners' performance.
- (d) assess the prospects of sustainability of project benefits beyond project completion.
- (e) generate and document useful lessons from implementation that will help improve IFAD's or Borrower's future programming and designs.
- (f) identify any potential for the replication or up-scaling of best project practices.
- (g) analyse the efficiency/results of the financial lending support (under Oil Palm), particularly from economic and financial perspective.
- (h) identify the areas of influences in the policy front in terms of smallholder commercialization for both oil palm and oilseeds.

12. All mission members will be required to complete their contributions, in the required templates, to the aide memoire, report and annexures.

### **Methodology**

13. The mission will use a mix of quantitative and qualitative tools in order to form an informed judgement on overall project performance and results. For transparency and accuracy purposes, it is important that the consultation with project stakeholders should be as large and inclusive as possible and the list of persons to be met by the mission will require careful consideration.

14. Primary sources of information will include project reports and documents (supervision reports, MTR report, progress reports, AWPB, etc.), M&E and MIS data (including logframe data), any surveys or specific studies undertaken by the project, PMU and service providers' records and the records of the groups supported by the project. These sources will be used extensively in order to generate quantitative information on project results or estimate project efficiency.

15. In addition to primary sources of information, the mission will collect relevant data from secondary sources, such as national and local statistics, other donors' statistics, the civil society, private sector entities (trade associations, universities, etc.). These will be used mainly to breach information gaps on certain issues or to cross-examine the data generated from other sources.

16. In case sufficient or reliable impact data is not available, the mission should undertake a mini-survey while in the field in order to collect basic information from a small sample of respondents (to be selected using the most appropriate sampling method). To this end, a questionnaire should be developed before the field work starts.

17. In addition and in order to gather an in-depth understanding on certain issues, collect stakeholders' feedback and generate important insights, the mission will use a variety of qualitative tools, such as key informants' interviews, focus group discussions and rapid case studies. Before starting the field work, it is important that the mission dedicates sufficient time to prepare the necessary interview guides.

18. The method of direct observation will also be used by the mission. A large sample of project sites, or locations where project activities took place, will thus be visited in order to collect impressions and feelings, verify that reported interventions took place, confirm that they met expected quality standards and beneficiaries' needs, or to take note of the external context of project intervention. Selection of project sites will require careful consideration in order to avoid biases.

19. If found useful, the organization of a stakeholders' workshop either before the beginning of the field work or towards the end of the mission, can be envisaged in order to collect initial feedback on project performance or to share the mission's preliminary findings.

20. In order to strengthen the analysis and overcome the weaknesses, intrinsic biases and the problems that may be associated with a single method, the mission will "triangulate" all findings, combining methods and data sources in order to cross-examine initial findings.

### **Timeframes and deliverables**

21. The mission will take place from 16 February 2020 to 12 March 2020. The in-country work will start with the briefing of the completion review team by the PMU, MAAIF, to be held on 17 February 2020.
22. The field work will take place from 18 February 2020 to 24 February 2020, following the detailed programme and itinerary that will be finalized at the start of the mission based on the tentative programme presented in these TOR. Towards the end of the in-country work, the mission will present its initial findings and conclusions during a wrap up meeting to be hosted by MAAIF.
23. The mission will prepare a Project Completion Review report following the outline presented in IFAD's Project Completion Review Guidelines. The first draft PCR will be prepared shortly after the end of the completion review mission and submitted electronically by the mission's Team Leader to the Country Director, Uganda at IFAD not later than 13 March 2020.
24. The draft PCR report will be circulated among main stakeholders for review and consolidated, written comments will be sent to the mission's Team Leader not later than 30 March 2020 by MAAIF.
25. On this basis, the final PCR report will be finalized and submitted electronically by the mission's Team Leader not later than 5 April 2020 to Country Director, Uganda at IFAD.
26. 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.
27. A final wrap up meeting with Government will be organized prior to mission conclusion.
28. 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.
29. 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.

### **Individual responsibilities, expected outputs and required completion dates**

#### **Mr Shreekantha Shetty, Mission Leader, Programme Management Specialist and Institutions (21 days (Kampala 13; field 8))**

30. 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) An overall assessment of the extent to which the project's specific objectives were achieved in both quantitative and qualitative terms. This will involve the careful description of the main activities undertaken by the project since its start, as well as a thorough analysis of the results achieved at the output, outcome and impact levels. Variations between initial and actual targets will be highlighted and the external factors that had a bearing on project effectiveness.
  - (b) In conjunction with the other mission members, assess the economic efficiency and effectiveness of project inputs and resources in the delivery of the project results by reviewing – (i) resources' use; (ii) quality of project management; (iii) cost benefit analysis; (iv) sustainability; (v) rural poverty impact.
  - (c) 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.

- (d) Jointly work with the Financial Sector consultant 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;
- (e) Highlight key actions or activities of the period and point out good practices and issues or problems and outline their reasons or causes;
- (f) Any other tasks as agreed with the Country Director (CD).

31. The ML will be directly responsible for preparing the aide memoire, the 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 15 March 2020. The ML will arrive on 16 February 2020 and will depart on 7 March 2020.

**Ms Girija Srinivasan, Consultant** (Financing, Effectiveness; Sustainability and Targeting) - **21 days** (Kampala 13; field 8)

- (a) Assess the likelihood that the benefits from project intervention will continue after project completion and assess the likelihood that actual and anticipated results will be resilient to risks, including climate-related risks, beyond project life. The adequacy of the post-project strategy, as designed and/or implemented, will also be examined.
- (b) Present the impact of project interventions in quantitative and qualitative terms, using the standard IFAD's impact domain classification.
- (c) Assess the extent to which project interventions have reached the intended target groups, that is the specific individuals or organizations for whose benefit specific interventions were initially designed and implemented and also assess the effectiveness of the project targeting strategy.
- (d) Assess the extent to which the project has achieved gender equity and women empowerment.
- (e) Assess the extent to which the beneficiaries have attained access to markets.
- (f) Assess the financing model for oil palm and oilseeds farmers.

**Mr Davis Atugonza, Economic and Financial Specialist (EFS)** - **29 February-07 March 2020 (5 days – Kampala based)**

32. The EFS 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 as per the prescribed requirements for the PCR. 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) Impact analysis on the NPV/ROI, efficiency on the use of resources along with the sensitivity analysis of performance indicators and train/orient the staff members as appropriate.
- (c) Contribute to the relevant sections of the aide memoire.
- (d) Any other tasks as agreed with the ML or the CD.

33. **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.

**Mr James Muthuri - Financial Management Consultant (29 February-06 March 2020)**

34. Within the objectives of the mission, he will assist the team leader in reviewing the overall project implementation progress, In particular, he will:

- (a) Analyse and prepare the section presenting the annual project allocations and expenditures since project start, by Component, and prepare the detailed tables showing final expenditures by Cost Category, presented in an appendix and assess adequacy of the financial projections included in the original design, highlighting significant cost deviations from original estimates and the reasons for such deviations.
- (b) The timeliness and adequacy of financing contributions from IFAD, government, domestic and/or external co-financiers will also be described. Significant revisions to the financing arrangements will be noted.
- (c) Review availability of counterpart funds (government and beneficiaries), identifying bottlenecks if any.
- (d) Verify that the value of in kind contributions from government and beneficiaries, if any, are estimated and recorded by the project;
- (e) Work with the Financing Consultant on the loans to farmers, to capture any external financing as co-financing to the project.
- (f) Highlight any evidence of cost savings made during implementation, or of expenditures that could have been avoided or minimized.
- (g) Contribute to the final Aide Memoire, as well as the ORMS completion report, including the annexures, in relation to the above areas, following the IFAD document template and formatting.
- (h) Based on the financial reports prepared by the project, review the financial performance by expenditure category and component to assess the project's overall financial performance to date against (i) appraisal and (ii) approved AWPBs since project start. Review the cumulative status of funds by category of expenditure, approved AWPB and the project commitments (contracts signed not paid) in order to estimate the adequacy of funds and the potential need for category reallocations. Summarize the reasons for significant variances between expected and actual disbursement rates. Identify actual or potential problems and bottlenecks.
- (i) Assess the project performance and fiduciary risk and describe major changes since project's inception.
- (j) Review Project disbursement and flow of funds from IFAD. Identify any issues in disbursement and fund flow.
- (k) Assess the project's treasury planning; analyse adequacy of DA authorised allocation, with respect to projected expenditure requirements.
- (l) Describe banking arrangements. Examine utilization and status of the Special Account and Project Accounts. Summarize financial progress by expenditure categories and by component in line with the required Aide Memoire formats. Ensure that the bank reconciliations and DA account reconciliations are correctly prepared on a monthly basis. Validate the closing balances from copies of the bank statement and clarify the status of the reconciliation items (if any); Provide support to the appropriate Project staff as required;
- (m) Identify financing agreement covenants and verify project's compliance.
- (n) Describe internal audit arrangements including reporting lines, methodology/procedures, audit work plan and status/follow up on past recommendations; review IA reports [if the Borrower is willing to share them, describe findings.
- (o) Review functionality of accounting and financial reporting system, identify accounting standards used and report differences with IFRS/IPSAS. Assess timeliness of recording transactions, budget posting and reconciliations. Assess suitability of the chart of accounts.

- (p) Review the system for Statement of Expenditures (SOE), including the utilisation of funds and spot checking of the documentation of expenditures claimed under SOE, the need for reallocations and compliance with financial covenants. Provide support and guidance to the Project as required; Document findings on individual SOE items, noting down any ineligible expenditures. Provide recommendations on any internal controls weakness noted.
- (q) Review the expenditure process from the District offices in terms of quality, completeness, timeliness and compliance.
- (r) Review functioning of the Borrower's record-keeping and accounting systems, including ensuring that the accounting records are kept updated.
- (s) Review the issue of payment of taxes. Review compliance on the repayment of taxes.
- (t) Review latest external audit report and project's audit log; assess status of implementation of management letter recommendations.
- (u) Review action taken to address recommendations of previous FM-related mission; and Identify current risks arising from material deficiencies and propose practical recommendations for improving financial management functions and/or capacity of staff for financial operations needed to mitigate risks. Prepare the current Summary Risk Analysis.
- (v) Contribute to the Aide Memoire, all financial appendixes as required by the completion guidelines for IFAD, and the ORMS reporting in line with the templates.

**Mr Joseph Olinga, Agronomist, Programme Officer, 14 days (8 days field)**

35. Within the objectives of the mission, he will assist the team leader in reviewing the overall project implementation progress, In particular, he will:

- (a) Review suitability of project's technical design to address identified issues.
- (b) Assess the effectiveness of oil palm and oilseeds development activities.
- (c) Analyse constraints that affected the achievement of results expected from oil palm and oilseeds
- (d) development activities and review the risks identified at design.
- (e) Assess performance of project's partners involved in oil palm and oilseeds development activities;
- (f) Draw lessons from project interventions and achievements.
- (g) Examine the knowledge generated and make recommendations.

**Mr Pontian Muhwezi, Country Programme Officer (CPO) (Partner performance, Innovation and Lessons Learned) (8 days field)**

36. Within the objectives of the mission, he will assist the team leader in reviewing the overall project implementation progress, In particular, he will:

- (a) Assess the extent to which project interventions have introduced and tested innovative approaches to rural poverty reduction. These are any processes, tools or practices that add value or solve a problem in new ways.
- (b) Assess the performance of IFAD and the government. These are the organizations or entities directly responsible for project implementation, for providing strategic guidance and oversight. More precisely, and in addition to determining if all implementation partners have adequately fulfilled their respective roles and responsibilities.
- (c) Present the main lessons learned from project implementation, based on the analysis of what learning from experience may be applicable to a more generic situation. All lessons learnt presented should be significant in that they have a real or assumed impact on operations; valid in that they are factually and technically correct; and applicable in that they identify a specific design, process, or decision that reduces or eliminates the potential for failures and mishaps, or reinforces a positive result.
- (d) Ensure all logistics for the mission are organised including meetings with government and PMU.

- (e) Support the mission team and the PMU to finalize the mission's field visit plan and the working sessions with PMU.
- (f) Conduct a review of the work done by the PSPs, including in the deliverables against their contracts.
- (g) Assess and define the progress made in linking farmer groups to financial service providers.
- (h) 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.
- (i) Contribute to the final Aide Memoire, as well as the ORMS completion report, in relation to the above areas, following the IFAD document template and formatting.

### **Documentation**

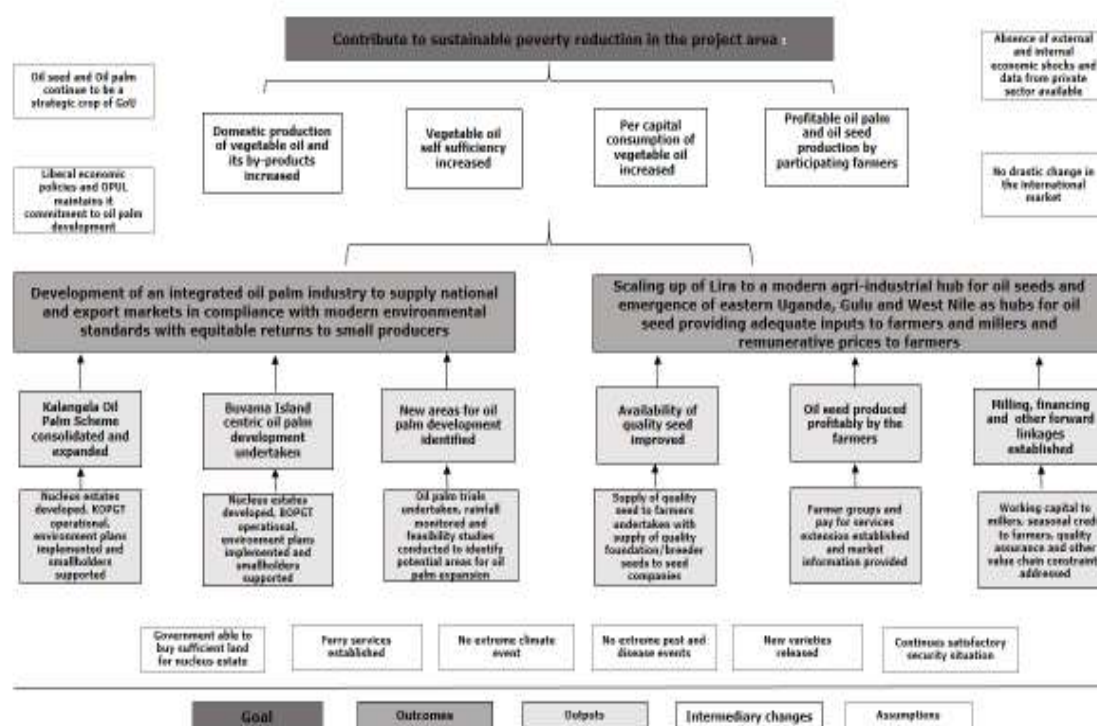
The following documentation will be made available to consultants prior to the mission:

- (a) Programme Loan Agreement, Amendments to the Loan Agreement and Agreed Minutes of Loan Negotiations.
- (b) All Supervision, Implementation Support Mission Reports and MTR Report.
- (c) Studies and surveys done by the Project.
- (d) Annual RIMS reports and Outcome Survey Reports.
- (e) All Annual Progress Reports of the Project.
- (f) FM related Data (the Historic transactions and Status of Funds by Category data).
- (g) All financial reports including Audit Reports.
- (h) Off-line word templates for supervision (ORMS).
- (i) Guidelines for PCR.
- (j) IFAD Memo on Operational Procedures for Completion Reporting.

### **Tentative mission schedule**

Days	Date
1	16-Feb Sunday Team Arrival
2	17-Feb Monday MAAIF/PMU Meeting
3	18-Feb Tuesday PMU
4	19-Feb Wednesday Kalangala
5	20-Feb Thursday Kalangala
6	21-Feb Friday Kalangala
7	22-Feb Saturday PMU
8	23-Feb Sunday PMU
9	24-Feb Monday Lira
10	25-Feb Tuesday Lira
11	26-Feb Wednesday Arua
12	27-Feb Thursday Arua
13	28-Feb Friday Return to Kampala
14	29-Feb Saturday PMU
15	01-Mar Sunday Writing
16	02-Mar Monday PMU
17	03-Mar Tuesday PMU
18	04-Mar Wednesday AM handover to project and wrap up with project team
19	05-Mar Thursday Report writing
20	06-Mar Friday Wrap - up meeting and Annex and report writing
21	7-Mar Saturday Annex and report writing

## B. Internal Logic (Theory of change) for Vegetable Oil Development Project-2



## C. Methodology adopted by the mission

The mission used a mix of quantitative and qualitative tools in order to form an informed judgement on overall project performance and results. The mission reviewed the documents in depth, carried out field visits to interact with a variety of stakeholders, led focus group discussions with farmer groups, participated in the stakeholders' workshops and consulted with project management intensively. To avoid the problems associated with any single method, the mission triangulated key findings, combining methods and data sources to cross-examine findings.

**In depth document review** of the project was carried out. The design document and mid-term review document were studied in depth to understand the rationale and relevance of the project, targets set and mid project changes. The annual reports of the project and supervision reports of IFAD were extensively utilised to understand the progress and developments in the project implementation, key design changes that were made, lessons learnt and innovations that were implemented. AWPBs and updated log frame indicators were studied. The annual outcome surveys on oil seeds and impact assessment reports on oil palm interventions were analysed and key findings were considered for assessing the outcome and impact of the project.

**Quantitative data on target groups, outputs and out comes were analysed.** The log frame indicators were updated and physical progress tables were finalised along with the project staff. Given the limitations of data in oil seeds component, the mission worked with PMU and hub co-ordinators to work on the key outcome data. The data on vegetable oil production, consumption and imports from Uganda Bureau of Statistics were studied. Relevant data from reports of MAAIF were also studied.

**Field visits to Kalangala Island, and Arua and Gulu districts** were undertaken. Villages where project activities took place were visited to collect data and to verify the project interventions. It was ascertained whether the project's outreach and inputs expected quality standards and farmers' needs. In Kalangala interactions with district administration, management staff of OPUL, the private sector company processing oil palm, General Manager and finance head of KOPGT and the board members

of SOPGCO provided insights on key achievements, issues being faced and also in arriving at recommendations. Similarly in Lira the team met with three millers, to understand the interface between the project and the millers, impact of the project activities on availability of crushing material and quality standards and the challenges the millers are facing. Interactions with PSPs and DLGs were useful to understand the implementation aspects and sustainability of interventions.

**Focus group discussions with farmers** in Kalangala, Lira and Gulu districts were conducted in 7 villages with three oil palm farmer groups, six oil seed farmer groups and two oilseed co-operatives covering in all 45 oil palm and 122 oil seed farmers. Both women and men farmers participated in the discussions. FGDs covered aspects of interventions of the project, different trainings conducted, outcome of trainings in terms of adoption rate of agronomical practices such as line sowing, availability and adoption of quality seeds and other inputs, bulking and selling, tie up for marketing, area of cultivation, yield, income per hectare etc., The impact on household assets, education, quality of life were ascertained. Small group discussions with women only groups were conducted on pre and post project situation on sharing of work load, decision making within household and also community, changes due to membership in groups and cooperatives, attitude of men and position of women.

**Three stakeholder workshops** were conducted. Since the project focuses on two different implementation modalities for oil palm and oil seeds components and the interventions and activities are different, the stake holder workshops were conducted separately for oil palm and oil seeds. Since the oil seed component interventions is implemented in 52 districts in four regions wide spread geographically, two stakeholder workshops each covering two regions were conducted. It was ensured that the different stakeholders were represented in the stake holder workshops. The group discussions on four themes ensured that the participants could actively participate and share their views.

**Key person interviews** with the project management team were conducted on project intervention strategies, exit strategy adopted, performance of partnerships, lessons learnt, innovations adopted and scaling up potentials.



## Uganda

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### Vegetable Oil Development Project 2

### Project Completion Report

### Appendix 8: List of person met and mission's programme

Mission Dates: 17 February-06 March 2020  
Document Date: 15/10/2020  
Project No. 1100001468  
Report No. 5498-UG  
Loan ID 1000003703

East and Southern Africa Division  
Programme Management Department

This document will be publicly disclosed unless there is written dissent on its disclosure by the Borrower at the time of this document submission to IFAD or no later than the project closing date.





## Appendix 8: List of persons met and mission's programme

S. No	Name	Position	Organization
	<b>Ministry of Finance</b>		
1	Twesiime Fredrick	Acting Assistant Commissioner Development Assistance and Regional Cooperation	MFPED
2	Apio Molly	Legal Officer	MFPED
	<b>MAAIF</b>		
1	Pius K. Wakabi	Permanent Secretary	MAAIF
2	Khauka Robert	Commissioner M&E	MAAIF
3	Kimbowa Emmanuel	Principal Economist	MAAIF
	<b>PMU</b>		
1.	Ms. Connie Magomu Masaba	Project Manager	PMU
2.	Mr. Jackson Bwire	Financial Controller	PMU
3	Mr Kyofa Kabuye	Oil palm coordinator	PMU
4	Mr Fred Kasanga	Oil seeds coordinator	PMU
5	Mr Epilo James	Oil Seeds Coordinator	MAAIF/VODP2
6.	Mr. Richard Kabuleta	M&E Officer	PMU
7.	Mr. Roger Mulinde	M&E Officer	PMU
8.	Mr. Kokas Okanya	Procurement Officer	PMU
9.	Mr. Amuza Waigo	Procurement Assistant	PMU
10.	Mr. Hudson Sekimpi	Finance Officer	PMU
11.	Ms. Susan A Lakwonyero	Credit and Finance Officer	PMU
	<b>DLGs</b>		
12	Ms. Saawo Harriet	DLG - KALANGALA	
13	Mr. Nsimbi Frank	DLG- KALANGALA	
	<b>KOPGT</b>		
14	Mr. Aaron Katayi	Committee Member	KOPGT
15	Mr. Balironda David	General Manager	KOPGT
16	Mr. Fredrick Sulwe	Finance and Operations Manager	KOPGT
17	Mr. Bagonza Moses	Program Officer – Household Mentoring	KOPGT
18	Mr. Amos Arimo	Officer	KOPGT
19	Mr. Bisulan Disan	Officer	KOPGT
	<b>SOPGCO</b>		
20	Mr. Fredrick Muletwa	SOPGCo Focal Point	SOPGCo
	<b>SACCO</b>		
21	Mr. Were Charles	Chairman	SOPAG/SACCO
	<b>OPUL</b>		
22	Mr. Abel Mukalu	HR Manager	OPUL
23	Mr. Saridin Damanik	General Manager	OPUL

	<b>OIL SEED HUBS</b>		
24	Mr. Emmanuel Ogwang	West Nile hub Coordinator	PMU
25	Mr. Kasango Fred	Lira Hub Coordinator	PMU
26	Mr. Emmanuel Tukei	Gulu Hub Coordinator	PMU
27	Mr. Sembatya Charles	Mbale Hub Coordinator	PMU
	<b>PRIVATE SECTOR OIL MILLS</b>		
28	Ms. Gloria	MMP/Nile Agro	Lira
29	Mr. Patel	MMP/ Nile Agro	Lira
	<b>RESEARCH -NARO</b>		
30	Mr. Moses Biruma	Scientist	NaSSARI
31	Dr Ddamulira Gabriel	Scientist	NaSSARI
	<b>STAKE HOLDERS</b>		
32	Mr. Masolo Fred	Officer	KOPGT
33	Mr. Tusiime Richard	UCA	
34	Mr. Kitimbo Siraje	UCA	
35	Mr. Balironda David Mukasa	KOPGT	
36	Mr. Kasirye Augustine	KWEBE	
37	Ms. Saawo Harriet	KDLG	
38	Mr. Nsimbi Frank	KDLG	
39	Mr. Asiimwe Ivan	UCA	
40	Ms. Nambatya Milly	SOPAG	
41	Ms. Ochola Sunday	OPUL	
42	Mr. Jjuko Robert	KIZIRA SACCO/FARMER	
43	Mr. Turyahikayo Frank	KOPGT	
44	Mr. James Kamukama	CONSULTANT	
45	Ms. Nalweyiso Guendorine	KOPGT	
46	Mr. Kankaka Patrick	KOPGT	
47	Mr. Kigundu Joel	KOPGT	
50	Mr. Kataayi Alozi	FARMER	
52	Mr. Damulira Gabriel	NACRI/NARO (SRO)	
53	Mr. Mulato Fredrick Mbabali	KOPGT/SOPGCO	
54	Mr. Lukwago Gerald	KOPGT	
55	Mr. Mawejje Edrisa	KOPGT	
56	Mr. Kyogula Roy	KOPGT	
57	Mr. Kizza Robinson	FARMER	
58	Mr. Cancoo Diamond	KOPGT	
59	Mr. Kuyonge Umar	KOPGT	
60	Mr. MAnishamwe Wilson	Farmer	
61	Ms. Nagganda Jane Francis	Farmer	
62	Ms. Nakirundu Winfred	Farmer	
63	Ms. Mukasa Betty	Farmer	
64	Ms. Akirapa Tobisa	Farmer	

## Mission's Programme

Date	Activity	Location
16 Feb 2020	Mission arrival	Kampala
17 Feb 2020	Meetings with PMU, project presentations and discussions	Kampala
18 Feb 2020	Meetings with PMU, project presentations and discussions with Consultants engaged by the project for Project Completion Report preparation	Kampala
19 Feb 2020	Travel to Kalangala	Kalanagala
20 Feb 2020	Meeting with KOPGT and OPUL and field visits	Kalangala
21 Feb 2020	Stakeholders' workshop – Oil palm farmers	Kalangala
22 Feb 2020	Team consultation	Kampala
23 Feb 2020	Travel to Lira	Lira
24 Feb 2020	Field visit – oil mills	Lira
25 Feb 2020	Stakeholder's workshop – Oilseeds farmers of Lira and West Nile hub	Lira
26 Feb 2020	Stakeholders' workshop	Gulu
27 Feb 2020	Field Visit – Oil seed farmers and travel to Gulu	Gulu
28 Feb 2020	Working session with PMU, report writing and data finalization	Kampala
29 Feb 2020	Meetings with PMU	Kampala
1 Mar 2020	Meetings with PMU	Kampala
2 Mar 2020	Meetings with PMU	Kampala
3 Mar 2020	Meetings with PMU	Kampala
4 Mar 2020	Wrap up with MAAIF	Entebbe
5 Mar 2020	Wrap up with PMU	Kampala
6 Mar 2020	Wrap up with the Ministry of Finance and Mission departure	Kampala



## Uganda

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### Vegetable Oil Development Project 2

### Project Completion Report

### Appendix 9: Final wrap-up/stakeholder workshop findings

Mission Dates: 17 February-06 March 2020  
Document Date: 15/10/2020  
Project No. 1100001468  
Report No. 5498-UG  
Loan ID 1000003703

East and Southern Africa Division  
Programme Management Department

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## Appendix 9: Final wrap-up meeting minutes

1. The mission held a wrap up meetings with MAAIF and a briefing meeting with MFPED on 4 March 2020 and 6 March 2020 respectively. The wrap up meeting at MAAIF was chaired by Mr Pius K Wakabi, Permanent Secretary, MAAIF and attended by the Ms Lakshmi Moola, Country Director, IFAD, officials of MAAIF and PMU, and PCR Mission members. The full list of participants and the proceedings are provided below.

### 2. Participants of MAAIF wrap up meeting

No.	NAME	TITLE	ORGANIZATION
1.	Pius K. Wakabi	Permanent Secretary	MAAIF
2.	Lakshmi Moola	Country Director	IFAD
3.	Shreekantha Shetty	Mission Leader	IFAD Consultant
4.	Girija Srinivasan	Consultant	IFAD Consultant
5.	Khauka Robert	Commissioner M&E	MAAIF
6.	Connie Magomu Masaba	Project Manager	MAAIF/VODP2
7.	Jackson Bwire	Financial Controller	MAAIF
8.	Richard Kabuleta	M&E Officer	MAAIF
9.	Susan Lakwonyero	Credit and Finance Officer	MAAIF/VODP2
10.	Kyofa Kabuye	Oil Palm Coordinator	MAAIF/VODP2
11.	Emmanuel Ogwang	Hub Coordinator Arua	MAAIF/VODP2
12.	Charles Sembatya	Hub Coordinator Eastern Uganda	MAAIF/VODP2
13.	Alex Nakuya	Officer Administrator	MAAIF/VODP2
14.	Wanyoto Anthony	Communication and KM Officer	MAAIF/VODP2
15.	Epilo James	Oilseeds Coordinator	MAAIF/VODP2
16.	Mulinde Roger	M&E Officer	MAAIF/VODP2
17.	Kimbowe Emmanuel	Principal Economist	MAAIF
18.	Sulwe Fredrick	FAM- KOPGT	MAAIF/VODP2

### 3. Proceedings of MAAIF wrap up meeting

PROCEEDINGS
<p><b>Introduction</b></p> <p>The meeting was called to order by the Chairperson and participants were requested to introduce themselves.</p>
<p><b>Communication from Chairperson, Mr. Pius Wakab, Permanent Secretary MAAIF</b></p> <ol style="list-style-type: none"> <li>1. The Chairperson welcomed the members of the IFAD mission and MAAIF staff present.</li> <li>2. Apologized for keeping members waiting for long which he explained was due to the urgent matters related to desert locusts which have invaded the Northern parts of the country, and the ministry is responsible for the interventions against the locusts.</li> <li>3. He thanked IFAD for the support to the Ministry in particular and the country in particular towards poverty reduction. In particular, he appreciated the progress registered in oil palm financing in Kalangala.</li> <li>4. He apologized for not meeting the mission at the beginning which was due to other engagements but acknowledged and thanked the project management for keeping him up-to date and in the know of what has been taking place.</li> <li>5. Welcomed the mission from the field and wished them a good stay in Uganda</li> <li>6. He called upon the Country Director to brief the meeting about the progress and purpose of the Mission.</li> </ol>
<p><b>Communication from Ms Lakshmi Moola, Country Director, IFAD</b></p> <ol style="list-style-type: none"> <li>1. The Country Director thanked the Permanent Secretary for providing time to meet them and for the continuous support and quick response.</li> <li>2. Informed the meeting that the Oil Palm investment completed in December 2018 and oil seeds completed in December 2019.</li> </ol>

<ol style="list-style-type: none"> <li>For sustainability, the project has been scaled up into 2 projects; the National Oil Palm Project (NOPP) which became effective during November 2018 and the National Oil Seeds Project (NOSP) which is in advanced stages of the approval.</li> <li>Informed the meeting that IFAD has fielded a project completion review mission to validate the project completion report prepared by the consultants contracted by the Ministry in addition to assessing and documenting overall project implementation performance and the results achieved, reflecting on the relevance, effectiveness, efficiency and sustainability of project interventions.</li> <li>Informed the PS about the composition of the mission which included, the experts from various domains relevant to the project.</li> <li>She invited the Team Leader Mr. Shree Shetty to present to the Ministry the mission findings and recommendations.</li> </ol>
<p><b>Presentation IFAD Completion mission report highlights: Mr. Shreekantha Shetty</b></p> <ol style="list-style-type: none"> <li>The Team leader presented to the Ministry the findings and recommendations made by the mission. The achievements in respect of outreach, output and outcomes were presented.</li> <li>He emphasized on the lessons learnt, which were incorporated into the design of NOPP and NOSP. Some of the lessons pointed out are: (i) Perfect loan repayment by the farmers is possible in a value chain with close interdependence between buyers and sellers with a neutral facilitator; (ii) Efficient system and processes for the management of the development loan management is a pre-requisite and preferred option is to use a financial Institution to manage the credit scheme, (iv) Efficient extension system is necessary to enhance productivity; and (v) Investment in rural infrastructure is necessary to enhance oilseeds production</li> <li>The recommendations discussed include: (i) Reconcile inputs - fertilizer and seedlings given to farmers; (ii) Set up a committee to resolve farmers' disputes; (iii) Strengthening SOPGCO – gradual taking over of roles from KOPGT; (iv) Road maintenance plans be developed; (v) Oil palm development policy including the enforcement and regulation of the policy need to be formulated; and (vi) Submission of Audit of project accounts and all pending WAs to IFAD prior to 15/06/2020.</li> </ol>
<p><b>Discussions</b></p> <ol style="list-style-type: none"> <li>The issue of use of dividends for the benefit of the entire community was discussed against the current thinking of supporting the oil palm farmers. A decision will have to be taken as to what percentage of the dividends need to be utilized for the benefit of the entire community and what percentage for the benefit of the oil palm farmers.</li> <li>The issue of quantifying the achievements in the oilseeds component was discussed. The Country Director, IFAD suggested the need for an impact study covering the oilseeds project area on the lines similar to that of Kalangala which made comparison of the 2 scenarios before and after project investment in comparison to non-project benefiting areas / communities on the island.</li> <li>Mr Khauka Robert, Commissioner M&amp;E, MAAIF, emphasized the need for review of the entire results framework and matrix and the impact in oilseeds attributed to VODP2 since there are many players in the oil seeds value chain.</li> <li>Development of National Oil Palm Policy will be prioritized by MAAIF.</li> </ol>
<p><b>Closure</b></p> <ol style="list-style-type: none"> <li>The members agreed that there is need to conduct an impact study especially in oil seeds areas.</li> <li>The Permanent Secretary promised to take the matter related to dividends and Oil Palm Policy to the top management of the Ministry for further deliberations.</li> <li>There being no other issues to discuss, the Chairperson thanked mission members. The meeting was closed at 12.20 noon</li> </ol>

4. The briefing meeting at MFPED was chaired by Mr Twesiime Fredrick, Acting Assistant Commissioner, MFPED and attended by the Ms Lakshmi Moola, Country Director, officials of MAAIF and PMU, and PCR Mission members. The full list of participants and the proceedings are provided below:

## 5. Participants of briefing meeting with MFPED

No.	NAME	TITLE	ORGANIZATION
	Twesiime Fredrick	Acting Assistant Commissioner Development Assistance and Regional Cooperation	MFPED
	Lakshmi Moola	Country Director	IFAD
	Connie Magomu Masaba	Project Manager	MAAIF/VODP2
	Apio Molly	Legal Officer	MFPED
	Kyofa Kabuye	Oil Palm Coordinator	MAAIF/VODP2
	Susan Lakwonyero	Credit and Finance Officer	MAAIF/VODP2
	Epilo James	Oil Seeds Coordinator	MAAIF/VODP2
	Balironda David	General Manager OPUL	MAAIF/VODP2
	Sulwe Fredrick	Accountant OPUL	MAAIF/VODP2
	Shreekantha Shetty	Mission Leader	IFAD Consultant
	Girija Srinivasan	Consultant	IFAD Consultant
	Davis Atungoza	Consultant	IFAD Consultant
	Benjamin Odongo	Research Assistant	MFPED

## 6. Proceedings of briefing meeting with MFPED

<p><b>Introduction</b></p> <p>The meeting was called to order by the Chairperson and participants were requested to introduce themselves.</p>
<p><b>Communication from the Chairperson, Mr. Twesiime Fredrick, Acting Assistant Commissioner, Development Assistance and Regional Cooperation.</b></p> <ol style="list-style-type: none"> <li>4. Welcomed all the participants.</li> <li>5. Thanked IFAD for the financial support given to Agricultural sector.</li> <li>6. Informed the meeting that VODP has been a flagship project in the country</li> <li>7. Appreciated the support to Vegetable Oil development in the country for national edible oil sufficiency and for export to the neighbouring regional markets.</li> <li>8. Underscored the innovative approach of Public Private Producer Partnership model of project implementation under VODP2 and that this approach can be used for implementation of similar projects in the future.</li> <li>9. Project Completion Report is needed by the Development Partners as a way of tracking the progress of the project implementation and performance.</li> <li>10. Welcomed VODP2 Project Manager to give her comments.</li> </ol>
<p><b>Communication from Mrs Connie Magomu Masaba, Project Manager VODP</b></p> <ol style="list-style-type: none"> <li>1. The IFAD consultants on project completion mission have been working in the field with VODP2 staff for the last 3 weeks and now have a draft report to present.</li> <li>2. Appreciated the technical and professional approach the consultants exhibited during the mission.</li> <li>3. The mission visited project areas and met with the implementing agencies.</li> <li>4. Acknowledged the challenges of dependable data and appreciated the support from the mission in corroborating the data from the field.</li> <li>5. Reported that the project had touched and improved lives, both under oilseeds and oil palm components. Impact stories were documented and shared with the mission members.</li> <li>6. Appreciated the support from the MFPED during the entire VODP2 project life.</li> <li>7. Thanked IFAD for the financial and technical support to the GoU over the years.</li> <li>8. Called for continued support and collaboration during the implementation of NOPP and NOSP.</li> </ol>
<p><b>Communication from Ms L. Moola , IFAD country Director</b></p> <ol style="list-style-type: none"> <li>1. Thanked MFPED for the continued cooperation and support given to the project and IFAD.</li> <li>2. Agreed with the Chairperson that truly VODP2 has been a flagship project in the country.</li> </ol>

<ol style="list-style-type: none"> <li>3. VODP2 has been under implementation over the last 8 years and had 2 main components; Oil palm and Oilseeds Components. The Oil palm component closed on 31st December 2018 while the Oilseeds officially ended on 31st December 2019. However, some completion activities are running till 30th June 2020. One of the activities includes preparation of the Project Completion Report by GoU. The Oil palm component completion report has already been prepared.</li> <li>4. IFAD has fielded project completion review mission whose task is to assess and document overall project implementation performance and the results achieved, reflecting on the relevance, effectiveness, efficiency and sustainability of project interventions.</li> <li>5. Investment on Vegetable oil has been scaled up through the National Oil Palm Project (NOPP).</li> <li>6. National Oilseeds Project (NOSP) is undergoing approval processes to scale up oilseeds sector</li> <li>7. The IFAD Mission consultants have been in the field for 3 weeks and have prepared a draft report to present to the meeting.</li> <li>8. Appreciated the MAAIF and PMU for support given to the team of consultants.</li> </ol>
<p><b>Presentation IFAD Completion mission report: Mr. Shreekantha Shetty</b></p> <ol style="list-style-type: none"> <li>1. A power point presentation detailing the findings on the mission was presented.</li> <li>2. Thanked the PMU of VODP2 for the support during the field data and information collection and for the secondary data provided in form of reports and various studies conducted for the project over the years.</li> </ol>
<p><b>Discussion and way forward</b></p> <ol style="list-style-type: none"> <li>1. KOPGT Sustainability: There is need to develop a clear strategic business plan with careful consideration of core functions to be undertaken by KOPGT. SOPGCO need to be supported with competent management support to evolve as a member owned and managed institutions.</li> <li>2. Need to develop a perpetual strategic solution (not short term) for use of dividends. A framework needs to be developed for use of dividend for benefit the entire Kalangala community in the form of public goods and not just to support oil palm farmers.</li> <li>3. Roads constructed under VODP2 need to be maintained.</li> <li>4. Completion report by the project for Oilseeds component should be finalized by April 2020.</li> <li>5. Submit the audit report and remaining withdrawal applications t by IFAD by 15 June 2020.</li> </ol>
<p><b>Adjournment</b></p> <ol style="list-style-type: none"> <li>1. The Chairperson thanked the IFAD-VODP2 Project Completion Review mission for the comprehensive report presented and urged them to incorporate in the report comments shared in the meeting.</li> <li>2. Expects MAAIF/VODP2 to immediately expedite the recommendations made by the mission.</li> <li>3. Closed the meeting</li> </ol>

## Appendix 9: Stakeholder workshop findings

As a part of the project completion review, a stakeholder workshop was conducted in Kalangala on 21 February 2020 covering oil palm farmers. Thereafter two stakeholder workshops were conducted in Lira on 24 February 2020 and Gulu on 27 February 2020 covering oilseed farmers. The details of these three workshops are provided below.

### A. Stakeholder workshop – Kalangala

The stakeholder workshop at Kalangala was conducted on 21 February at KOPGT and was attended by the representatives from DLG, KOPGT, SOPGCO, SACCO, farmers both men and women, UCA, OPUL, etc., after brief opening remarks on the purpose of the workshop and agenda, the participants formed into four groups and discussed the key questions set out for them. This was followed by detailed presentations by each group. The workshop concluded by taking note of the key recommendations of the groups to be considered and implemented.

#### A.1 Group presentation summary with a gist of deliberations of Group-1 on Relevance & Effectiveness of VODP 2 are provided below:

**Team Leader** : Kabuye Kyofa

**Rapporteur** : Bagonza Moses

#### Members

Name	Organisation/Designation
Nsubuga Constantino	Farmer
Enid Twongyeirwe	KOPGT Field Officer
Nakintu Esther	KOPGT Harvesting Officer
Kibule Isaac Ssabakaale	KOPGT
Mugenyi John	Farmer
Nganda Juluis	Farmer
Kabuye Kyofa	NOPP/VODP2
Bagenda Moses	KOPGT Asst Accountant
Ssemwanga Boaz	Farmer

#### Gist of deliberations

Domain of RELEVANCE AND EFFECTIVENESS	Group response	Recommendations for future
How relevant was the project design to the needs of targeted beneficiaries? Was it flexible? Please explain with example(s). Were there any changes made to the design during the course of implementation? Please explain with example(s).	Improved incomes of the oil palm farmers compared to non-oil palm farmers. Increased production of crude oil palm in Uganda, which has never been the case before. There was expansion to other islands. Yes there were changes. Supported spontaneous farmers on Bugala and Masaka-those received seedlings, fertilizer but no maintenance cash.	Continuous technical support to farmers. Communication and publicity to tackle environment related concerns. More seedlings are needed to include farmers who want to join the project.
Is the project design still relevant and appropriate? Please explain with example(s).	Yes very relevant Marketing of FFB Control price to avoid monopoly exploitation	Continuous Maintenance of roads and Marketing infrastructure

Domain of RELEVANCE AND EFFECTIVENESS	Group response	Recommendations for future
	Road network Provision of quality inputs	
What are the key success factors?	Provision of quality inputs Technical support to farmers FFB marketing Financing and credit access by the farmers	More technical support is needed
Were there any challenges that caused hindrance to project's implementation?	Yes Political interference especially those against establishment under guise of environmentalist Complex land tenure systems limiting many potential tenants to participate Negative propaganda of land grabbing Poor land use planning – planting before road designs and road construction	Land use planning is very key before planting Improving public relations
What are the main activities funded by the project at farmer/farmer group level?	Training and technical support Farm inputs Collection of FFB Maintenance of gardens	More support towards farmers' trainings and technical advice
How effective was the project in achieving its key outcomes/benefits? (examples listed below) Improvement in assets ownership of participating farmers. Reduction in the prevalence of child malnutrition. Increased vegetable oil consumption. Profitable Oil palm and oilseeds production by farmers. Any other	Highly effective in the following aspects / areas Educating children in good schools Improvement in medical access Improved standards of living Saving culture improved Farmers have become more credit worthy Attainment of new skills and knowledge by farmers in various technical areas Improvement in housing conditions ( timber to permanent houses ) Improved transport and other infrastructure –safe water supply	
Did the project effectively target smallholder farmers? What strategies were used for targeting?  Were these strategies effective?	Yes Strategies used for targeting Considering people with small pieces of land (<1 acre) to also participate Mass sensitisation and mobilisation of communities using radios, village meetings and local advertisement Strategies were effective in targeting	

Domain of RELEVANCE AND EFFECTIVENESS	Group response	Recommendations for future
<p>Were investments in capacity building of the following institutions adequate?</p> <p>Farmer Organisations.</p> <p>Oil Palm Growers Associations</p> <p>Oil Palm Growers Trusts</p> <p>National Environmental Management Authority</p> <p>District Local Governments.</p> <p>Are these investments generating expected benefits and returns to the participating beneficiaries?</p> <p>Give examples of the types of benefits vis a vis investment.</p>	<p>Capacity building investment was adequate though needs continuity</p> <p>The following institutions were involved in oil palm</p> <p>KOPGA</p> <p>KOPGT BOARD</p> <p>SACCO / SOPGCO</p> <p>KDLG</p> <p>CBO-KIZIRA</p> <p>Yes</p> <p>Eg. KOPGA transformed to a cooperative and blocks and units strengthened</p> <p>Farmers sacco capacity built and strengthened</p> <p>Self-sustainability of KOGPT</p>	<p>More institutional strengthening measures are needed.</p>

**List key lessons learnt on project effectiveness and relevance:**

1. Ownership of the project by the farmers and communities is key for success
2. Commitment of all parties involved in the project is key in fulfilment of the project objectives
3. Proper planning and organising an effective utilisation of resources leads to achievement of the project objectives and goal
4. Good and reliable technical support to farmers is vital in the project success
5. Availability of market for farm produce
6. Improvement in the infrastructural development and social amenities like roads, electricity are vital in the rural development and change.

**A.2 Group presentation summary with a gist of deliberations of Group-2 on Project Efficiency of VODP 2 are provided below:**

**Team Leader** : Mr.Balinda David Mukasa

**Rapporteur** : Mr.Arimu Amos

**Members**

Amos Arimo	KOPGT
Bisula Disan	KOPGT
Masolo Fred	KOPGT
Tusiime Richard	UCA
Kitimbo Siraje	UCA
John Higenvi	VODP2
Balinronda David Mukasa	KOPGT
Kasirye Augustine	KWEBE
Saawo Harriet	KDLG
NSIMBI FRANK	KDLG

### Gist of deliberations

Domain of EFFICIENCY	Group response	Recommendations for future
Were budgetary allocations in line with AWP &B and whether there were any deviations? If there were deviations, what are the reasons?	Yes, if there were changes, these were in line with AWP&B before expenditures were made. No deviations in the allocations were made.	The AWP&B must be done timely with adequate consultations of the stakeholders to capture all aspects of implementation
Were there timely and adequate financing contributions from the project?	Yes timely and adequate financing was availed to implementing agencies	
Was there timely and adequate in-kind contribution from the beneficiaries?	Beneficiary contributed in the following areas 25% on the maintenance of their oil palm gardens Road construction NB: Farmers refused to provide murram/ gravel for placing on the newly constructed roads.	Engage the stakeholders in advance to enhance their contributions
Were investments in oil palm production expansion (seedling, planting and extension service) adequate? Did these investments help the participating households meet their needs? <b>Explain how?</b>	Seedlings adequately provided but not timely Extension services adequately provided and replicated in the outlying islands Yes. The investments helped households meet their needs especially the labour demands	Inputs (seedlings) must be provided timely to ensure uniform plantations Farmers should also invest in the project and meet some of the costs e.g. Purchasing of seedlings and inputs
Were investments in activities supporting farmers and processors adequate? Are these investments generating expected benefits and returns to the participating beneficiaries? Please explain	Funds were adequately provided but farmers did not adhere to the practices, fertilizer application regimes Yes. There is improvement of the household incomes, education, infrastructure development, employment opportunities, etc.	Intensify monitoring of the investments. Bylaws to be put in place to ensure adherence to plans Project should also focus on non-oil palm farmers to promote sustainable development and harmony in the community. Continue with the level of investment but intensify monitoring and supervision
Were investments on programme management at the	At district level inadequate	More infrastructure support should be provided. And also for activities that affect the community

Domain of EFFICIENCY	Group response	Recommendations for future
district level adequate? Explain		

#### List key lessons learnt on project efficiency

1. Planting should be done in as short span to ensure Uniform planting and avoid staggering
2. Empower farmer leadership at all levels to manage farmers issues like fertilizer application, quality of the produce
3. To ensure efficiency in project implementation collaborative partners should focus on issues that affect farmers

#### A.3 Group presentation summary with a gist of deliberations of Group-3 on Project Impact and Innovation are provided below:

**Team Leader** : Mr.Wanyoto Anthony

**Rapporteur** : Mr.Kiyonga Umar

#### Members

Name	Orgarnisation/Designation
Nalweyiso Guendorine	KOPGT
Damulira Gabriel	NACRI/NARO (SRO)
Mulato Fredrick Mbabali	KOPGT/SOPGCO
Lukwago Gerald	KOPGT
Nkwasibwe Anthony	NOPP/VODP
Maweije Edrisa	KOPGT
Kyogula Roy	KOPGT
Kizza Robinson	FARMER
Cancoo Diamond	KOPGT
Anthony Wanyoto	NOPP/VODP
Kuyonge Umar	KOPGT
Manisahmwe Wilson	FARMER

#### Gist of deliberations

Domain of RURAL IMPACT (on rural poverty)	Group response	Recommendations for future
Did the project interventions result in increase in annual income of participating farmers? What is the approximate extent of annual income increase?	YES. Farmers' income increased The income increase varies from one farmer to another depending on the size of garden	Financial literacy should be extended to all members of the community
Did the project interventions result in increase in household assets? Give examples (productive assets and consumption assets).	Yes increase in household assets eg. Land, housing, cars. motorcycles, cows	Financial literacy and discipline for proper use of the money gained
Did the project interventions result in women empowerment and social capital building?	Yes Women have control over the resources and many are accessing credit on their own	Household mentoring should be increased

Increased control over resources and income; decision making; access to social entitlements; social cohesion; reduction in workloads; Drudgery reduction etc. Give examples.	There is social cohesion A reduction in drudgery registered; women engage helpers for home and garden	Counselling sessions organised for both women and men There should be mandatory savings
Did the project interventions result in improved food security at household level? Give concrete examples. Was there also a change in the dietary patterns within households? If yes, enlist changes.	Improved food security, promotion of other enterprises eg. poultry, piggery, rice , goat rearing Change in dietary patterns; households purchase good food	Sensitisation of the communities on dietary Training in land use planning To promote food crops
Did the project interventions result in improved agricultural and/or enterprise productivity. e.g. increase in sales, increase in turnover, access to markets, adoption of better practices etc. Give examples	Yes, there is an improvement in production and access to market	Intercropping and proper use of the land
What impact has the project had on the Environment & Natural Resources Management?	Rampant deforestation which has been reduced with the commencement of the project The environment is hugely affected in areas where there is no oil palm	Environment campaigns to be extended to other areas
What are the best innovations in the project? Give examples. Are these innovations replicable/ scalable? If so, what is required to do so?	Partnership agreements Farmers structures Women empowerment Financing model The bursary / scholarship programme Gang approach to provide labour Agro tourism Electricity safe water etc	Technical backstopping to help sustain the new innovations

#### List key lessons learnt on project impact and innovation

1. Creation of farmer organisations very key for impact
2. improvement in the infrastructure services
3. honouring of the tripartite agreement
4. Easy access to financial services by farmers
5. Capacity of farmers for paying back the loan
6. Spontaneous farmers joining the project

**A.4 Group presentation summary with a gist of deliberations of Group-4 on Sustainability of VODP 2 are provided below:**

**Team Leader** : Mr.Turyahikayo Frank

**Rapporteur** : Mr.Jjuuko Robert

**Members**

Name	Institution
Asiimwe Ivan	UCA
Nambatya Milly	SOPAG
Benyamen Maraka	VODP2/NOPP
Ochola Sunday	OPUL
Jjuko Robert	KIZIRA SACCO/FARMER
Turyahikayo Frank	KOPGT
James Kamukama	CONSULTANT
Nalweyiso Guendorine	KOPGT
Kankaka Patrick	KOPGT
Kigundu Jorl	KOPGT
Kataayi Alozi	FARMER

**Gist of deliberations**

Domain of SUSTAINABILITY	Group response	Recommendations for future
<p>What factors are currently contributing to the sustainability of the Farmer Groups, Associations and Trusts promoted under the project?</p> <ul style="list-style-type: none"> <li>- Institutional</li> <li>- Social/ Human Capital</li> <li>- Governance structures</li> <li>- Financial/ Economic</li> <li>- Others (if any)</li> </ul>	<p>Existence of legal and policy framework. e.g. HR Policy, Board Policy, management information systems, etc</p> <p>Farmers and general community which are very supportive,</p> <p>Competent human resource</p> <p>Government support</p> <p>Gender sensitivity –involvement of the youths and women</p> <p>AGMs for the farmers and farmer leadership executives</p> <p>Existence of financial institutions</p> <p>Ready market for FFB</p> <p>Timely payment</p> <p>Participation of the farmers</p> <p>10% shareholding that pays dividends</p> <p>Security , infrastructure and enabling environment</p>	
<p>What factors may negatively affect the sustainability of the project promoted Farmer Groups, Associations and Trusts after the project?</p> <ul style="list-style-type: none"> <li>- Internal factors: governance, disruption</li> </ul>	<p>Internal factors- system that doesn't avail a complete farmer loan statement,</p> <p>Low mobilisation of farmers to join the SACCO</p> <p>Less productivity per unit area</p> <p>Governance</p> <p>External factors</p>	

<p>in cost recovery plans, fiscal discipline etc</p> <ul style="list-style-type: none"> <li>- External factors: other government programmes; policy decisions, political interference etc.</li> </ul>	<p>Political interference</p> <p>Unfavourable government policies e.g. taxation of the SACCOs</p> <p>Weather changes</p> <p>Poor road infrastructure</p>	
<p>What are the long term gains of creating Farmer Groups, Associations and Trusts - to households</p> <ul style="list-style-type: none"> <li>- to communities</li> <li>- to government</li> <li>- to other stakeholders</li> </ul>	<p>Long-term gains</p> <p>Improved incomes</p> <p>Education</p> <p>Employment to youths</p> <p>Increased tax base for Govt</p> <p>Reduced income insecurity</p> <p>Effective usage of government facilities</p> <p>Growth of the business sector</p> <p>Cooperation within the communities</p>	
<p>What mechanisms need to be put in place to ensure that the sustainability of the Farmer Groups, Associations and Trusts is maintained?</p>	<p>Regular supervision and monitoring by IFAD, GOU</p> <p>Ensure development and implantation of the policies</p> <p>Continuous capacity building</p> <p>Building a network within the stakeholders</p> <p>Proper accountability and transparency</p> <p>Creation and intensified ownership of the project by the communities through continuous mobilisation and sensitisation</p>	<p>System for accountability</p> <p>Exposure visits</p> <p>Development of policies</p> <p>Build network with other stakeholders</p>

#### List key lessons learnt on sustainability

1. Power of cooperation is key in resource mobilisation
2. The spirit of internal resource mobilisation
3. Collective aggregation and marketing of farmers' FFB
4. Triangular model ( Sacco, cooperative and farmers ) with a facilitator

#### B. Stakeholder workshop – Lira

Stakeholder workshop was organized on 24 February 2020 in Lira for the stakeholders of oilseed component covering Lira hub and Eastern Uganda hub. In all, 32 participants participated from farmer groups/cooperatives, PSPs, DLGs, millers, seed suppliers, UNBS, etc. The hub coordinator, West Nile presented the overview, key outputs and outcomes of the oilseed component. The workshop objectives and agenda were shared. The participants formed into four groups and had in depth discussions on the key questions posed to them. This was followed by the group presentations and discussions on recommendations. The workshop concluded taking into consideration the key recommendations to be implemented under next phase of the project.

**B.1 Group presentation summary with a gist of deliberations of Group-1 on Relevance & Effectiveness of VODP 2 are provided below:**

**Team Leader** : Mr. Ocen Bonny

**Rapporteur** : Mr. Lwalinda Isaiiah

**Members** : 15 members from cooperatives, millers, seed companies, farmers, DLGs, etc.

**Gist of deliberations**

Domain of RELEVANCE AND EFFECTIVENESS	Group response	Recommendations for future
How relevant was the project design to the needs of targeted beneficiaries? Was it flexible? Please explain with example(s). Were there any changes made to the design during the course of implementation? Please explain with example(s).	The PPP design was very appropriate. Farmer learning platform approach was relevant and effective. Farmers gained skills in agronomy and they enabled fellow farmers to learn Yes. The design was flexible and it allowed different PSPs to implement different approaches Adoption of VSLA helped to attract FIs to support groups with good VSLA profiles Introduction of the PSPs improved the quality of delivery Adoption of Household mentoring brought a positive impact on the promotion of gender equality in the households mentored.	PPP should continue Linkage to Financial institutions should be improved with strategies to lower lending interest rates
Is the project design still relevant and appropriate? Please explain with example(s).	Yes. FLP, PPP, LSB, VSLA	Strengthen VSLA to become bankable The FLP, PPP, LSB, and VSLA should be maintained in next phase.
What are the key success factors? <i>These are only for guidance;</i> a) Quality of programme management b) support from service providers/ partners c) convergence/ collaboration with local and central government d) support/ guidance from ministry e) Any other factors.	The PMU and Hubs worked well in coordinating activities and supervision was very useful Regular IFAD supervision missions and technical support visits ensured the project was on track Budget Monitoring and Accountability Unit (BMAU) ensured adherence The uniqueness of the PSP model in Market linkages, Capacity building, Collaboration among VC actors Convergence between Central government, Local government, PSPs and PMU brought synergy	The national Seed Certification unit should be brought closer. The PSP model should continue Sharing of reports with Local governments by PSPs should continue and improve. Registration of traders in each sub-county to control malpractices

Domain of RELEVANCE AND EFFECTIVENESS	Group response	Recommendations for future
Were there any challenges that caused hindrance to project's implementation?	Marketing- breach of contracts, price fluctuations, side selling Climate change Inadequate financing High interests on loans Limited access to quality seed High cost of labour	
What are the main activities funded by the project at farmer/farmer group level.	Training Demonstration through farmer learning platforms Supervision and monitoring	
How effective was the project in achieving its key outcomes/benefits? (examples listed below) Improvement in assets ownership of participating farmers. Reduction in the prevalence of child malnutrition. Profitable oilseeds production by farmers. Improved milling capacity utilization. . Any other outcomes/benefits	Housing improvement Animals purchase Solar panels Bicycles Radios Phones Yes, families are feeding children on soy products Sending children to school Increased production and milling	
Did the project effectively target smallholder farmers? What strategies were used for targeting? Were these strategies effective?	Yes; more women than men participating in the project Farmer group approach was effective in including small holder	
Were investments in capacity building of the following institutions adequate? Farmer Organisations. Pay for Service Providers National Crops Resources Research Institute (responsible for soybean) National Semi-arid Resources Research	Farmer organisations- yes Yes –enrolled more staff Conducted more trainings NACRRI - New varieties developed and accessed; Staff trained New varieties developed and accessed; Staff trained Yes NSCS – Yes Some. LSBs quality controlled seed	Train VSLAs/SACCOs on governance and financial management

Domain of RELEVANCE AND EFFECTIVENESS	Group response	Recommendations for future
<p>Institute (responsible oilseeds)</p> <p>National Seed Certification Service</p> <p>Oilseed Sub-sector Stakeholder Platform</p> <p>Farmer Savings groups/SACCOs.</p> <p>District Local Governments.</p> <p>Uganda National Bureau of Standards (UNBS)</p> <p>Local seed businesses.</p> <p>Oil seed millers.</p> <p>Financial Institutions.</p> <p>Are these investments generating expected benefits and returns to the participating beneficiaries?</p> <p>Give examples of the types of benefits vis a vis investment.</p>	<p>OSSUP – review meetings, trading models, Financial linkages,</p> <p>VSLA/SACCO- trainings, kits</p> <p>DLG- Extension workers were trained, CDOs trained group on gender issues</p> <p>UNBS – developed manuals to train actors and it is available on line</p> <p>LSB – were trained on quality seed production</p> <p>Oil seed millers- trainings, manuals</p> <p>Financial institutions – provided loans</p> <p>Yes-benefits are generated</p> <p>Income flow streams</p> <p>Asset acquisition</p> <p>Access to Financial services</p> <p>Bulking</p>	

**List key lessons learnt on project effectiveness and relevance:**

1. Promote Oilseeds to reduce poverty
2. Oilseeds can widen the tax base
3. Organising farmers into reputable farmer organisations increases bargaining powers
4. Multi-stakeholder platform is very key in improving the functionality of the value chain
5. Oilseeds has helped in woman empowerment

**B.2 Group presentation summary with a gist of deliberations of Group-2 on Project Efficiency of VODP 2 are provided below:**

**Team Leader and rapporteur:** Isaac

**Members:** 16 members from DLG, PSPs, hub office, farmers, oil millers,

**Gist of deliberations**

Domain of EFFICIENCY	Group response	Recommendations for future
<p>Were budgetary allocations in line with AWPB and whether there were any deviations?</p> <p>If there were deviations, what are the reasons?</p>	<p>YES &amp; NO</p> <p>For DLGs, they were not in line. Budget cuts, budget underfunding,</p> <p>As PSPs, they were generally in line (where there were deviations they were explained by PMU).</p>	<p>-Funds should be released on quarterly basis.</p> <p>-PMU should involve implementers in budget formulation, negotiations &amp; communicate budgetary deviation. (esp. to DLG)</p>

Domain of EFFICIENCY	Group response	Recommendations for future
Were there timely and adequate financing contributions from the project? PSPs and implementing agencies	-Financing contributions from the project was adequate though not timely.	-PMU to work on the gaps that were there.
Was there timely and adequate in-kind contribution from the beneficiaries?	Yes. – Farmers contributed land, labour, participation at trainings in time.	-Need for early and timely engagement of other actors work along the farmers.
Were investments in oil seed production expansion (seed, planting and extension service) adequate? Did these investments help the participating households meet their needs? <b>Explain how</b>	It was adequate to the targeted farmers including the farmer learning platforms, availability of quality seeds and engagement with input suppliers and aggregators including oil mills. The participating farmers' training needs were met. Marketing of produce needed more efforts.	Strategies to promote other complementary enterprises to ensure additional income.
Were investments in activities supporting farmers and processors adequate? Are these investments generating expected benefits and returns to the participating beneficiaries? Please explain	Yes, the investments were adequate and farmers are happy. Yes the participating beneficiaries generated expected returns (increase yield, acreages & income)	More investments and more geographical coverage
Were investments on programme management at the hub and district level adequate? <b>Explain</b>	Yes for PSPs & No for DLGs	Improvement in budgetary allocations to DLGs.

#### List key lessons learnt on project efficiency

1. Timely release on quarterly funds facilitates timely implementation of project (most activities were time/season bound).
2. Regular stake holders' engagement improves the timeliness in implementation.
3. Adequate release of fund affects the actors' performance / commitments.

#### B.3 Group presentation summary with a gist of deliberations of Group-3 on Project Impact and Innovations of VODP 2 are provided below:

**Team Leader** : Okwir Isaac Emma

**Rapporteur** : Pamela Ebanyat

**Members** : 14 members from DLGs, PSPs, financial institutions and farmers.

### Gist of deliberations

Domain of RURAL IMPACT (on rural poverty)	Group response	Recommendations for future
Did the project interventions result in increase in annual income of participating farmers? What is the approximate extent of annual income increase?	Yes Increase 70% - 80% over base line	Increase ratio of Extension to the farmer Increase access to sunflower seed Increase incentives to support post-harvest handling
Did the project interventions result in increase in household assets? Give examples (productive assets and consumption assets).	Yes Houses built Oxen & Ox ploughs purchased Motorcycles & Vehicles purchased Land for constructing bulking centres purchased School fees, medical support, better diets in families.	There is need for mentorship and visioning for families to consume the increased income. Need to increase financial literacy
Did the project interventions result in women empowerment and social capital building? Increased control over resources and income; decision making; social cohesion; reduction in workloads; drudgery reduction etc. Give examples.	Yes Groups are being led by women. Women share proceeds from sales Women have access to using land Women appreciate being in groups. Labour sharing with family members	Review of customary laws to allow women own land through advocacy Increased training in gender and social inclusion.
Did the project interventions result in improved food security at household level? Give concrete examples. Was there also a change in the dietary patterns within households? If yes, enlist changes.	Yes Using increased income more food is bought at household Women make decisions for themselves and plan together buy more food Alternative cash crop of Soya bean appreciated while maize was initially used as food and cash crop – now maize totally used for food There is reduction in malnutrition to a small extent.	Increase trainings in value addition for oil seeds for instance production of soya milk Increase training in nutrition and dietary diversity.
Did the project interventions result in improved agricultural and/or enterprise productivity. e.g. increase in sales, increase in	Yes More yields realised due to improved seed, extension services and fertiliser use.	Institutional support in terms of storage, processing equipment.

turnover, access to markets, adoption of better practices etc. Give examples	Project has linked groups to markets and millers Farmer groups have been reorganised into cooperatives	
What impact has the project had on the Environment & Natural Resources Management?	Improved soil fertility. Most pulses like soya add nitrogen into the soil By products such as seed cake used as fertilisers and feed for animals Introduction of drought tolerant and disease resistant varieties – by the researchers Introduction of the zero tillage technologies and use of herbicides for weeds creating minimal soil disturbance	Promote climate smart Agriculture
What are the best innovations in the project? Give examples. Are these innovations replicable/ scalable? If so, what is required to do so?	Introduction of the VSLA model, Local seed business and Village Agent model.	Promote more of these innovations.

#### List key lessons learnt on project impact and innovation

1. Increase in acreage and production is possible if mechanisation is increased such as the ox traction.
2. Introduction of the Local seed business increased timely access to seed resulting in more acreage, seed affordability
3. VSLA eased access to finance for production.

#### B.4 Group presentation summary with a gist of deliberations of Group-4 on Sustainability of VODP 2 are provided below:

**Team Leader** : Betty Adur and Abraham Obwakori)

**Rapporteur** : Solomon Lukyamuzi and Isaac Awany

**Members** : 15 members, 5 female, 10 male from DLGs, PSPs, farmers, UCA, input suppliers, cooperatives.

#### Gist of deliberations

Domain of Sustainability	Group response	Recommendations for Future
What factors are currently contributing to the sustainability of the farmer groups, Associations and Trusts promoted under the project? - Institutional - Social/ Human Capital	Well organized operation policy. legal registration (constitutions, policies, operation.	Follow and review of the policies. Strengthen community based facilitators to help farmers in absence of PSPs. Upscale Local Seed Businesses

<ul style="list-style-type: none"> <li>- Governance structures</li> <li>- Financial/ economic</li> <li>- Others (if any)</li> </ul>	<p>Clustering of farmer groups into cooperatives/ associations.</p> <p>Community based facilitator.</p> <p>Support the formation of more Local Seed Business.</p> <p>VSLA</p> <p>Linkage to Financial.</p>	<p>Create more farmer learning platform for sharing.</p> <p>Linkage to other value chain actors to be concretised.</p>
<p>What factors may affect negatively the sustainability of the project promoted farmer groups, Associations and Trusts after the project?</p> <p>Internal factors: governance disruption in costs recovery plans, fiscal discipline etc</p>	<p>Internal control</p> <p>Founder member syndrome</p> <p>Weak leadership</p> <p>Lack of accountability</p> <p>Poor participation during meetings and group activities</p> <p>Failure to organize / schedule meetings</p>	<p>Grievance handling procedures. (policies, by-laws)</p> <p>Clear roles and responsibilities</p> <p>Periodic election of competent leaders.</p> <p>Regular, Quarterly meetings and AGM.</p> <p>DCO should be patron/ oversee group activities.</p> <p>Paying of annual subscription fee.</p> <p>Encouragement of active participation (motivation/fines)</p>
<p>External factors: other government programmes; policy decision, political interference etc</p>	<p>Competing projects</p> <p>Political interference</p> <p>Unfavorable government policies.</p> <p>Limited market (poor quality)</p> <p>Pests and diseases (locust)</p> <p>Natural disasters.</p> <p>High interest rates</p> <p>Poor roads.</p>	<p>Government regulation.</p> <p>Adhering the group constitution.</p> <p>Integrated pest Management</p> <p>Lobby and advocacy.</p> <p>Bulk marketing, market survey and linkages.</p>
<p>What are the long term gains of creating Farmer groups, Association and Trusts</p> <ul style="list-style-type: none"> <li>- To households</li> <li>- Community</li> <li>- Government</li> <li>- Other stakeholders</li> </ul>	<p>Increased production</p> <p>Improved livelihoods</p> <p>Increased incomes</p> <p>Improved food security and nutrition</p> <p>Quality services</p> <p>Urban development</p> <p>Reduce poverty</p> <p>Improved social services</p> <p>Improved income</p> <p>Quality products</p>	<p>Promote GAP</p> <p>Promote supplementary enterprises.</p>
<p>What mechanisms need to be put in place to ensure that the sustainability of the Farmers</p>		<p>There is need for another project to succeed VODP2 to upscale oilseed platform.</p>

groups, Association and Trust is maintained?		
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### List key lessons on sustainability

1. Use of PPPP (Public, private, producer partnership) is the best project success.

### B.5 A combined list of participants in the stakeholder workshop held in Lira on 24 Feb 2020

S/N	NAME	ORGANIZATION	TITLE	GENDER
1	Charles Lubandi	MAYUGE	FPP	M
2	Bazalaki Sully Nanatya	IGANGA DLG	DPF	M
3	Okui Tom	KOLIR FARMERS GROUP	C/P	M
4	Ocakara Patrick	TAPCO-KUMI	DIRECTOR	M
5	Isabirye Richard	UCA	MANAGER	M
6	Rose Angeyanyo	UCA	COMPANY	F
7	Lakwonyero Susan	VODP2/MAAAIF	CFO	F
8	Anhony Wanyoto	VODP2/MAAAIF	CKMO	M
9	Okwir Isaac	UCA	R.MANAGER	M
10	James Olal Ogwal	OYAM OIL SEED FARMER	C/PERSON	M
11	Moro Joseph	ALITO JOINT COOP	MANAGER	M
12	Solomon Lukyamuzi	SEND A COW UGANDA	M&E	M
13	Pontian Muhwezi	IFAD	CPO	M
14	Kabuye Kyoge	NOPP/VODP2	MPP	M
15	Connie Magonos Masaba	NCPP/VODP2	DOP	F
16	Ario Mike	LGDG	DAO	M
17	Ogwal Tonny Brian	UOSPA	M&E	M
18	Philip Kahuma	UNBS	PCO	M
19	Ogwang Johnson	AFSRT	AO	M
20	Kasango Fred	VODP2 MAAIF	H/C	M
21	Olinga Bwole Joseph	IFAD	PROGRAME OFFICER	M
22	Girija Srinivasan	IFAD	CONSULTANT	F
23	Paul Samuel Mbiwa	CA IRA	CAO	M
24	Odyek Francis	BEDI IJO COOP	C/P	M
25	Mary Adio	ANCC	FEO	F
26	Adula Patrick	OWALO COOP	SEC	M
27	Anyuru Thomas	UKE DLG	DPO	M
28	Mwaka Justine	POST BANK	MR	M
29	Emaku Emanuel	FPP SOROTI	FPP	M
30	Enyaku I Michael	SROTI DLG	DPO	M
31	Otim Rashid	TUKE DLG	DRIVER	M
32	Alip Patrick	LIRA DLGDG	FP P VODP2	M
33	Ogwang Mosses	ALEBTONG TEM TEKI	C/P	M
34	Rose Khainza Okello	MBALE DLG	VODP/DFPP	F
35	Omedi Ambrose	GULU	SAES MANAGER ESL	M
36	Ebonq Patrick	LIRA MILLERS	CEO	M
37	Katwesige Annet	MASINDI DLG	VODP/DFPP	F
38	Akite Sonny	MSC LIRA	FIELD ASSISTANT	F
39	Gloria Ameto	MMP AGRO	FIELD ASSISTANT	F
40	Betty C Okori	APAC DLG	FPP VODP	F
41	Gibutayi Forence	TAABU INT. COOP	CP	F
42	Kwagala Milly	NABONGO V. OIL MILLERS	CP	F
43	Ocen Bonny	OTUKE DLG	FPO	M
44	Iwalinda Isaaah	COMMUNITY RESOURCE	REGIONAL MANAGER	M
45	Robert Kajobe	COMMUNITY RESOURCE	KLA DIRECTOR	M
46	Milton Okello Ebek	LIRA RESORT ENT. LTD	OPRATION MANAGER	M
47	Charles Sembatya	MAAIF VODP2	HUB CORDINATOR	M
48	Ronald Byawkea	SG 2000	PROG OFFICER	M
49	Emmanuel Mosses Tukey	VODP2	HUB CORDINATOR	M
50	Pamela Ebanyat	SEND A COW UGANDA	PROG.MANAGER	F

51	Awany lasac	ANCC IRA	A E SUPERVISOR	M
52	Odongo Denish	CAN. ONTO WA LSB	CP	M
53	Adoli Joseph	UOSPA TESO	SUPERVISOR	M
54	Jackobs Omondi	ANYO OIL MILLERS	MANAGER	M
55	Musimbi Samson	CARD UGANDA EPSEDEC	TECHNICAL FIELD	M
56	Isaac Abwa	CARD UGANDA EPSEDEC	ASST TEAM LEADER	M
57	Ocen Andrew	AFRST UGANDA	TEAM LEADER	M
58	Adur Betty O	AFRST UGANDA	SUPERVISOR	F
59	Kaviqwa K Mosses	AKANABALA ACE	CP	M
60	Opio Tommy	OYAM DLG	FPP	M
61	Abraham Obwokori	SEND A COW UGANDA	P.C	M
62	Ariko C Edangat	KASOTALO	CP	M
63	Acuma Tonny	ALL NATIONS	CP	M
64	Oyie Ejebio	LIRA DLG	DRIVER CAO	M
65	Lawrence Resimomuhaaqi	MASANDI	DPO	M
66	Tinkamanyire Israel	MASINDI DLG	DRIVER	M
67	Tonny Otim	NGETTA TROPICAL	GENERAL MANAGER	M
68	Geofrey Nambafu	EPSEDEC MBALE	FAM	M
69	Ocen Willy	LIRA	DRIVER	M
70	Aliano Jane	KABEREMAIDO	CDO	F
71	Kisembo Felix	DFCU DKOL	BB	M
72	Odongo Saimdu	LIRA	CP	M
73	Aboo Martin	LIRA MILLERS	PRDUCTION	M
74	Immaculate Akiding	ACE KIBANDA NRH	CP	F
75	Apio Polly Ocola	RWODEL COOP KATAKWI	CP	F
76	Omondi Jackbs	ANYO OIL MILLERS	MANAGER	M
77	Arutor John Peter	SRTI DLG	DRIVER	M
78	Ecwor Ronny	APAC DG	DRIVER	M
79	Adar Joseph	ALANG OILSEED PRDUCER	CP	M
80	Obong Patrick	OTWAL OILSEED AREA	G.SEC	M
81	Areco Lorna	KAACKI DLG	CDO	F
82	Magomu Pmae	VODP KLA	DRIVER	M
83	Matovu Elnesi	PRIDE M .FINANCE	BM	M
84	Kugonza Chris	SG 2000	DRIVER	M
85	Emmanuel Ogwang	VDP2 MAAIF	H CORDINATOR	M
86	Katwaza John	UCA KLA	DRIVER	M
87	Wehshe Steven	SEND A COW	DRIVER	M
88	Obote Dickens	DOKOLO WEST COOP	CP	M
89	Opio John Francis	AKOL UNITED FARMERS	SECRETARY	M
90	Tino Anna	OYAM AGRO COOP	D C/P	F
91	Lagro Oluma Opio	ADEKOKWOKI S/C	AAO	M
92	Richard Enyang	DOKOKO DLG	DPO	M
93	Ogwai A Cox	YAM DLG	DPMO	M
94	Kwikirizira Janipher	NYANGAANYA	AAO	F
95	Opolot James	KDGL	FO	M
96	Okaka G Sam	DOKOLO DLG	DAO	M
97	Cheli Peter	ADGL	DPO	M
98	Odyomo Patrik	OYAM DLG	DAO	M
99	Oriokot Peter	KABEREMAIDO	AO	M
100	Epiru Abraham	AO KATAKWI	AO	M
101	Opolot John	NGORA DLG	DPMO	M
102	Emuron Joseph	KAACKWI DLG	FPP	M
103	Ongom B Silver	KATAKWI DLG	DPO	M
104	Ogiro Vicent	SERERE DLG	DPMO	M
105	Oluka Jacob	NGORA DLG	DAO	M
106	Adakol Steven	SERERE DLG	AAO	M
107	Asekenye Coline	SERERE DLG	TPO	F
108	Aboi Andrew	NGORA DLG	SAO	M

## C. Stake holder workshop – Gulu

Stakeholder workshop was organized on 27 February 2020 in Lira for the stakeholders of oilseed component covering Gulu hub and West Nile hub. In all, 26 participants participated from farmer groups/cooperatives, PSPs, DLGs, millers, seed suppliers, UCA, etc. The hub coordinator, West Nile presented the overview, key outputs and outcomes of the oil seed component. The workshop objectives and agenda were shared. The participants formed into four groups and had in depth discussions on the key questions posed to them. This was followed by the group presentations and discussions on recommendations. The workshop concluded taking into consideration the key recommendations to be implemented under next phase of the project.

### C1 Group presentation summary with a gist of deliberations of Group-1 on Relevance and Effectiveness of VODP 2 are provided below:

#### Participants

Name	Title	Organization
Acan Nancy	P.O	IIRR
Draru Grace	Farmer	Paicho Cooperative
Acio Sarah	CBF	ARSDC
Lamerekere Chris	CBF	APSEDEC
Alli Khalifah	MD	Karibu Millers
Isabirye R.k	F&Adm	UCA
Opio Esau	Production Manager	Angir Miller
Aloyo peace W	F&Admin	IIRR
Gabriel Okethwenqu	Chairperson	Abindu ACE
AJIDIRU Eunice	Treasure	MAECORA ACE
Odonkara Peter	DAO	Pader DLG
Avutia Ronald Kizito	M&EO	WENIPS
Patrick Okello Oyet	Team Leader	APSEDEC

#### Gist of deliberations

Domain of RELEVANCE AND EFFECTIVENESS	Group response	Recommendations for future
How relevant was the project design to the needs of targeted beneficiaries?	Well designed for target poor farmers, institutional building, capacity building were highly relevant	Needs to have a design that allows better farmer friendly access to finances. VSLA should access funds easily and banks for HLFO and millers
Was it flexible? Please explain with example(s).	Linked farmer and government, Linkages to finance	Needs to also train the millers who are the off-takers
Were there any changes made to the design during the course of implementation? Please explain with example(s).	Design was flexible as everyone was free to participation Yes - example DLG was promoting HLFO/ACE Coops instead of starting with primary Coops, Introduction of PSP, UCA for institutional strengthening of cooperatives, Introduction of VSLA	Promote collaborative approach or strengthened established partnership

Domain of RELEVANCE AND EFFECTIVENESS	Group response	Recommendations for future
Is the project design still relevant and appropriate? Please explain with example(s).	The design is relevant, and appropriate but VSLAs to be mainstreamed at the beginning in farmer groups.	Strengthening access to affordable finance ( loans for inputs, equipment) Inclusion of other key stakeholders like infrastructures, roads, stores
What are the key success factors?	Specific value chain promotion. Certification expanded market niche locally and regionally LSB increased access to quality seeds Farmer Learning platforms for information sharing Farmers buying own seeds before season More millers set up operations in all hubs	
Were there any challenges that caused hindrance to project's implementation?	Relying on natural rainfall Poor Access road Problem of market access Increased demand for seeds, inputs Land opening challenge	Consider irrigation works Village Road network Storage facilities for bulking Mechanism of farmer access to seeds, breeding inside Uganda Tractor access/ hire
What are the main activities funded by the project at farmer/farmer group level.	Farmer institutions development and Training on a variety of aspect	Should continue and upscale
How effective was the project in achieving its key outcomes/benefits? (examples listed below) Improvement in assets ownership of participating farmers. Reduction in the prevalence of child malnutrition. Increased vegetable oil consumption. Improved milling capacity utilization. Any other outcomes/benefits?	Contributed to socio economic transformation of farmer, improved income, shelter improvement, household assets such as motor cycles, solar panels, better food	Need to intensify production within the groups and upscale to more areas

Domain of RELEVANCE AND EFFECTIVENESS	Group response	Recommendations for future
<p>Did the project effectively target smallholder farmers?</p> <p>What strategies were used for targeting?</p> <p>Were these strategies effective?</p>	<p>Yes the project targeted women, youth</p> <p>Started with formation and development of Farmer Groups and clustering into HLFO and Coops</p> <p>Yes as evident, UCA started with 30 group to reach 169</p> <p>Yes and more farmers and sub counties getting interested</p>	<p>To continue and upscale,</p>
<p>Were investments in capacity building of the following institutions adequate?</p> <p>Farmer Organisations.</p> <p>Pay for Service Providers</p> <p>National Crops Resources Research Institute (responsible soybean)</p> <p>National Semi-arid Resources Research Institute (responsible oilseeds)</p> <p>National Seed Certification Service</p> <p>Oilseed Sub-sector Stakeholder Platform</p> <p>Farmer Savings groups/SACCOs.</p> <p>District Local Governments.</p> <p>Uganda National Bureau of Standards (UNBS)</p> <p>Local seed businesses.</p> <p>Oil seed millers.</p> <p>Financial Institutions.</p> <p>Are these investments generating expected benefits and returns to the participating beneficiaries?</p> <p>Give examples of the types of benefits vis a vis investment.</p>	<p>Yes , for FO</p> <p>Yes , PSP</p> <p>Yes for certification</p> <p>Yes for platform</p> <p>Yes for savings</p> <p>Yes to DLGs but needs to expand to other administrative units</p> <p>Yes for LSBs</p> <p>Minimum for millers</p> <p>Minimum for banks</p> <p>Farmers and millers earning profits</p> <p>Local economic development, jobs, business</p>	<p>Sustainable service provision</p> <p>More LSB certification</p> <p>Investment Support to more members in the platform</p> <p>Need for specific investment for savings loan access</p> <p>Expand to other districts</p> <p>Needs for capital loans, certification,</p> <p>Needs to support miller assets leasing by millers</p> <p>Affordable loans availability</p>

**List key lessons learnt on project effectiveness and relevance:**

1. Relationship being built between vegetable oil seeds stakeholders to be maintained
2. farmer institutional development, is key and needs to be strengthened
3. Capacity building to other key stakeholders in the value chain to be strengthened in terms of support services.
4. Experience sharing is key to performance of the vegetable oil seeds
5. Agriculture financing for value chain actors, crop insurance are needed

## C.2 Group presentation summary with a gist of deliberations of Group-2 on Project Efficiency are provided below:

**Team Leader** : Acayo Amina

**Rapporteur** : Kilama Alfred

Name	Title	Organization
Omony Patrick	AO	IIRR
Piloya Florence	AEO	APSEDEC
Okot Francis	Finance & Admin	St. Francis Sunflower
Daniel Ogwang	Program Director	IIRR
Okello Robert	CBF	APSEDEC
Odong Patrick	CBF	APSEDEC
Acara Euailne	Farmer	Paicho
Acayo Amina	Coop. Manager	Aliba ACE
Dramani Charles	Farmer	Arua ACE
Kilama Alfred	DAO	NWOYA DLG
OPIYO Geoffrey Ekanya	PB	Lira
Kivumbi Sarah	Farmer	Paicho
Manano Edna	FPO	Nebbi

### Gist of deliberations

Domain of EFFICIENCY	Group response	Recommendations for future
Were budgetary allocations in line with AWP & B and whether there were any deviations? If there were deviations, what are the reasons?	Yes for PSPs as all activities like trainings and linkages conducted. No for District Local government since there were no consistency in fund releases	Proper budget allocations in line with activities to PSPs Release as per the AWPB The DLG to request fund and timely release PMU to provide support during planning, budgeting
Were there timely and adequate financing contributions from the project? PSPs and implementing agencies	Adequate financing but not timely Reasons, system delays IFMIS, delay submission of reports and untimely review of reports by PMU	Reports should be submitted timely with all supporting documentations after verification by Hub Coordinators
Was there timely and adequate in-kind contribution from the beneficiaries?	Timely and adequate as most farmers provided free labour, attended training without allowances, arranged for tools, land and venues for training	Sometimes delay due to weather changes Introduce some equipment for mechanization and irrigation
Were investments in oil seed production expansion (seed, planting and extension service) adequate?	Adequate to the targeted farmers who came earlier into the project. Low to those who were enrolled late into the project	The HLFOs should be supported with mechanization equipment

Domain of EFFICIENCY	Group response	Recommendations for future
Did these investments help the participating households meet their needs? <b>Explain how</b>	Local Seed Business Farmer groups didn't access foundation seeds time in some cases Key success areas included in extension were good agronomic practices, linkages, bulking, The investments largely met needs of households	Support to the farmers who joined late by integration into DLG work plan and budget
Were investments in activities supporting farmers and processors adequate? Are these investments generating expected benefits and returns to the participating beneficiaries? Please explain	yes for Farmers adequate since many farmers accessed funding through VSLA and very few from the Banks, most activities Proper extension services provided by PSPs, bulking by farmers, farmers institutional development among others The investments are generating benefits with many success stories from farmers like acquired asset, levels of incomes increased, capacity developed, meeting social obligations, food security improved, reduction in gender based violence, livestock acquired, semi and permanent houses constructed. Millers have acquired certification by UNBS and packaging, marketing at various levels	More linkages with research institutions, seed co, DLGs....
Were investments on programme management at the hub and district level adequate? <b>Explain</b>	District local governments were not adequately supported due unlimited releases of fund, hardware like computers Hub level offices lack adequate human resource to adequately monitor and support implementations	Need for adequate staffs for Hub Levels Timely release of adequate fund to the DLGs.

#### List key lessons learnt on project efficiency

1. Farmers own contribution is key for successes and sustainability especially in accessing to QDS and other inputs
2. PPPP and VCD approaches are sustainable
3. Proper monitoring by the Hub team with adequate human resources is needed.

### C.3 Group presentation summary with a gist of deliberations of Group-3 on Project Impact and Innovations are provided below:

**Team Leader:** Asedri Oyemy

**Rapporteur :** Patrick Onwang & Manasseh Acidri

#### Members

Name	Title	Organisation
Tesenga Nelson	CEO	APSEDED
Drileyo Geoffrey	FPO	KOBOKO
Layet Lilly	Farmer	Okumgoro LSB
Ogik Patrick Tabo	Chairperson	Okumgoro
Odokonyero Francis	Chairperson	Okum-Goro
Okecho Baptist	Sales Officer	Linred –Agro Inputs
Oroma Samuel Baker	DAO	Lamwo DLG
Oyemy Antes Asedri	Manager	ULEPI –EREU ACE
Aribatre Kevin	Process manager	Geoffman Enterprises
Kinyera Boniface	AEO	APSEDEC
Omesa Ceaser	CBF	IIRR
Rose Anyeyango	Coordinator	UCA
Onwany Patrick	Field Supervisor	WENIPS
Acidri Manasseh	Team Leader	ARCOD –Arua

#### Gist of deliberations

Domain of RURAL IMPACT (on rural poverty)	Group response	Recommendations for future
Did the project interventions result in increase in annual income of participating farmers? What is the approximate extent of annual income increase?	Income increased Increase yield, productivity & production. Soy from 2 bags(240 kg) to 720 kg per acre Sesame from 150 kg to 350 kg per acre. Group bulking Improved seeds i.e. sesame 2	To address linkages at international market. Issue of Contract Farming need to be emphasized. Emphasis on mindset change of farmers and farmer organizations
Did the project interventions result in increase in household assets? Give examples (productive assets and consumption assets).	Productive assets Land Construction of houses Oxen Threshing machine for soybean Consumption assets Motorcycle Vehicle	For sustainability of income and quality of life, productive assets to be purchased. Financial literacy for proper usage of funds
Did the project interventions result in women empowerment and social capital building? Increased control over resources and income; <ul style="list-style-type: none"> <li>decision making;</li> </ul>	Yes ! There are active participation of women in the groups e.g. leadership participation, joint planning as HH, voluntary saving with other group members and decision making at HH	mainstreaming of gender in the future programming

<ul style="list-style-type: none"> <li>• access to social entitlements;</li> <li>• social cohesion;</li> <li>• reduction in workloads;</li> <li>• Drudgery reduction etc.</li> </ul> <p>Give examples.</p>	Introduction of ox ploughing has easier farm work load	
<p>Did the project interventions result in improved food security at household level? Give concrete examples.</p> <p>Was there also a change in the dietary patterns within households?</p> <p>If yes, enlist changes.</p>	<p>Yes!</p> <p>The oil seed money being used for other food security crops e.g. cassava ,rice etc</p> <p>There are testimonies of farmers having 3 meals a day</p> <p>Farmers doing value addition e.g. soybeans milk, snacks ,soybeans porridge and pancake</p>	<p>Diversification to food security</p> <p>Emphasis on complementary enterprises</p>
<p>Did the project interventions result in improved agricultural and/or enterprise productivity. e.g. increase in sales, increase in turnover, access to markets, adoption of better practices etc. Give examples</p>	<p>Yes!</p> <p>Use of improved seed for better yields e.g. for sun flower</p> <p>Increased income</p> <p>Use of contract farming and reliable off takers, the case of Ngetta holdings</p>	<p>More Research on improved variety of seeds a case of sunflower.</p>
<p>What impact has the project had on the Environment &amp; Natural Resources Management?</p>	<p>Yes</p> <p>The project has been managing environment and resources through practice of minimum tillage ,crop rotation etc</p> <p>promotion of tree plantings among farmers</p>	<p>Need for integration of environmental concerns in project development.</p>
<p>What are the best innovations in the project?</p> <p>Give examples.</p> <p>Are these innovations replicable/ scalable? If so, what is required to do so?</p>	<p>LSB</p> <p>Use of fertilizers</p> <p>Financials linkages</p> <p>Formation of cooperatives</p> <p>Value chain development with linkages with other players</p>	<p>To keep up scaling and strengthening the best practice</p>

#### List key lessons learnt on project impact and innovation

1. Dealing with well organised groups such as cooperatives is easier than dealing with a number of small farmers
2. Availability of reliable stakeholders is critical for the success and sustainability of the project
3. Integration of best practices into Local Government programs.

#### C.4 Group presentation summary with a gist of deliberations of Group-4 on Sustainability are provided below:

**Team Leader:** Mr. Ogwang Nicholas

**Rapporteur:** Sengendo Brian

**Members:**

Name	Title	Organization
Ogwang Nicholas	DCAO	AGAGO
Ojok Simon Odoch	FPO	AGAGO
Moses Kenyi Onama	Miller	Moyo Miller
Opio Charles	Farmer	Wadelai Cooperative
Dubutho Allan	Farmer	Jupawara Oil Seeds
Timothy Agaba	Team Leader	UCA
Ego Jasper	AEF	IIRR-Omoror
Onegi P. Jenaro	CEO	WENIPS
Drate Hamid	Manager	Nature Harvests -Koboko
Akullu Jacklyne	AEF	IIRR
Arike Samuel	Farmer	Koboko
Anywar Kenneth	CBF	IIRR
Servanda B	Coordinator	PIR

#### Gist of deliberations

Domain of SUSTAINABILITY	Group response	Recommendations for future
<p>What factors are currently contributing to the sustainability of the Farmer Groups, Associations and Trusts promoted under the project?</p> <ul style="list-style-type: none"> <li>- Institutional</li> <li>- Social/ Human Capital</li> <li>- Governance structures</li> <li>- Financial/ Economic</li> <li>- Others (if any)</li> </ul>	<p>Groups are registered as cooperatives</p> <p>Motivation and attitude change</p> <p>Strengthen and support the capacity building of young groups</p> <p>Trained leaders</p> <p>Youth mobilisation and sensitization</p> <p>Groups are linked to off takers and financial institutions</p> <p>Linked to VSLA</p> <p>Greatly improved capacity of LSBs</p>	<p>Working closely with the commercial officers</p> <p>Continued capacity building</p> <p>Advocacy for low interest rates on loans</p>
<p>What factors may negatively affect the sustainability of the project promoted Farmer Groups, Associations and Trusts after the project?</p> <ul style="list-style-type: none"> <li>- Internal factors: governance, disruption in cost recovery plans, fiscal discipline etc.</li> <li>- External factors: other government</li> </ul>	<p>Poor / bad leadership (greed, corruption,</p> <p>Failure to repay</p> <p>Not honouring contracts (side selling)</p> <p>Market prices, fluctuation and drops</p> <p>Prices of inputs such as seed, fertiliser, high</p> <p>Access of inputs sometimes delayed</p>	<p>Capacity building</p> <p>Supervision plan incorporated in project exit strategy</p> <p>Draft incentive plans for members</p> <p>District level coordination should be improved to manage new initiatives</p> <p>Government should support climate smart agriculture</p>

programmes; policy decisions, political interference etc.	Interference by similar projects (conflicting models) Political interference Civil strikes and wars Taxation Disease and pest outbreaks Climate change	Water for production
What are the long-term gains of creating Farmer Groups, Associations and Trusts - to households? - to communities - to government - to other stakeholders (e.g. millers, service providers, private sector, etc.)	Social capital built Training for leaders Improved nutrition, income Improved infrastructure in the community Increased revenue base Improved service delivery channels Low operation costs for other stake holders (bulking for millers, consolidated market for input and service providers) Increased business opportunities for stake holders	Continuous sensitization Capitalisation should be encouraged at community level esp. storage facilities, Strengthen community based facilitators Financing arms should be strengthened at the farmer levels Improve the amenities to enable farmers to manage the increasing businesses Coordination amongst the different players
What mechanisms need to be put in place to ensure that the sustainability of the Farmer Groups, Associations and Trusts is maintained?	Addressing other livelihood needs of households / communities Introduction of subsidies (affordable inputs) e.g. sunflower Follow up project should be designed Scaling up project to reach more farmers Market assurance Continued empowerment of the leaders	

#### List key lessons learnt on sustainability

1. Uganda is moving towards the revival of cooperatives which is directly addressing the government's policy to improve the livelihoods of farmers, households and communities as a whole
2. Guaranteed access to market is a strong factor to sustainability in the projects
3. Generation and management of internal capital will help groups to sustain.



## Uganda

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### Vegetable Oil Development Project 2

### Project Completion Report

### Annex: Power Point Presentation for PCR meeting

Mission Dates: 17 February-06 March 2020  
Document Date: 15/10/2020  
Project No. 1100001468  
Report No. 5498-UG  
Loan ID 1000003703

East and Southern Africa Division  
Programme Management Department

This document will be publicly disclosed unless there is written dissent on its disclosure by the Borrower at the time of this document submission to IFAD or no later than the project closing date.





# Vegetable Oil Development Project – Phase 2



Funded by  
Government of Uganda  
International Fund for Agricultural Development (IFAD)  
SNV and Beneficiaries  
**Project Completion Review Presentation**

## Project at a Glance

- **Goal:** “Contribute to sustainable poverty reduction in the project area”
- **Target groups:** 139,000 farm households (3,000 under oil palm development (OPD) and 136,000 households under oil seed development) representing 834,000 people.
- **Target area:** Kalangala District and Buvuma Island under OPD and 43 districts (Lira, Eastern Uganda, Gulu and West Nile Hubs) under OSD
- **Components:** (i) OPD covering consolidation and expansion in Kalangala, nucleus estate and smallholder OPD in Buvuma and identification of new area; (ii) OSD covering seed production, extension to farmer groups and other value chain activities; and (iii) project management.

# Project at a Glance

## •Project Financing

- Total project cost : US\$ 148.18 million
- IFAD loan : US\$ 52.00 million
- IFAD grant : US\$ 1.09 million
- GoU contribution : US\$ 15.00 million
- SNV : US\$ 0.34 million
- KOPGT, farmers : US\$ 9.37 million
- OPUL : US\$ 70.38 million

## •Dates

- Effectiveness = 21 Oct 10
- Completion= 31 Dec 19
- Closing = 30 Jun 20

# **Assessment of Relevance**

**Design relevance**

**Highly relevant**

**Consistent with Development and Investment Plan  
2009/10-2013/14 of MAIFF**

**Specialization in strategic, profitable and viable  
enterprises and value addition.**

**To be achieved through agro-zoning, PPPs and  
training farmers to consider farming as a business.**

**Consistent with needs and priorities of rural poor and  
development opportunities of the project area**

# Assessment of Relevance

**Major changes in project design**

**Dropping smallholder oil palm development and nucleus estate development on Buvuma island.**

**Use of IFAD funds allocated for Buvuma oil plan development to build landing sites and ferry services in Kalangala and Buvuma and expansion of smallholder farms in Kalangala.**

**Use of DLGs for Farmer Group Mobilization under oil seeds.**

**Design changes were relevant given the constraints in implementation. However, as a result of this change, the project investment outlay got reduced to 30% of the original estimates and oil palm development in Buvuma got delayed by 10 years.**

# Assessment of Relevance

At design	Changes made post MTR
Target for number smallholder farmers to be supported under Oil Palm development the project was 3,000 smallholder farmers	The target was revised to 2,500 smallholder farmers
It was proposed to expand about 800 ha in Bugala island. 1200 in outlying islands	1790 ha planted in Bugala Island due to overachievement of target and environmental issues
Smallholder farmers of four outlying islands ( Bunyama, Bubembe, Funve and Bukasa) were to be supported	Only Bunyama and Bubembe islands were supported due to access issues to other islands.
No linkages with research	Project established partnership with NARO particularly for containing Fusarium outbreak resulting in shifting seedling procurement from Malaysia to CIRAD.
Target for number of households to be supported under Oil Seed Development was 136,000 households.	This target was revised to 79,000 households in the logframe of MTR Report but the main text maintained the target of 136,000.
The original project coverage of oils seeds development was 43 districts in 4 hubs.	During MTR, the project dropped 1 district and added 3 new districts in Lira hub, dropped 4 districts and added 3 districts in Eastern Uganda hub, dropped 1 district and added 3 district in Gulu hub and dropped 2 districts and added 1 district in West Nile hub. In total 45 districts were proposed. However, at PCR 52 districts were covered by the project. This is mainly on account of carving out new districts from out of existing districts.

# Assessment of Relevance

At design	Changes made post MTR
The design proposed focus on 4 oil seed commodities: Sunflower, Soya bean, Sesame and Groundnut.	During implementation focus was on Sunflower and Soya bean due to availability of market linkages.
The project allowed for engagement of 6 PSPs for supporting Farmer Groups.	The project post MTR engaged additional 5 PSPs and used DLGs to support Farmer Groups. UCA was also engaged to support Farmer Groups and Cooperatives.
VLSA introduction was not part of design	VLSA concept was introduced to address financial services needs of the farmers.
Guarantee fund proposed in the project to facilitate credit access.	Guarantee fund concept was dropped and it was decided to facilitate Farmer Groups to access loans from banks and micro-finance institutions.
Farmer Learning Platforms was not part of design	Introduced FLPs for training and provision of extension service comprising Farmer Groups and Service Providers (both PSP and FLGs)

# Assessment of Effectiveness - outreach

Details	Target		Achievement against target	Achievement against target (%)	
	Design	MTR		Design	MTR
No. of hhlds (OPD) <u>1/</u>	3,000	2,500	1,805	60	72
No. of Hhlds (OSD) <u>2/</u>	136,000	79,000	87,977	65	111
Total Hhlds	139,000	81,500	89,782	65	110
No. of beneficiary farmers (OPD)	3,000	2,500	2,063	69	83
No. of beneficiary farmers (OSD)	136,000	79,000	128,296	94	162
Total beneficiaries	139,000	81,500	130,359	94	160
Number of household members <u>2/</u>	834,000	489,000	550,926	66	113

1/ Post MTR target revised to 2,500 households

2/ MTR logframe indicates target of 79,000 and target in the main text remains at 136,000

# Assessment of Effectiveness - outputs

- Oil Palm Development

Details	Design Target (ha)	MTR Target	Achievement		
			Area (ha)	% against Design target	% against MTR target
Nucleus estate in Kalangala - continued management by OPUL	6,050	6,050	6,500	107	107
Smallholder support - VODP 1 plantation	2,700	2,700	2,258	84	84
Smallholder expansion -Bugala Island	800	800	1,790	224	224
Smallholder expansion in two outlying islands	1,200	1,200	800	67	67
Nucleus estate development in Buvuma	6,500	0	0	0	
Smallholder expansion in Buvuma	3,500	0	0	0	
Total smallholder expansion and support proposed	8,200	4,700	4,848	59	103

# Assessment of Effectiveness -outputs

- Environmental Management
  - Natural Resource Department of Kalangala DLG engaged for manage environmental issues – no planting on protected areas, no burning of land – no use of agrichemicals in buffer zone –tree planning
  - Environment and Social Impact Assessment certificate issued by NEMA.
  - GIS based mapping to demarcate forest land and farm land
  - Engaged European Space Agency to get empirical evidence on impact of oil palm development- forest cover improvement and limited encroachment on Bugala island – increasing encroachment in Bunyama.
  - Environmental issues being raised by civil society organizations - Need of environment management policy specific to oil palm development and also a enforcement mechanism on a sustainable basis.

# Assessment of Effectiveness - outputs

- Buvuma Development
  - Nucleus estate and smallholder oil palm development
  - BOPT establishment
  - Planning and implementation dropped
- Identification of New areas
  - 40,000 ha of palm plantations to be developed – 26,500 ha of nucleus estate and 13,500 ha of smallholder plantation – 50% achievement by 2018
    - Achievement 6,500 ha of nucleus estate and 4,848 ha of smallholder plantation – only about 25% of the original target.
    - Identified 5,114 ha of procured for nucleus estate, 2,500 ha identified in for smallholder OPD in Buvuma, 6,000 ha identified in Mauge and 13,500 ha in Sango bay. In total original target of 40,000 ha will be achieved by 2030.

# Assessment of Effectiveness - outputs

- Oil seeds development
  - Target to reach 136,000 households – revised to 79,000 – reached 87,977 households - 65% of design target and 111% of MTR target
  - Engaged 11 PSPs and DLGs to support FGs. Performance of DLGs not up to expectation. UCA engaged to support FGs in savings and credit and also RPOs and HLFOs to become cooperatives

Details	Lira Hub	Eastern Uganda Hub	Gulu Hub	West Nile Hub	Total
No. of district covered	16	20	9	7	52
No of sub-counties covered	136	288	136	75	635
Farmer Groups					
No. of Farmer Groups	1,359	1,958	1,190	879	<b>5,386</b>
No. of members in Farmer Groups	31,378	37,860	35,492	23,566	128,296
No. of households supported	19,611	25,556	23,957	18,853	87,977
No. of Rural Producer Organizations	220	462	462	85	1,229
No. of RPOs registered as Primary Coops	97	462	462	71	1,092
No. of Higher level Farmer Organizations	76	34	40	17	167
No of HLFOs registered as Cooperatives	45	25	24	12	106

# Assessment of Effectiveness - outputs

- OSD Outputs
  - OSSUP facilitation for MSP
  - PSP engagement - originally 6 and expanded to 11
  - DLGs engaged – 55% of the area – 40% of FGs.
  - 5,386 FGs promoted against a target of 5,900 – 91% of the target
  - Financing – guarantee fund concept dropped and loans through banks and MFIs promoted. Total loan disbursed USD 1.08 million to 6531 farmers.
  - VSLAs promoted – UCA support – 1646 FGs functioning as VSLAs.
  - Quality improvement support to UNBS
  - Seed supply and multiplication - 315 LSBs promoted – 1351 MT Foundation seed purchased and 13,655 MT QDS

# Assessment of Effectiveness - outcomes

- Oil Palm Development Outcome

Details	Target	Achievement
Crude palm oil production (MT)	30,000	40,005
Level of self sufficiency of KOPGT	100	100
Capacity utilization of OPUL mills in Kalangala		60.0
Yield in nucleus estate (MT/ha)		<b>19.0</b>
Average yield of smallholders (MT/ha)		<b>12.0</b>
Oil recovery rate of FFBs from nucleus estate (%)		23.0
Oil recovery rate of FFBs from smallholders (%)		19.5

## Assessment of Effectiveness - outcome

- OPD Outcome – Net income per ha per year
- Target USD 1,500 ha

Details	Amount in USD
Gross income per ha - 2019 data (USD)	2,338.00
Expenditure (cultivation costs) per ha	355.00
Net income before loan servicing	<b>1,983.00</b>
Deductions for loan servicing	771.54
Net income after loan servicing	1,211.46

# Assessment of Effectiveness - outcome

- OPD Outcome – Development Loan repayment

Details	UGX billion	
<b>Payable to KOPGT by farmers</b>		
Development loan disbursed by KOPGT to farmers as on 31 Dec 2018	53.148	
Projected interest to be repaid by farmers to KOPGT as on 31 Dec 2018	18.939	
Total to be repaid by farmers to KOPGT as on 31 Dec 2018	72.087	
Interest income share of KOPGT as on 31 Dec 2018	5.681	30%
<b>Payable to GoU by KOPGT</b>		
Amount payable to GoU towards Development loan disbursed	53.148	
Amount payable to GoU towards interest as on 31 Dec 2018	13.258	70%
Total payable to GoU as on 31 Dec 2018	66.406	
Amount paid to GoU as 31 Dec 2018	25.114	38%
Balance to be repaid by KOPGT to GoU as on 31 Dec 2018	41.292	

# Assessment of Effectiveness - outcome

## • OPD Outcome

Simple model cashflow of VODP (Amount in USD million)

Details	IFAD	GoU	Total
VODP 1	21.44	4.99	26.43
VODP 2	47.12	25.89	73.01
Total	68.56	30.88	99.44
Grant element from IFAD 1/	39.68	0.00	39.68
Interest on GoU Investemtn for 25 years 2/	0.00	61.76	61.76
Total outflow	28.88	92.64	121.52
Revenue generation to farmers during last 5 years 3/			21.70
Expected revenue generation to farmers for next 20 years 4/			124.80
Dividend during last two years 5/			2.96
Expected dividend during the next 20 years 6/			31.20
Total inflow 6/			180.66

1/IFAD loan discount works out to 57.88% using the methodology to calculate the grant element of individual loans being used by IMF

2/Interest on GoU investment calculated at 8% (current LIBOR rates)

3/ Actual data from KOPGT and OPUL

4/ Average increase in FFB prices projected at 50% of the actual average increase (8%) during the last 10 years and production increase not accounted

5/ Actuals from KOPGT and OPUL

6/ Dividends projected at 25% less than the dividend paid (USD 2.08 million) during 2019 for next the 20 years

7/ at an exchange rate of USD 1=UGX 3,650

## Assessment of Effectiveness - outcome

- OSD Outcome
- Mill capacity utilization – target 85% - Achievement is 68%
- Seed production

Commodity	Seeds produced by NARO in MT	
	Target	Achievement
Sunflower	20	150
Soya bean	20	345
Total		

# Assessment of Effectiveness - outcome

- OSD Outcomes – Project area production

Commodity	Production in MT		Area under production (ha)		Yield (MT/ha)	
	2015	2019	Baseline	2019	Baseline	2019
Sunflower	2,968	103,547	2,204	60,710	0.89	1.71
Soya bean	3,406	131,220	4,632	72,369	0.74	1.81
Total	6,364	234,767	6,836	133,070		

- Data based on estimates provided by the Hub coordinators
- Built of PSP data – 60% PSP and 40% DLG

# Assessment of Effectiveness - outcome

- OSD Outcomes – Net income per ha – Target USD 350 per ha

Details	Sunflower		Soya bean	
	2015	2019	2015	2019
Yield (MT/ha)	0.89	1.71	0.74	1.81
Selling price (UGX/Kg)	750	1200	900	1600
Gross income (UGX)	634,125	2,010,960	632,700	2,932,659
Production costs (UGX)	445,900	869,750	428,750	1,151,500
Net income (UGX)	188,225	1,141,210	203,950	1,599,700
Net income (USD)	57.47	313	62.27	438.27

- OSD – Percentage of farmers using hybrid/QDS seeds – Target 90%

Commodity	Lira Hub	Eastern Uganda Hub	Gulu Hub	West Nile Hub	Weighted average
Sunflower	100	45	95	95	81.59
Soya bean	80	80	75	99	82.71
Average					82.15

# Assessment of Effectiveness - outcome

- OSD Outcome - LSB Business - 2019

Details	Lira Hub	Eastern Uganda Hub	Gulu Hub	West Nile Hub	Total
No. of LSBs in seed multiplication	4	43	241	27	315
Qty of soya bean foundation seed purchased in 2019 (Kg)	1,200	800	3,067	306	5,373
Qty of quality declared soya bean seed produced by farmers in 2019 (kg)	12,000	3,000	36,728	2,000	53,728
Selling price of soya bean QDS per kg	3,500	2,000	3,000	2,000	
Base bulking price of soya bean per kg	1,500	1,500	2,000	1,600	
Additional margin from soya bean seed production to farmers considering base bulking price	500	200	500	200	
Margin to LSBs	500	300	500	200	
Total value addition at farmer level	6,000,000	600,000	18,364,000	400,000	25,364,000
Total value addiiton at LSB level	6,000,000	900,000	18,364,000	400,000	25,664,000
Total value addition	12,000,000	1,500,000	36,728,000	800,000	51,028,000

# Assessment of Effectiveness - Impact

- OPD impact – household assets

Indicators	Baseline	End of Project
Percentage of households with tin-roof houses (%)	45.9	97.8
% of households owning pigs (%)	34	44
% of households owning poultry (%)	20	35
% of households owning cattle (%)	18	37
% of households owning goats (%)	16	26

- OSD impact – household assets

Details	Lira Hub	Eastern Uganda Hub	Gulu Hub	West Nile Hub	Weighted average
Percentage of households with plough animals	75	38	68	25	52
Percentage of households investing in home improvement	48	65	83	45	62
Percentage of households with solar lamps	90	75	77	50	74
Percentage of households with motorcycles	13	15	60	15	15

# Assessment of Effectiveness - Impact

- OPD impact –Child malnutrition - Kalangala

Child malnutrition indicators	Baseline	End of Project
Stunting - height for age	66.2	32.4
Wasting - weight for height	32.6	4.8
Underweight - weight for age	28.6	12.6

- Child malnutrition data for OSD areas not available
- Other impact indicators

Indicator	Target	Achievement
Vegetable oil self sufficiency (%) – 2017 data	60	30
Per capital vegetable oil consumption (Kg/capita)	15	7.5

# Assessment of Effectiveness - Impact

- Benefit cost ratio in UGX /ha

	Benefits	Operating Costs	Net Benefits	BCR
Oil palm (at 10 years)	8,534,211	1,294,570	7,239,641	6.6
Sunflower	2,010,960	869,750	1,141,210	2.31
Soya bean	2,751,200	1,151,500	1,599,700	2.39

- IRR
  - Estimated at design: 24.4%
  - Current estimate : 26%
  - Sensitivity analysis – 15% reduction in yield : 18%
  - Sensitivity analysis – 15% increase in production costs : 23%

# Innovations

**Public Private Producer Partnership modality - Systemic innovation 1:**

**Semi-government management structure- Systemic innovation 2:**

**Evolution of SOPGCO - Systemic innovation 3:**

**Evolution of SACCO - Systemic innovation 4:**

**Tenorial settlement to tenants – Programmatic innovation 1:**

**Targeting smallholders with unintended impact on women empowerment –  
Programmatic innovation 2:**

**Collective service provision modality–Programmatic innovation 3:**

**Pay for service provider engagement –Programmatic innovation 4:**

**Village Savings and Loan Associations to facilitate financial access-  
Programmatic innovation 5:**

**Local seed business development - Programmatic innovation 6:**

# Assessment of Efficiency

- Utilization of funds – IFAD loan and grant almost fully utilized – GoU has spent 172% of the original allocation. Investment skewed to OPD with 88% investment for 3000 farmers and 12% for 133,000 farmers.
- Project Management
  - Well staffed PMU – well staffed KOPGT but skeletal Hub for oil seeds development.
  - Managed issues related to land acquisition, private sector engagement and technical aspects of plantation development competently.
  - Delays in project start up – procurement delays - but largely achieved output and outcome targets.
  - KOPGT restructuring and evolution of SOPGCO delayed.
  - Farmer account reconciliation issues yet to be resolved.
  - Oil seeds related data collection systems inadequate.

# Assessment of Efficiency

- Financial Performance by Financier

Financier	Appraisal Allocation - USD '000	MTR Allocation USD '000	Achievement - 31 Jan 2020 USD '000	Achievement against allocation (%)	
				Appraisal allocation	MTR Allocation
IFAD Loan	52,000.00	51,999.77	47,172.00	90.72	90.72
IFAD Grant	1,086.00	1,086.00	1,086.00	100.00	100.00
GoU	15,000.00	19,668.14	25,888.00	172.59	131.62
OPUL	70,380.00	0.00	0.00	0.00	0.00
Trust	4,440.00	4,911.95	0.00	0.00	0.00
KOPGT	1,040.00	1,040.00	1,015.00	97.60	97.60
Farmers	3,900.00	4,355.13	5,269.00	135.10	120.98
SNV	340.00	340.00	340.00	100.00	100.00
Total	148,186.00	83,400.98	80,770.00	54.51	96.85

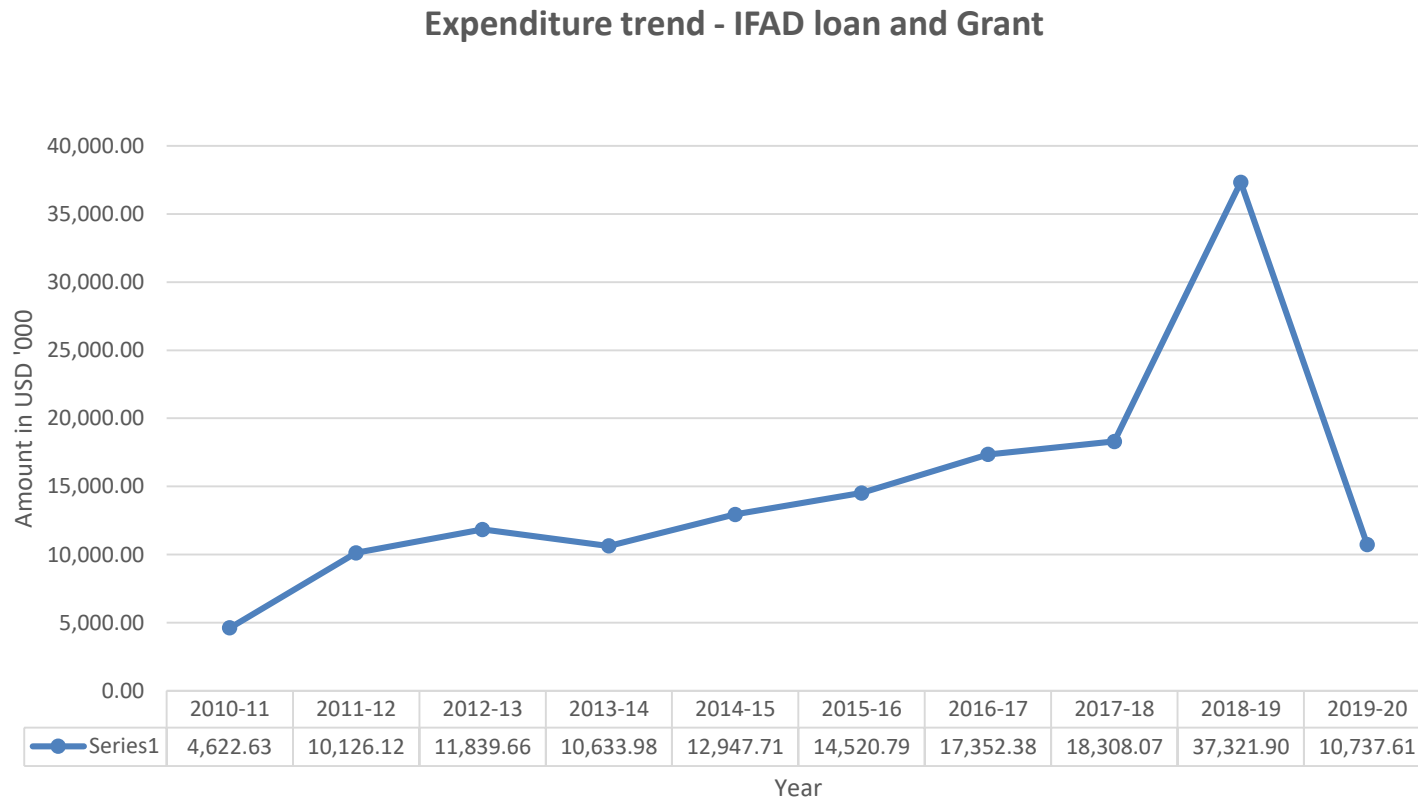
# Assessment of Effectiveness

- Financial Performance by component

Component	Appraisal Allocation USD '000	MTR Allocation USD '000	Achievement as on 31 Jan 2020 USD '000	Achievement against allocation (%)	
				Appraisal allocation	MTR Allocation
<b>Oil Palm Development</b>					
Consolidation and Expansion in Kalangala	12,791.10	26,240.22	24,644.43	192.67	93.92
Support to KOPGT	4,482.80	5,110.03	4,711.33	105.10	92.20
Mobilization Buvuma	4,028.00	0.00	171.64	4.26	0.00
Development Buvuma	98,534.30	19,589.96	26,451.44	26.84	135.03
Identification of new areas	673.00	724.63	537.74	79.90	74.21
Sub-total Oil Palm Development	120,509.20	51,664.84	56,516.58	46.90	109.39
<b>Oil seeds Development</b>					
Seed production	2,019.60	2,238.47	1,200.60	59.45	53.63
Extension for Farmer Groups	12,830.20	15,597.99	10,196.39	79.47	65.37
Other Value chain activities	3,275.03	2,109.52	1,650.75	50.40	78.25
Sub-total Oil Seeds Development	18,124.83	19,945.97	13,047.73	71.99	65.42
<b>Project Management</b>					
Project Management	9,551.80	10,750.17	8,710.21	91.19	81.02
Sub-total Project Management	9,551.80	10,750.17	8,710.21	91.19	81.02
IFAD's funds with PMU to be adjusted			2,495.47		
<b>Total</b>	<b>148,185.83</b>	<b>82,360.98</b>	<b>80,770.00</b>	<b>54.51</b>	<b>98.07</b>

# Assessment of Effectiveness

- Expenditure trend by year



# Sustainability

- **Social sustainability**
- Oil palm development has resulted in development of two institutions – SOPGCO and SAACO.
- Has transformed 20% of Kalangala population – Needs of the left out to be addressed.
- Issues related sudden influx of wealth need to be addressed.
- Needs of the left out to be addressed.
- Oil seed development with limited project inputs and equitable support does not pose social sustainability issues
- **Institutional sustainability**
- SOPGCO is at its infancy and need to develop systems and processes to emerge as member owned organization
- RPOs and HLFOs are still weak institutions

# Sustainability

- **Economic sustainability**

- Oil Palm farmers economically sustainable.
- KOPGT is operationally self sufficient currently but revenue stream inadequate to cover full scale operations in the future. SOPGCO will have to develop pay for service modality. All eyes on dividends – need to be used for infrastructure development for the benefit of the entire community not just Oil Palm Farmers.
- Farmer Groups (except DLG promoted) and LSBs economically sustainable – RPOs and HLFOs are still young and need support

- **Exit strategy**

- Delayed implementation of exit strategy – hinges of development of SOPGCO to take over most of the functions of KOPGT and develop a pay for service modality.
- RPOs and HLFOs require continued support

# Lessons Learned

- Development loan repayment can be perfect in case of value chains that have close interdependency between buyer and sellers with a neutral facilitator for price determination
- Dual commodity, and dual implementation and management modality makes the project complex.
- Land acquisition, land identification and infrastructure planning being the preliminary activities of oil palm development need to be taken up well ahead of starting project implementation.
- Building efficient systems and processes for managing development loan to farmers. Possibility of using a financial institution to manage this need to be explored.

# Lessons Learned

- An efficient extension system on a pay for service basis needed to enhance productivity of oil palm.
- Support for landless households is required to reduce the growing disparity between income of oil palm farmers and landless.
- Women centric approach in oil palm development needed.
- Multi-stakeholder Platform (MSP) needed to be coupled with institutional structures and investments for oil seed
- Rural infrastructure essential for oil seed cultivation expansion

# Recommendations

- Accounts reconciliation and resolution of disputes with the farmers – reconciliation – a committee for dispute resolution - A deadline for completion to be fixed.
- Restructuring KOPGT – Share capital mobilization of SOPGCO - election of the Board of Directors - development of pay for services modality - plan for phased taking over functions
- Management support to SOPGCO with separation of functions.
- Road maintenance plans.
- Development of oil palm policy including environment management guidelines and enforcement mechanisms specific to OPD
- Audit of project accounts and submission by 15 June 2020
- Submission of WA prior to June 15 2020 and release before 30 June 2020

**Thank you**



## Uganda

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### Vegetable Oil Development Project 2 Project Completion Report

#### Annex: PCR Review Meeting Minutes

Mission Dates: 17 February-06 March 2020  
Document Date: 15/10/2020  
Project No. 1100001468  
Report No. 5498-UG  
Loan ID 1000003703

East and Southern Africa Division  
Programme Management Department

This document will be publicly disclosed unless there is written dissent on its disclosure by the Borrower at the time of this document submission to IFAD or no later than the project closing date.





**Republic of Uganda**  
**Vegetable Oil Development Project, Phase 2 (VODP 2) Completion Report**  
**Minutes**  
**Review Meeting of 04 September 2020**

**Agenda:**

- 1) Welcome and introductions
- 2) Brief summary by the CD on PCR
- 3) Remarks from PMU - VODP2 Manager
- 4) Q&A (incl. PAT, and others)
- 5) Wrap-up/conclusions

**Participants**

**IFAD**

<b>Name</b>	<b>Designation</b>
Henrik Franklin	Lead Portfolio Advisor, ESA
Elena Pietschmann	Programmer Officer, ESA/PAT
Baptiste Renard	Regional Team and Portfolio Advisory Team ESA
Zhang Xiaozhe	Policy and Results Specialist, OPR
Seyoum Tesfa	Country Programme Officer, NEN
Dajana Grandic	Programme Analyst, LAC (Consultant)
Joseph Rostand Olinga Biwole	Programme Officer, ESA
Lapo Sermoniti	SECAP Specialist, OPR (Consultant)
Alessandro Neroni	Procurement Specialist, ESA (Consultant)
Giulia Bruscano	Procurement Specialist, ESA (Consultant)
Lakshmi Moola	Country Director for Uganda, ESA
Pontian Muhwezi	Country Programme Officer, ESA
Dagmawi Habte-Selassie	Programme Officer, ESA
Stella Okot	Finance Analyst Uganda, ESA
Laura Carbone	Programme Liaison Associate, ESA

**PMU**

Connie Magomu Masaba Outgoing	Project Manager- VODP2
Jackson Bwire	Outgoing Financial Controller, VODP2
Richard Kabuleta	Outgoing Monitoring and Evaluation Officer VODP2
James Epiro	Outgoing Oil Seeds Coordinator VODP2
John Michael Higenyi Malinga	Outgoing Project Engineer VODP2
Susan Lakwonyero	Outgoing Credit and Finance Officer VODP2
Kyofa Kabuye	Outgoing Oil Palm Coordinator VODP2
Roger Mulinde	Outgoing Monitoring and Evaluation Officer VODP2
Kasango Fred	Outgoing Hub Coordinator Lira Hub
Emmanuel Moses Tukei	Outgoing Hub Coordinator Gulu Hub
Sembaty Charles	Outgoing Hub Coordinator Eastern Hub
Emmual Ogwang	Outgoing Hub Coordinator West Nile Hub

Hudson Sekimpi	Outgoing Project Accountant VODP2
John Kokas Okanya	Outgoing Procurement Officer VODP2
Amuza Waigo	Outgoing Procurement Assistant VODP2
Alex Nakuya	Outgoing Office Administrator VODP2
Anthorny Wanyoto	Outgoing Communication and Knowledge Management Officer

The main comments are summarized below.

#### **Brief summary from the Country Director:**

Through a power point presentation, the Country Director gave an overview of the VODP2 project summarising the salient points.

The goal of the project was quite broad: to contribute to sustainable poverty reduction in the project area. With the target group and target area well defined, however with a skewed outreach and investment in the oil seed and oil palm components (88% investments in 3,000 oil palm farmers vs. 12% investment in 133,000 oil seed farmers). The project start date was October 2010 and original completion date 31 December 2018 and closing date 30 June 2019. The closing date of the oil seed component was extended to 31 December 2019 and closing date to June 2020, however as result of the COVID-19 situation, a 3-month extension was obtained and the project closed on 31 August 2020.

IFAD and GoU have been partners in the development of oil palm sector since the beginning of the development of oil palm in Uganda, a good case of a Public Private Partnership project.

The project exceeded most of its targets, key lessons learnt being: the ability of rural farmers to actually take loans and payback with the involvement of a neutral facilitator, the challenges experienced at KOPGT may probably be mitigated with the involvement of a commercial entity to handle the lending aspects. Challenges in supervision missions especially in regards to the wide project coverage (northern, eastern Uganda and the Islands). Alternatives for the landless households and the critical aspect of rural infrastructure. These lessons learnt have contributed to the designs of NOPP and NOSP; scale up projects resulting from VODP2.

#### **Remarks by the VODP2 Project Manager on behalf of GoU:**

Ms. Connie Magomu thanked IFAD for the support to Government to deliver on the project objectives. Through the project interventions income for farmers have increased; secured monthly income for oil palm farmers and more than USD 1,500 income per hectare for the oil seed farmers. Private sector investments also recognised with the increase in the number of oil millers investing in the sector. Farmers now have a 10% share in a multinational company and have to date earned over USD 3.3 million in dividends. Oil seed farmers accessing financing from commercial banks. Despite the challenges at KOPGT, the entity was supported from scratch and is now a self-sustaining entity, for the last two years has been meeting all its operating costs. The systems will be improved to ensure that it continues to provide services to its members. The project has seen farmers empowered, with some even getting involved in political leadership roles, women actively participating in meetings, families able to send their children to school. For the case of Oil palm in Kalangala, Government of Uganda considers VODP2 its flagship project, provided infrastructure for the district and economic development. Throughout the implementation of the project, counterpart funding from GoU was guaranteed. GoU intends to now explore the animal feeds sector a by-product from the oil seeds milling process. IFAD mission and technical support provided were appreciated and IFAD's involvement build confidence with the Private sector partner. The PMU delivered on their assignments, they exhibited teamwork, commitment, professionalism and excellence.

#### **PAT reviews and other comments:**

Henrik Franklin, Lead Portfolio Advisor, ESA thanked the PMU and IFAD country team for the high quality and well written PCR in line with the PCR requirements. Commendable that the lessons learnt from the project implementation have been picked up in the new scaled up investments. Other reviews and comments received included the following:

- Important for the PCR to elaborate the length of time to establish private sector engagement
- Linkages with other projects in the Uganda portfolio

- The transition or turnaround from problem project status
- Controversy around the project
- Section of scaling up (NOPP, NOSP) missing
- Activities not completed in VODP2 and now being continued in NOPP
- Reference to both MTR and original project targets

Other Comments / Clarifications	Responses from PMU / ICO
Not clear how productivity increased in the PCR; access to inputs, farm management in absence of adequate foundation seed	Increase in productivity attributed to the good quality seeds imported by the millers, planting on time , availability of farmer learning platform and good practices
Marketing; physical access to markets and timely inputs	Pay for Service providers supported the farmers to negotiate better, MoUs made with different millers
Complex project with lots of innovation Understating of project costs; oil palm 88% of costs targeting 3,000 farmers and oil seeds 12 % of costs for 133,000 farmers	
Suitability of project areas; resulting to more disparity on poverty levels and how it can be re-constructed	Study undertaken by the university of California revealed that all sectors of the economy in Kalangala benefited from the project
The use of dividends	Dividends support community based activities
Transition – production has increased due to the increase in mills and expansion of land dedicated to oil seed and oil palm. What type of crops did farmers stop growing before going in the oil palm and oil seed business? Would be interested to know	Oil palm growing was expanded to areas not previously cultivated Oil seeds replaced crops like cotton, tobacco, pigeon peas and maize that were deemed no longer profitable
SECAP compliance – not seen the rating in the PCR – (category 1 project) – would be good to have some feedback on the implementation of this project	Noted
Procurement ratings; PCR moderately satisfactory, MTR moderately unsatisfactory, need to show how the elements or challenges were addressed	Noted
OPR: PCR ratings alignment with old ratings, Inconsistency on ratings for markets, Productivity for agriculture rating far below average rating, some missing data on outcome, Efficiency ratings; FMD not that positive and alignment of ratings with IOE ratings critical.	Written comments from OPR to be shared within the next 10 days to allow for consolidation in the final PCR

#### Conclusion:

PMU and country office to finish the report and include all the comments (PCR to be completed in the next 10 days)

VODP2 project presents some good learnings and a nice candidate for consideration in the next learning event.

The detailed comments from the Portfolio Advisory Team (PAT) of ESA on the first draft on the PCR are included in the table below.

**Country:** Uganda

**Project Name:** Vegetable Oil Development Project, Phase II

**Project ID:** 1100001468

**Completion Mission dates:** 17 February – 6 March 2020

**Country Director:** Moola, Lakshmi

**Board Approval date:** 22 Apr 2010

**Entry Into Force:** 21 October 2010

**Project Completion Date:** 31 December 2019

**Loan Closing Date/ PCR Due Date:** 30 September 2020

**IFAD Loan (USD Million):** 52.00

**Total Project Financing (USD million):** 148.19

**Implementing Agency:** Ministry of Agriculture, Animal Industry and Fisheries

**Reviewers:** Baptiste Renard, Roberta Bruscino, Seyoum Tesfa, Florence Munyiri, Henrik Franklin

#### Overall Impressions

Overall, the report is well-written and provides the reader with a good overview of the results achieved by the project, as well as the challenges encountered during implementation. It is commendable to read that the project achieved most of its revisited targets. Moreover, the team has acknowledged and learned a lot from this project. The lesson on complexity (both oil and seeds) is well noted and the fact that two distinct programs were thus designed (NOSP and NOPP). It will be important to keep the rich lessons in mind during the implementation of NOPP and NOSP.

#### Key innovations/lessons learned

##### Key innovations

VODP 2 has successfully tested and verified results of several innovations that were initially conceptualized under VODP 1. This has provided necessary confidence to MAAIF to adopt these approaches in the new programmes designed for scaling up oil palm and oilseeds programmes nationally. In addition, the project also implemented additional innovations during the course of this project. These innovations can be classified as: (i) systemic innovations; and (ii) programmatic innovations. Details are provided in section D.7.

##### Main lessons learned (details available in section H)

- Zero delinquency rate for development loan repayment can be achieved in case of value chains that have close interdependency between buyers and sellers with a neutral facilitator for price determination
- Dual commodity, and dual implementation and management modality makes the project complex.
- Land acquisition, land identification and infrastructure planning being the preliminary activities of oil palm development need to be taken up well ahead of starting project implementation
- Building efficient systems and processes for managing development loan to farmers is a pre-requisite
- An efficient extension system on a pay for service basis needed to enhance productivity
- Support for landless households is required to reduce the growing disparity between income of oil palm farmers and landless
- Women centric approach in oil palm development needed
- MSPs need an institutional backbone with resources
- Rural infrastructure essential for oilseeds cultivation expansion

Completeness of the Project Completion Report				
The section on potential for scaling-up is missing and needs to be included in the final version of the report. Scaling up is referred to in the heading of Section D7, but it should be a distinct section with a rating and focus on the steps that have been already taken by the Government or other partners in order to replicate, adopt or scale-up successful interventions, implementation approaches, or innovative features implemented or tested during project implementation. Mention could be made to the fact that the GoU through NOSP/NOPP are scaling up many of the interventions/approaches. In the final version please remove the red text boxes indicating the expected content/PCR guidance.				
PCR Criteria	PCR rating as submitted by CD	PCR rating as suggested by ESA review	Agreed PCR rating	Comments on the PCR rating (eg. inconsistencies, para. ref.)
<b>Project Performance</b>				
Relevance	5	5		<b>Agreed.</b> The project was relevant at the time of the design, notably as a second phase to VODP I, and remained relevant at completion. This section captures quite well the challenges encountered by the project during its lifespan, and how the Project Team adapted it to reflect changes in the environment. It will be crucial to ensure that lessons are learned from this experience for the implementation of NOPP/NOSP.
Effectiveness	4	4		<b>Agreed.</b> Data is sometimes missing to allow a proper assessment of the effectiveness of the project, the section is often missing the targets and the LF as well. Other times, this section provides the targets at design and not at MTR or the opposite. Nonetheless, the overall assessment seems aligned with a rating of 4. However, it is to be noted that numerous lessons were learned vis-à-vis the different output/outcome's achievements and challenges. It will be key to use these in the upcoming NOSP, and very interesting to see if all of these remain valid after a few months.
Efficiency	4	4		<b>Agreed.</b> Some observations: 1) <i>Procurement</i> . Para 126 suggest that procurement was rated Moderately Satisfactory (4). This notwithstanding, during the last supervision mission (Sep/Oct 2019), procurement was rated moderately unsatisfactory (3). Among the reasons for this rating, poor performance of contractors and inefficient contract management were noted. It was agreed to ensure completion of all ongoing contracts before PCD and to ensure smooth handing over of all ongoing contracts eligible for financing under bridging arrangements to NOPP PMU before PCD. These actions had to be completed by the end of 2019, but it seems like there is not any reference made to this issue in the PCR, apart from a general comment on contract administration and management ("At the start of the project, contract management function was not efficient as the contract monitoring forms were updated by the finance staff, and not by the contract manager. Since contract management is more than payment monitoring, this system was changed and these functions were transferred to contract managers to follow up on the technical aspects of the contracts including payment sanction"). Therefore, it is unclear whether this issue has been correctly addressed before completion and it would have been good to include some explanation on this issue as well. 2) <i>Financial management</i> is assessed as Satisfactory in the PCR, while the last PSR rating was Moderately unsatisfactory (3).

Sustainability	4	4		<b>Agreed.</b> It seems like there is already a lot of responsibilities on NOPP / NOSP to ensure the sustainability of VODP II results, or, in some cases, even continue some of the activities that were just initiated.
<b>Rural Poverty Impact</b>				
Households' Incomes and Assets	5	5		<b>Agreed.</b> Although this section is providing the reader with interesting qualitative information, it would have been valuable to include quantitative data to corroborate the qualitative arguments, such as the initial targets or baseline situation. This notwithstanding, some of the data is more or less available when digging in the other sections of the report. Thus, PAT agrees with the proposed rating.
Human Social Capital and Empowerment	4	4		<b>Agreed.</b>
Food Security	5	5		<b>Agreed.</b>
Agricultural Productivity	5	4		<b>Not agreed.</b> Although the report makes a genuine attempt to present all the results achieved vis-à-vis the enhancement of agricultural productivity, the real progress remains quite vague for some of the initial objectives. The performance of the research institutions in respect of oil palm related activities was satisfactory, but the activities related to varietal development and production of foundation seeds of oilseeds were below expectations (Page 13). In the absence of adequate foundation seeds of oilseed, it is not clear how productivity has increased. It would be valuable to include information on the extent to which any crop management was implemented that contributed to the increase in productivity. Thus, PAT suggests lowering the rating to 4, Moderately Satisfactory, to be discussed during the PCR review meeting.
Institutions and Policies	4	4		<b>Agreed.</b>
Overall Rural Poverty Impact	5	5		<b>Agreed.</b>
<b>Additional Evaluation Criteria</b>				
Gender Equity and Women Empowerment	4	4		<b>Agreed.</b> The oil palm component's women participation was 36 percent, and in the Oilseeds component, 53 percent of the members of Farmer Groups were women. There is labor sharing to reduce women's workloads, increase incomes have led to increased self-esteem, women have acquired nutrition education, and engaged in joint decision making.

Access to Markets	4-5?	4		<p><b>The rating provided at the beginning of the report in the rating matrix is a 4 when the rating provided in the main text of the report is a 5. Which one did you want to suggest?</b></p> <p>The report does not provide much information about the extent to which there were changes in farmers' physical access to markets (e.g., availability of roads or market outlets), or in accessing quality agricultural inputs (fertilizers, vaccines, seeds). To agree with a rating of 5, this section would need to be expanded by including information on the above. It is, nonetheless, commendable to note that GoU created a committee for price fixation to which producers are represented. Thus, in the absence of further data, PAT suggests lowering the rating to 4, Moderately Satisfactory. <i>NB: this section is not at the correct place in the report and needs to be moved to the "Additional Evaluation Criteria" part in the final version of the report.</i></p>
Innovation	5	5		<b>Agreed.</b>
Potential for Scaling Up	5	5		<b>Agreed.</b> Although a rating of 5 seems appropriate and in line with the last PSR rating (Dec 2019), the PCR needs to include a distinct section on scaling up to justify the rating. This section should explain the steps that have been already taken by the Government or other partners in order to replicate, adopt or scale-up successful interventions, implementation approaches or innovative features implemented or tested during project implementation.
Environment and Natural Resource Management	4	4		<b>Agreed.</b> The report indicates that " <i>smallholders are less rigorous in respecting the 200-meter buffer zone between the oil palm plantations and the lake as well as the use of best agronomic practices. As a result, cases of improper use of pesticides, burning of vegetation, etc, were found.</i> " This will need to be carefully monitored during the implementation of NOPP to ensure there is no harm to the environment during the project implementation.
Adaptation to Climate Change	4	4		<b>Agreed.</b>
Targeting and Outreach	4	4		<b>Agreed.</b> The project has in total reached 130,359 direct beneficiaries (160 percent) against the MTR target of 81,500 with the outreach against design targets is in the range of 60-69 percent. The project has supported 61,228 male farmers being 47 percent of the total, whereas it supported 69,131 female farmers (53 percent). The project has supported the formation of a three-tier farmer organization structure with Farmer Groups at the grassroots, 1,229 RPOs at the intermediary level, and 167 HLFOs at the apex level. The project has also supported the development of 1,646 Farmer Groups as VSLAs.
<b>Partners' Performance</b>				
IFAD's Performance	4	4		<b>Agreed.</b> It will be very important to take stock of the challenges encountered during VODP-II's implementation to ensure that they do not occur again during NOPP. For instance, the report states that "the supervision and implementation support were not adequate to ensure, establishment of systems and processes for development loan delivery, interest rate policy development, balance reconciliation between farmers and KOPGT and yearly audit of KOPGT". The report does not make mention of the fact that the project was rated in APP status for some time. What were the actions taken to improve the performance?

Government Performance	4	4		<b>Agreed.</b> Whilst we agree with the rating, we noted some inconsistencies as already indicated above. According to the last PSR (Dec 2019), FM, procurement were rated moderately unsatisfactory (3). The PCR however indicates in para 132 that FM was Satisfactory (5) and in para 126 procurement is rated Moderately Satisfactory (4). Please align with the last PSR ratings.
<b>Overall Project Achievement</b>	<b>4</b>	<b>4</b>		