

## Project Completion Report Validation

### Vegetable Oil Development Project, Phase 2

### Republic of Uganda

Date of validation by IOE: March 2021

## I. Basic project data

			Approval (US\$ m)		Actual (US\$ m)	
Region	East and Southern Africa (ESA)	Total project costs	148.1		81.6	
Country	Uganda	IFAD loan and percentage of total	52.0	35.%	48.2	59.1% <sup>1</sup>
Loan number	806-UG	IFAD grant (to SNV)	1.1	0.7%	1.1	1.3%
IFAD project ID	1100001468	Borrower (National Government)	15.0	10.1%	25.7	31.5%
Type of project (subsector)	Value Chain Development	International cofinancing (SNV)	0.3	0.2%	0.3	0.4%
Financing type	Loan & grant	Local private sector (OPUL) <sup>2</sup>	70.4	47.5%	-	-
Lending terms <sup>3</sup>	Highly concessional	Other domestic (Trust; KOPGT)	5.4	3.6%	1.0	1.2%
Date of approval	22 Apr 2010	Beneficiaries	3.9	2.6%	5.3	6.5%
Date of loan signature	21 Oct 2010					
Date of effectiveness	21 Oct 2010					
Loan amendments		Number of beneficiaries <sup>4</sup>	81 500 direct across 81 500 HHs 489 000 HH members		130 359 direct across 89 782 HHs/ 538 692 HH members	
Loan closure extensions	2 extensions of 12 months followed by 2 months					
Country Director(s)	Lakshmi Moola (current); Alessandro Marini; Marian Bradley	Loan closing date	30 Jun 2019		31 Aug 2020	
Regional director(s)	Sara Mbago-Bhunu (current); Sana Jatta; Perin Saint Ange; Ides de Willebois	Mid-term review			Dec 2014	
Project completion report reviewer	Nuri Niyazi	IFAD loan disbursement at completion (%)			92.7%	
Project completion report quality control panel	Eoghan Molloy; Chitra Deshpande; Fabrizio Felloni	Date of the project completion report			15 Oct 2020	

Source: Project Completion Report (2020); Design Report (2010), ORMS (accessed 10 November 2020).

<sup>1</sup> Note: the IFAD loan was in fact disbursed at 100 per cent in terms of special drawing rights, but fluctuations in exchange rates meant that the US dollar equivalent was lower upon completion than originally planned.

<sup>2</sup> OPUL: Oil Palm Uganda Ltd; KOPGT: Kalangala Oil Palm Growers Trust.

<sup>3</sup> Special loans on highly concessional terms: free of interest but bearing a service charge of three fourths of one per cent (0.75%) per annum and having a maturity period of 40 years, including a grace period of 10 years.

<sup>4</sup> These figures constitute revised targets at mid-term review. The appraisal targets in the Design Report (2010) were set at 139,000 individuals across 139,000 households, representing about 834,000 household members.

## II. Project outline

<b>Country &amp; Project Name</b>	Republic of Uganda Vegetable Oil Development Project, Phase 2 (VODP2)
<b>Project duration</b>	Total project duration: nine years. Board approval: 22 Apr 2010. Loan signing: 21 Oct 2010. Loan effectiveness: 21 Oct 2010. Completion: 31 Dec 2019. Loan closure: 31 Aug 2020. Loan extensions: One extension for a period of 12 months, followed by a two-month extension owing to delays resulting from the COVID-19 pandemic. Effectiveness lag: six months. Time from entry into force to first disbursement of funds: seven months.
<b>Project goal, objectives and components</b>	The goal of VODP2 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. The project had three components: Component 1, oil palm development, aimed to consolidate and expand oil palm development, establish nucleus estates and smallholder palm plantations, and to identify new areas for oil palm development. Component 2, oilseeds development, aimed to enhance seed production, extension services and other value chain activities related to credit access and market linkages. Component 3, project management, was designed to ensure effective implementation of the project.
<b>Project area and target group</b>	<u>Oil palm project area:</u> VODP2 continued the development of smallholder oil palm on Bugala Island in Kalangala District (supported in VODP [Phase 1] and covering about 80 islands). It was also to extend smallholder oil palm development to suitable outlying islands in Kalangala District that were reasonably close to the palm oil mill on the nucleus estate.  <u>Oil seeds project area:</u> VODP2 was to focus on raising the production of crushing material in the Lira hub, and three additional “hubs” with good prospects for attracting additional private investment in oilseed milling capacity and service provision (seed supply and technical services) by the industry itself.  For the oil palm component, smallholder farmers were the direct target group. The indirect target groups were nucleus estate workers and labourers on smallholder plots. For the oilseeds component, the target groups were emergent oilseeds farmers, and semi-commercial and commercial smallholders. Social measures for gender and youth were included for all target groups.
<b>Project implementation</b>	The Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), through the project management unit (PMU), was responsible for implementing project activities. The oil palm component was implemented based on a public private producer partnership (PPPP) modality with a tripartite agreement between the Government of Uganda, BIDCO Uganda Ltd (BIDCO) and the Kalangala Oil Palm Growers Trust (KOPGT). Under the Oilseeds component, the project engaged the Netherlands Development Organisation (SNV) to establish the Oilseed Sub-sector Stakeholder Platform (OSSUP) and market linkages through Multi-stakeholder platforms.
<b>Changes during implementation</b>	There were significant changes in the design during project implementation and these changes were largely based on implementation experience and stakeholders demands: (i) cancelling smallholder oil palm and nucleus estate development in Buvuma (owing to issues related to land acquisition and delays in receiving requisite confirmations from BIDCO/OPUL); <sup>5</sup> (ii) use of IFAD funds to build landing sites and ferry services in Kalangala and Buvuma; (iii) use of district-level governments as service providers for supporting Farmer Groups under the Oilseeds component; (iv) re-focusing of support activities on selected priority oilseed value chains around regional processing/marketing clusters, while strengthening farmers organizations for efficient mobilization, message delivery and marketing activities; (v) the introduction of household mentoring to strengthen efforts to address social inequalities (gender and youth) that can adversely affect access to land and decision-making over how to spend rising incomes.
<b>Financing</b>	VODP2’s financiers were IFAD, through a loan (59.1 per cent of actual total project costs) and a grant (1.3 per cent); the National Government as the borrower (31.5 per cent), SNV (0.4 per cent), KOPGT (1.2 per cent) and beneficiary communities (6.5 per cent). The approved project funds were under-disbursed by 44.9 per cent, owing to cancellation of development activities in Buvuma and the resultant cancellation of the planned investment by Oil Palm Uganda Ltd (OPUL) of US\$70.4 million (47.5 per cent of approved project costs).

<sup>5</sup> Nucleus estate development and smallholder farmer oil palm plantation support in Buvuma are now part of the National Oil Palm Programme (NOPP).

Table 1  
Project costs (US\$ '000)

Funding source	Appraisal	% of appraisal costs	Actual	% of actual costs	% disbursed
IFAD loan <sup>6</sup>	52 000	35.0%	48 242	59.1%	92.7%
IFAD grant (to SNV)	1 086	0.7%	1 086	1.3%	100.0%
Borrower (National Government)	15 000	10.1%	25 698	31.5%	171.3%
International cofinancing (SNV)	340	0.2%	340	0.4%	100.0%
Local private sector (OPUL*)	70 380	47.5%	-	-	0%
Other domestic (Trust; KOPGT*)	5 480	3.6%	1 046	1.2%	18.5%
Beneficiaries	3 900	2.6%	5 269	6.5%	135.9%
<b>Total</b>	<b>148 186</b>	<b>100%</b>	<b>81 681</b>	<b>100%</b>	<b>55.1%</b>

Source: Project Completion Report (2020); Operational Results Management System (ORMS) (accessed 10 November 2020).  
\* OPUL: Oil Palm Uganda Ltd; KOPGT: Kalangala Oil Palm Growers Trust.

Table 2  
Component costs (US\$ '000)

Component	Appraisal	% of appraisal costs	Actual	% of actual costs	% disbursed
Oil palm development	120 509	81.3%	56 646	69.4%	47%
Oilseeds development	18 125	12.2%	15 919	19.5%	87.8%
Project management	9 552	6.4%	9 116	11.2%	95.4%
<b>Total</b>	<b>148 186</b>	<b>100%</b>	<b>81 681</b>	<b>100%</b>	<b>55.1%</b>

Source: Project Completion Report (PCR) (2020); ORMS (accessed 10 November 2020).

### III. Review of findings

PCR finding	Rating
<b>A. Core Criteria</b>	
<b>Relevance</b>	
<p>1. <b>Relevance of project objectives.</b> VODP2 met beneficiary requirements by facilitating viable smallholder farming systems in vegetable oil value chains, providing a secure market for smallholder producers in the Oil palm development model and providing an entry point into commercial activity through short-season oilseed crops. VODP2 was in line with MAAIF's Development Strategy and Investment Plan 2010/11–2014/15, which relied on promoting private sector investment <i>inter alia</i>. It was relevant to two of the Development Strategy and Investment Plan's four programmes to enhance production and productivity, and access to markets and value addition. With regard to IFAD priorities, VODP2 was more relevant to the 2013 Country strategic opportunities programme (COSOP) than to the 2004 COSOP; it aligns to all three strategic objectives of the 2013 COSOP and more loosely aligns with two of the six strategic thrusts of the 2004 COSOP on smallholder access to capital and technology and enhancing smallholder market integration.</p> <p>2. The proposal to extend VODP2 activities into the conflict-affected northern part of Uganda was also consistent with IFAD's Policy on Crisis Prevention and Recovery (2006) and the Government's Peace and Recovery Development Programme (2009–2012 and 2012–2015) for northern Uganda.</p>	4

<sup>6</sup> Note: the IFAD loan was in fact disbursed at 100 per cent in terms of special drawing rights, but fluctuations in exchange rates meant that the US dollar equivalent was lower upon completion than originally planned.

<b>PCR finding</b>	<b>Rating</b>
<p>3. <b>Adequacy of project design.</b> The design overall was coherent in support of achieving project objectives, although the two main components on oil palm and oilseeds development were largely distinct and without synergies. The Mid-term Review (MTR) refers to the under-design and under-budgeting of VODP2 investments, especially for maintenance of young plantations and infrastructure development. Land issues were not fully taken into account, and the capacity of relevant partners to implement oil palm activities was overestimated, leading to the eventual cancellation of the smallholder oil-palm and nucleus-estate development sub-component in Buvuma and resulting in an overall project under-disbursement by 45 per cent.</p> <p>4. The various changes to design at MTR (see "Changes during implementation" under Section II. Project Outline) seemed sound, considering the financing available, the time remaining and the need to improve technical issues and to ensure the sustainability of target value chains.</p> <p>5. <b>Targeting strategy.</b> VODP2 employed pro-poor geographic targeting by focusing on the northern and eastern regions and poor fishing communities. While the project design made an effort to identify how smallholders could benefit from investments alongside more established commercial farmers and other value chain actors, the targeting strategy did not articulate well how vulnerable and poor populations would be included; an effort was later made to introduce household mentoring.</p> <p>6. Various social safeguard mechanisms such as HIV/AIDS awareness-raising, and the use of gender-transformative approaches were also proposed. However, gender disparities were not adequately considered in the project design, disadvantaging women in becoming host farmers for training sites, demonstrations and learning platforms, as well as in acquiring labour-saving post-harvest technologies.</p> <p>7. On balance, taking into consideration the issues outlined above concerning project design and targeting, this PCRV rates the relevance of VODP2 as <i>moderately satisfactory (4)</i>, one point below the PCR rating.</p>	
<b>Effectiveness</b>	
<p>8. <b>Outreach.</b> The total numbers of beneficiaries reported in the PCR to have been reached during VODP2 implementation were 130,359 direct beneficiaries, and 89,782 households and 538,692 household members. Against the revised MTR targets, these outreach figures translate to achievement rates of 160 per cent for individuals and 110 per cent for households and their members, respectively.<sup>7</sup></p> <p>9. <b>Objective 1: An integrated oil palm industry to supply national and export markets providing equitable returns to smallholder producers.</b> The project largely achieved this objective in view of the completion and performance of the Kalangala oil palm scheme. It includes an 11,348-hectare (ha) plantation, of which 6,500 ha are under OPUL management (107 per cent of target) and 4,848 ha (exceeding the target of 4,700 ha) were established by 2,063 smallholder farmers (vis-à-vis a target of 1,800). Construction and maintenance of roads and fertilizer stores have met or exceeded targets<sup>8</sup> and increased access to farms and services. Smallholder harvests of fresh fruit bunches (FFBs) increased moderately over the course of the project.<sup>9</sup></p> <p>10. By project-end KOPGT emerged as a relatively strong institution operating without project support, having achieved operational self-sufficiency since end-2018 in line with the design target. However, in 2019 substantive operational losses were noted as a result of non-implementation of recommendations</p>	4

<sup>7</sup> Outreach against appraisal targets is considerably lower, with achievement rates of 94 per cent for individuals and 65 per cent for households and their members, respectively. Further, the project documentation does not provide breakdowns of participation of the various sub-target groups (e.g., nucleus workers and labourers, youth, new entrant and remote smallholders versus semi-commercial and commercial smallholders and women-headed households).

<sup>8</sup> The project constructed three fertilizer stores as per project design and MTR targets, and completed 481 km of roads (against a target of 390 km, representing 123 per cent target achievement).

<sup>9</sup> The Supervision Report December 2019 noted a 13-percent increase between 2017/18 and 2018/19.

<b>PCR finding</b>	<b>Rating</b>
<p>regarding financial capabilities, making its financial self-sustainability uncertain.<sup>10</sup></p> <p>11. The largely successful completion of these outputs and outcomes has resulted in an annual crude oil palm production of 40,000 tons by end-2019, exceeding the target of 30,000 tons. On the other hand, a major activity under Objective 1, oil palm development in Buvuma, was cancelled altogether, leading to significant under-disbursement by the project.<sup>11</sup></p> <p>12. <b>Objective 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.</b> VODP2 mostly achieved its oilseed component objective, expanding the Lira hub and creating new hubs for oilseeds. This was supported by the improvement of linkages between farmer groups and millers/stockists and encouraging farmers to bulk their produce. By project end, 2,022 farmer groups were bulk selling, greatly surpassing the target of 1,000. Domestic oilseed production increased from a baseline of 70,000 tons to 882,730 tons (623,547 tons of sunflower and 259,183 tons of soybean) by the end of 2019, vastly exceeding the project end target of 150,000 tons.</p> <p>13. Eleven pay-for-service providers provided extension and marketing services to 5,311 farmer groups, almost reaching the target of 5,900 groups. Oilseed farmers (3,959) also accessed financial services from 10 financial institutions, and 54,630 smallholder farmers accessed credit and savings from Village Savings and Loans Association (VSLAs).</p> <p>14. Bulking has enabled farmers to negotiate as a group, receive higher prices from millers, and gaining better market access. An important outcome that was not achieved, however, concerned mill capacity utilization, with the project achieving 68 per cent compared to the target of 85 per cent. VODP2's efforts in promoting new governance systems (notably through KOPGT) have strengthened farmers' ownership, and the use of multi-stakeholder platforms has been widely recognized as effective.</p> <p>15. On balance, while there are notably strong achievements against certain targets, other outcomes were not achieved, with some activities having been cancelled. This PCRV rates the effectiveness of VODP2 as <i>moderately satisfactory (4)</i>, in line with the PCR rating.</p>	
<b>Efficiency</b>	
<p>16. The effectiveness lag for VODP2 was six months between approval and effectiveness, which is relatively short and compares well with IFAD and regional averages. On the other hand, the efficiency of the implementation of the oilseeds component was adversely affected by start-up delays, institutional changes and initial difficulties with procurement of pay-for-service providers and disbursements. The component was designed to build on the achievements of VODP oilseed activities, with further geographical expansion and greater emphasis on increasing productivity. The gap between closure of VODP and implementation of VODP2 therefore reduced the continuity and momentum between both phases. The delay in the recruitment of PMU staff, combined with lengthy administrative (fiduciary and procurement) systems did not allow for recovering lost time and some activities had to be dropped at MTR. Subsequently the project was moderately efficient at catching up and disbursing funds in a timely manner to reach the target group and attain many of the expected outcomes.</p> <p>17. Notwithstanding, an extension of one year (followed by an additional two months due to COVID-19) to the completion date of the oilseeds component was required to ensure that a large percentage of the groups supported did not risk collapsing once the support of the project ended.<sup>12</sup> Further support for group consolidation</p>	4

<sup>10</sup> Supervision Report December 2019.

<sup>11</sup> See earlier sections "Changes during implementation" and "Financing".

<sup>12</sup> Supervision Report November 2018.

<b>PCR finding</b>	<b>Rating</b>
<p>was also useful in preparation for the future National Oil Seeds Project (NOSP; in planning).</p> <p>18. The cost-benefit analysis presented in the PCR yielded an overall internal rate of return (IRR) of 27 per cent for the project with a net present value (NPV) of US\$38.4 million compared to the IRR band of 19-25 per cent estimated at design. The PCR deems the positive NPV to indicate that the project investments were robust and sound. The sensitivity analysis indicated that the project investments would sustain a 15-per-cent decline in yields or a 15-per-cent increase in costs.<sup>13</sup></p> <p>19. This PCR therefore rates the efficiency of VODP2 as <i>moderately satisfactory (4)</i>, in line with the PCR rating.</p>	
<b>Rural poverty impact</b>	
<p>20. <b>Household incomes and assets.</b> The estimated average annual net household income of farmers from oil palm cultivation of US\$5,326 at completion is relatively high, even without a comparative figure at baseline. The net income per hectare was US\$1,983, exceeding the target of US\$1,500. Although the impact on net household income of oilseed farmers was positive, the projected income per hectare of US\$350 was surpassed in soya bean cultivation (US\$438) but missed for sunflower cultivation (US\$313).</p> <p>21. The PCR further points to substantial increments in the assets of oil palm farmers between 2014 and 2019 (notably in the quality of housing), and oilseeds farmers reported high levels of investments in various household assets. In Kalangala, however, the sudden influx of wealth had a negative impact in some communities, such as high expenditures on unproductive assets and consumption (including of alcohol), causing family disputes.</p> <p>22. <b>Food security and agricultural productivity.</b> Total annual crude oil palm production and domestic oilseed production outputs exceeded their targets by a great margin (see above section on “Effectiveness”). The PCR also details average yields per hectare for oil palm production, sunflower and soybean cultivation for VODP2 farmers, with the former increasing by several tonnes on the nucleus estate<sup>14</sup> and the latter two found to be higher than the respective national averages.<sup>15</sup> However, average yields per hectare were considerably lower for smallholder farmers, owing to the non-implementation of recommended agronomic practices (e.g. fertilizer application). VODP2 has had a positive impact on the bulking of agricultural production, with 2,022 farmers’ groups involved in bulking (against a target of 1,000 groups) by project end, thus helping households to obtain higher selling prices.</p> <p>23. In terms of reduced malnutrition, the PCR reports that stunting reduced from 66.2 per cent at baseline to 32.4 per cent in 2019, compared to 26.5 per cent in central region and at 29 per cent nationally.</p> <p>24. <b>Human and social capital and empowerment.</b> Moderate impacts by VODP2 were noted with regard to human and social capital and empowerment among project beneficiaries. As such, the improved business skills and use of increased savings and credit can be viewed to have built social capital, through strengthening financial management capacity of group members. The PCR noted that the capacity building of groups, coupled with linkages to value chain actors, has resulted in increased confidence, sense of ownership and control by oil palm farmers and oilseed growers in the management of their agricultural production businesses.</p> <p>25. <b>Institutions and policies.</b> At grassroots level, with farmers’ groups and organizations including the KOPGT, there have been signs of impact in terms of institutional strengthening. VODP2 further grew KOPGT from VODP to the point</p>	4

<sup>13</sup> A 15-per-cent decline in yields would reduce IRR and NPV to 20 per cent and NPV to US\$18.6 million, respectively, and a 15-per-cent increase in costs would reduce IRR and NPV to 25 per cent and US\$32.0 million, respectively.

<sup>14</sup> Pre-project average yield in the nucleus estate was 15.2 MT per ha, while productivity increased to 18-19 MT per ha in 2018 and 2019.

<sup>15</sup> The average sunflower yield for VODP farmers was 1.71 MT per ha, against the national average of 1.02 MT per ha; the average soybean yield for VODP farmers was 1.81 MT per ha, against the national average of 0.50 MT per ha.

<b>PCR finding</b>	<b>Rating</b>
<p>where it received over UGX10 billion (ca. US\$3 million) in dividends as the holder of 10-per-cent shares in OPUL. It provides important credit and support in transportation of FFBs for farmers. However, the PCR noted that adequate systems and processes have not yet been built for the robust management of development loans, extension service delivery and input supply. Furthermore, the delayed establishment of the Ssesse Oil Farm Growers Cooperative (SOPGCO), and overlapping management structures and functions between KOPGT and SOPGCO have reduced the effectiveness of these institutions.</p> <p>26. At intermediate level, capacity building of district-level government staff and district farmers associations tasked with supporting farmer-led extension service provision has strengthened institutional capacities of high-level farmers' organizations. At national level, the grant-funded Uganda OSSUP played a market-making role in VODP2, bringing key actors in the vegetable oil sector together, although it closed in 2017 when funding ended, thus leaving an institutional void.</p> <p>27. <b>Overall</b>, while there have been some positive impacts on rural poverty, there were sometimes uneven with less positive results for smallholders, while VODP2's impact on institutions and policies was mixed. This PCRV rates the rural poverty impact of VODP2 as <i>moderately satisfactory (4)</i>, in line with the PCR rating.</p>	
<b>Sustainability of benefits</b>	
<p>28. The sustainability of the oil palm scheme in Kalangala is not yet fully ensured. The project has succeeded in consolidating a solid PPPP involving OPUL and smallholders, increasing smallholder landholdings under oil palm cultivation, and providing vital extension, credit and transportation services by a viable KOPGT. However, KOPGT posted a large operational loss by June 2019, making its financial sustainability uncertain.</p> <p>29. The project's exit strategy for the oil palm component hinges largely on the ability of SOPGCO to take over regular functions of KOPGT and evolve as a member-owned institution. However, SOPGCO still requires institutional strengthening, and the delineation of management structures and functions with KOPGT needs further conceptualization. Notwithstanding, the PCR argued that transition of SOPGCO to a sustainable institution would be considerably easy to achieve, given interdependency between the oil palm growers and OPUL, coupled with the farmers' ability to pay for services offered.</p> <p>30. While there are some positive indications with regard to the sustainability prospects of oilseed value chains, some uncertainties remain. Project reports indicate strong grounds for sustainability with the supported farmer groups, the linkages with value chain actors, and the extension services to increase farmer production. However, the level of maturity of farmers' organizations formed at different levels remains unclear. Efforts were also made to make the VSLAs sustainable by linking mature ones with formal financial institutions or training community-based facilitators on the approach, however the sufficiency of these arrangements remains ambiguous, as does the strength of the linkages between smallholders and the private sector.</p> <p>31. The role of OSSUP has proven effective but unsustainable, with calls for it to be funded as a public good by SNV. It is unclear how OSSUP's role will be replaced by the multi-service platform model proposed in NOSP and to what extent farmers and their organizations will have access to reliable market information and brokerage services.</p> <p>32. This PCRV therefore rates the sustainability of VODP2 as <i>moderately satisfactory (4)</i>, in line with the PCR rating.</p>	4
<b>B. Other performance criteria</b>	
<b>Innovation</b>	
33. VODP2 has built on innovative VODP features that were new to Uganda, including most notably the continued development of oil palm as a new perennial crop via	4

<b>PCR finding</b>	<b>Rating</b>
<p>a PPPP approach, with substantial private sector investment commitments and dividend returns to the Government and KOPGT from the miller OPUL. The multi-stakeholder KOPGT created under VDOP1 was innovative as it provided longer-term financing for the full cycle of smallholder plantation farming. VODP2 has also served to validate other innovations introduced earlier, including the engagement of private sector agronomic services and market linkages. The overall success of the VODP1/2 experience has had a marked influence on Government thinking, yet much of the innovation must be attributed to the original design of VODP developed under the 1998 COSOP.</p> <p>34. This PCR rates VODP2 innovation as <i>moderately satisfactory (4)</i>, one point below the PCR rating.</p>	
<b>Scaling up</b>	
<p>35. The PCR assesses the potential for the scaling-up of certain innovative and successful VODP2 approaches and intervention strategies as being high, as evidenced by the conception and/or roll-out of follow-on IFAD-financed projects. As such, NOPP extends the implementation of VODP2's PPPP modality with private sector investment, and pricing and marketing arrangements for oil palm FFBs mostly in VODP2's target areas; while NOSP (in pipeline) builds on VODP2's experience in oilseed production and marketing, including establishing Multi-stakeholder platforms to garner private sector interest and foster market linkages, as well as community-based organizations for delivery of extension services and technology transfer.</p> <p>36. However, beyond these later IFAD projects, the PCR did not provide any other evidence of uptake or scaling up of successful VODP2 approaches, strategies or experiences. This was also evidenced by observations of IOE's 2021 Country strategy and programme evaluation.</p> <p>37. On the one hand, the PCRV recognises the interest of the government and the private sector in replicating VODP2 experiences in subsequent IFAD-financed projects. On the other hand, the PCRV could not find evidence of scaling up beyond IFAD-financed projects, which raises questions as to the actual extent to which other partners and resources have been leveraged in this apparent replication. The PCRV also notes the 2015 IFAD's operational framework for scaling up results which states "scaling up results does not mean transforming small IFAD projects into larger projects". This PCRV therefore rates the scaling-up criterion for VODP2 as <i>moderately satisfactory (4)</i>, one point lower than the PCR rating (albeit for the criterion of 'Potential for scaling up').</p>	4
<b>Gender equality and women's empowerment</b>	
<p>38. <b>Women's participation in project activities</b> was high, in part as the value chain focus on oil seeds such as sesame and sunflower (traditionally seen as women's crops) helped to increase project outcomes for women. Further, the strategy to mobilize groups through VSLAs, rural entities where women are already traditionally mobilized, helped to reach substantial numbers of women.</p> <p>39. With regard to <b>women's ownership and access to assets</b>, women and men received fertilizers and other oil palm implements, and the participation criteria requiring the out-grower farmer to show evidence of ownership of the land was a driver for families to register land in women's names. However, there is less evidence to show that women controlled the resources from oil palm sales.</p> <p>40. VODP2 provided 3,528 women farmers with <b>access to financial institutions</b> for credit (out of 6,231 individual farmers), most of it used for expanding production capabilities, start-up of small businesses, or hire of labour.<sup>16</sup> <b>Women holding leadership roles</b> in project structures, including membership in groups, reported higher self-esteem and confidence.</p> <p>41. With respect to <b>access to knowledge and services</b>, women's knowledge of value chain and market-oriented approaches and advisory services has</p>	4

<sup>16</sup> MAAIF/IFAD: 2020. Impact of Oil Seeds Development Activities 2012-2019 – A compendium of VODP2 Success Stories, January 2020.



<b>PCR finding</b>	<b>Rating</b>
<p>improved, with women putting into practice new agri-business skills such as manufacture of value-added products.<sup>17</sup> However, gender disparities disproportionately disadvantage women in accessing opportunities for hosting training sites or farmer learning platforms because of the preconditions which many women cannot meet.<sup>18,19</sup></p> <p>42. Positive changes around <b>workload reduction or re-distribution</b> occurred with respect to: (i) women hiring labour, e.g. by using income from oil palm in Kalangala; (ii) reports of men taking up some farm roles previously performed by women (to a limited extent); (iii) investment in labour-saving post-harvest technologies (e.g. mills, hullers, threshers and ox-drawn carts); however, women's access to such technologies has been limited because of social norms that disadvantaged their ability to become host farmers for demonstrations and acquire these implements.</p> <p>43. This PCRV therefore rates VODP2 performance with regard to gender equality and women's empowerment as <i>moderately satisfactory (rating 4)</i>, in agreement with the PCR rating.</p>	
<b>Environment and natural resources management</b>	
<p>44. While evidence on deforestation and changes in carbon stocks is incomplete, preliminary evidence suggests that deforestation rates have decreased under VODP2. The main actors in the project (the PMU, KOPGT and OPUL) made great efforts to ensure sustainable production of oil palm and there is clearly willingness to ensure continual improvement.</p> <p>45. The project duly followed environmental and social risk assessment procedures, by: (i) following the recommendation of an environment and social assessment note at design to conduct an environmental and social impact assessment, which was finalised in December 2013; (ii) conducting an Environmental and Social Audit on Bugala Island in 2016 to assess compliance of project operations and provide recommendations to mitigate environmental and social risks and impacts. The latter highlighted certain shortfalls in respecting buffer zones to the lake and use of agriculture best practices (notably pesticide use and burning of vegetation).</p> <p>46. The PCR notes that major environmental challenges in oilseed cultivation remain, including clearing of woods for conversion into farmland, the use of pesticides and other agro-chemicals, and soil fertility management (such as reduced time allowed by farmers for fallowing).</p> <p>47. This PCRV therefore rates VODP2 performance with regard to Environment and natural resources management as <i>moderately satisfactory (4)</i>, in agreement with the PRC rating.</p>	4
<b>Adaptation to Climate Change</b>	
<p>48. Addressing climate change adaptation was relevant to VODP2, in that oil palm and oilseeds activities are based on rain-fed practices, leaving them vulnerable to climate change risk. Thus VODP2's adaptation to climate change largely hinged upon off-setting these exacerbated climate-related risks that come with oil palm and oilseed cultivation, through the introduction of early-maturing and drought-tolerant seed varieties, complemented by demonstrations of improved natural resources management.</p> <p>49. With regard to oil palm, the project promoted the planting of leguminous cover crop, front stacking, implement circle weeding, zero-tillage, zero burning and forest protection through boundary roads; while the oilseeds component advocated, water and nutrient conservation, minimum tillage, integrated soil</p>	4

<sup>17</sup> Including manufacture of cooking oil, groundnut paste, roasted groundnut, soy milk, soy pancakes and soy sauce.

<sup>18</sup> Field data show that Host Farmers were 26 per cent females compared to men at 74 per cent, community-based trainers and lead farmers were 33 per cent women and 67 per cent male, and yet the farmer composition in the oil seed component was 60 per cent women and 40 per cent men, and 39 per cent women and 61 per cent men in the oil palm component.

<sup>19</sup> E.g., the Oil Seed sub-sector learning platform required the host farmer to have land, invest some resources, and also become a learning point for others. This was difficult for women who did not have decision-making power over household production resources.

<b>PCR finding</b>	<b>Rating</b>
<p>fertility management, crop rotation, water harvesting and moisture retention strategies, mechanization, and integrated production and pest management.</p> <p>50. In the above context, learning platforms were established for building capacity of the farmers. However, the extent to which these practices have been adopted by farmers remains unclear from the project documentation. Furthermore, the PCR concedes that the community-based institutions established under VODP2 remain in their infancy and substantial efforts are yet to be made to promote and garner climate change adaptation benefits.</p> <p>51. This PCRV rates VODP2 performance with regard to adaptation to climate change as <i>moderately satisfactory (4)</i>, in agreement with the PCR rating.</p>	
<b>C. Overall Project Achievement</b>	
<p>52. VODP2's goals and objectives were relevant to all stakeholders, and several appropriate design adjustments were made during the implementation of the project, with satisfactory efficiency. Outreach figures and oil palm/oilseed production exceeded appraisal targets, and bulking and value-chain participation by smallholders were successfully promoted. Rural poverty impacts included household and per-hectare income gains; asset increments; reduction in malnutrition; strengthened business management capacity of farmer groups; and institutional strengthening at district level.</p> <p>53. Important institutional sustainability elements were put in place, but further consolidation is required. Women's participation rates were high, their land ownership increased, access to financial institutions was facilitated, and workloads for women were reduced. VODP2's successful innovative PPPP multi-stakeholder platform approaches impacted Government thinking, but are attributable to the original design of VODP. VODP2 made great efforts to ensure sustainable oil palm production and environmental and social risk assessment procedures were duly followed. Climate-smart varieties of oil seed crops were introduced, as well as climate change adaptation practices for improved crop and natural resources management.</p> <p>54. On the other hand, a major sub-component of the oil palm industry objective had to be cancelled owing to issues not anticipated in the design, mill capacity was under utilized as an important intended outcome, and implementation delays in the oilseed component required a 14-month project extension. There were occurrences of negative social impacts of increased wealth (see above section "Household incomes and assets"), and gender disparities and social norms disadvantaged women in accessing opportunities around training and demonstration/learning platforms, as well as in acquiring labour-saving technologies. The role of OSSUP in generating market opportunities was not substituted before its closure, leaving an institutional void at project end. Evidence for scaling up of the VODP2's results beyond two follow-on IFAD projects was scant. An environmental audit revealed certain shortfalls in farmers' use of agriculture best practices and respecting buffer zones between oil palm plantations and water bodies.</p> <p>55. This PCRV rates the overall project achievement of VODP2 as <i>moderately satisfactory (4)</i>, in agreement with the PMD rating.</p>	4
<b>D. Performance of Partners</b>	
<b>IFAD</b>	
<p>56. IFAD fielded 17 supervision, implementation support and review missions between 2010 until project completion in 2019, and a MTR in 2014. The PCR noted that IFAD's project supervision thus exercised on the whole provided the required support, guidance and recommendations to ensure effective project implementation. Notably, the MTR was used to redesign the project in response to severe implementation delays, thus cancelling the Buvuma oil palm development activities and instead increased the implementation capacity in the oilseeds component. VODP2 was thus moved out of a problem status to perform</p>	4

<b>PCR finding</b>	<b>Rating</b>
<p>more effectively. Notwithstanding, the PCR indicated that supervision missions prior to the MTR failed to identify clearly the inability of the relevant partners to implement oil palm development in Buvuma.</p> <p>57. Furthermore, the PCR pointed out that IFAD’s supervision and implementation support was 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 audits of KOPGT.</p> <p>58. This PCR rates IFAD’s performance on VODP2 as <i>moderately satisfactory (4)</i>, in agreement with the rating provided by PMD.</p>	
<b>Government</b>	
<p>59. The quality of PMU staff and project management was high, with VODP2 benefiting from transitioned staff recruited from its predecessor project VODP. Notwithstanding, delayed recruitment resulted in a 18-month delay of the project. On the whole the PMU ensured functional monitoring and evaluation (M&amp;E), sound financial management and compliance with loan covenants; and it routinely prepared annual work programmes and budgets, audits and monitoring reports, coordinated the progress of construction work and provided quality control. The PMU also undertook analytical work and even contributed to the design of follow-on projects, i.e. NOPP and NOSP. Important applied research was conducted by the National Agricultural Research Organisation/Makerere University under the oilseeds component.</p> <p>60. Notably, actual government contributions exceeded appraisal levels by a considerable margin.<sup>20</sup> The SAGE-Pastel accounting system employed for managing IFAD funds, in spite of some limitations, adequately facilitated the timely generation of required information for reporting, documentation and auditing.</p> <p>61. Measures employed by VODP2 to address corruption included the development of Core Values and complaint mechanisms to further emphasise the need for corruption-free project implementation. One isolated incident of theft was reported.</p> <p>62. While the M&amp;E arrangements in place for VODP2 were evidently functional, it was challenged to some extent by the reliance on private service providers, which provided different levels of data quality. Notably, the project tracked and reported gender-disaggregated data in the log frame and reports, and as a matter of fact gender issues featured prominently in its M&amp;E system.</p> <p>63. In view of the above assessment, this PRCV rates government performance on VODP2 as <i>satisfactory (rating 5)</i>, one point above the PCR rating.</p>	5

#### IV. Assessment of PCR quality

<b>PCR finding</b>	<b>Rating</b>
<b>Scope</b>	
<p>64. The PCR contained all chapters, sections, and annexes as per the Guidelines for Project Completion Review (2015) and provided substantive and relevant content. This PCR rates the scope of the PCR as <i>satisfactory (rating 5)</i>.</p>	5
<b>Quality</b>	
<p>65. The PCR process was inclusive of a variety of stakeholder groups, in that stakeholder workshops were held in February 2020 to take stock of VODP2’s achievements and for participants to voice their observations and assessment of the project’s implementation and results, as well as provide recommendations. The stakeholder groups represented notably included both oil palm and oilseed farmers.</p>	4

<sup>20</sup> See section on “Financing” under “II. Project outline”.

<b>PCR finding</b>		<b>Rating</b>
66.	The M&E was functional and adequate for tracking the data necessary to inform the original logframe indicators; however, data quality varied across private service providers and certain outcomes not reported in the logframe were not tracked, such as impact on household assets.	
67.	This PCRV rates the quality of the PCR as <i>moderately satisfactory (rating 4)</i> .	
<b>Lessons</b>		
68.	A set of lessons was indicated in the PCR to have been learned from the performance of VODP2; this PCRV deems them adequate, and they were derived from project design and implementation considerations.	5
69.	This PCRV rates the lessons criterion for the PCR as <i>satisfactory (rating 5)</i> .	
<b>Candour</b>		
70.	The PCR narrative was considered to be generally objective and to have struck an appropriate balance between showcasing achievements and describing shortfalls.	5
71.	This PCRV rates the candour criterion for the PCR as <i>satisfactory (rating 5)</i> .	

## Definition and rating of the evaluation criteria used by IOE

Criteria	Definition *	Mandatory	To be rated
<b>Rural poverty impact</b>	Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions. <i>Four impact domains</i>	X	Yes
	<ul style="list-style-type: none"> <li>Household income and net assets: Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value. The analysis must include an assessment of trends in equality over time.</li> <li>Human and social capital and empowerment: Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grass-roots organizations and institutions, the poor's individual and collective capacity, and in particular, the extent to which specific groups such as youth are included or excluded from the development process.</li> <li>Food security and agricultural productivity: Changes in food security relate to availability, stability, affordability and access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields; nutrition relates to the nutritional value of food and child malnutrition.</li> <li>Institutions and policies: The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor.</li> </ul>		No
			No
			No
<b>Project performance</b>	Project performance is an average of the ratings for relevance, effectiveness, efficiency and sustainability of benefits.	X	Yes
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project design and coherence in achieving its objectives. An assessment should also be made of whether objectives and design address inequality, for example, by assessing the relevance of targeting strategies adopted.	X	Yes
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.	X	Yes
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.	X	Yes
Sustainability of benefits	The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.	X	Yes
<b>Other performance criteria</b>			
Gender equality and women's empowerment	The extent to which IFAD interventions have contributed to better gender equality and women's empowerment, for example, in terms of women's access to and ownership of assets, resources and services; participation in decision making; work load balance and impact on women's incomes, nutrition and livelihoods.	X	Yes
Innovation	The extent to which IFAD development interventions have introduced innovative approaches to rural poverty reduction.	X	Yes
Scaling up	The extent to which IFAD development interventions have been (or are likely to be) scaled up by government authorities, donor organizations, the private sector and others agencies.	X	Yes
Environment and natural resources management	The extent to which IFAD development interventions contribute to resilient livelihoods and ecosystems. The focus is on the use and management of the natural environment, including natural resources defined as raw materials used for socio-economic and cultural purposes, and ecosystems and biodiversity - with the goods and services they provide.	X	Yes
Adaptation to climate change	The contribution of the project to reducing the negative impacts of climate change through dedicated adaptation or risk reduction measures.	X	Yes

<i>Criteria</i>	<i>Definition</i> *	<i>Mandatory</i>	<i>To be rated</i>
<b>Overall project achievement</b>	This provides an overarching assessment of the intervention, drawing upon the analysis and ratings for rural poverty impact, relevance, effectiveness, efficiency, sustainability of benefits, gender equality and women's empowerment, innovation, scaling up, as well as environment and natural resources management, and adaptation to climate change.	X	Yes
<b>Performance of partners</b>			
• IFAD	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. The performance of each partner will be assessed on an individual basis with a view to the partner's expected role and responsibility in the project life cycle.	X	Yes
• Government		X	Yes

\* These definitions build on the Organisation for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC) Glossary of Key Terms in Evaluation and Results-Based Management; the Methodological Framework for Project Evaluation agreed with the Evaluation Committee in September 2003; the first edition of the Evaluation Manual discussed with the Evaluation Committee in December 2008; and further discussions with the Evaluation Committee in November 2010 on IOE's evaluation criteria and key questions.

## Rating comparison<sup>a</sup>

<i>Criteria</i>	<i>Programme Management Department (PMD) rating</i>	<i>IOE Project Completion Report Validation (PCRVR) rating</i>	<i>Net rating disconnect (PCRVR-PMD)</i>
<b>Rural poverty impact</b>	4	4	0
<b>Project performance</b>			
Relevance	5	4	-1
Effectiveness	4	4	0
Efficiency	4	4	0
Sustainability of benefits	4	4	0
<b>Project performance<sup>b</sup></b>	4.25 <sup>1</sup>	4	-0.25
<b>Other performance criteria</b>			
Gender equality and women's empowerment	4	4	0
Innovation	5	4	-1
Scaling up <sup>2</sup>	5	4	-1
Environment and natural resources management	4	4	0
Adaptation to climate change	4	4	0
<b>Overall project achievement<sup>c</sup></b>	<b>4</b>	<b>4</b>	<b>0</b>

<b>Performance of partners<sup>d</sup></b>			
IFAD	4	4	0
Government	4	5	+1
<b>Average net disconnect</b>			<b>-0.17</b>

<sup>a</sup> Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.p. = not provided; n.a. = not applicable.

<sup>b</sup> Arithmetic average of ratings for relevance, effectiveness, efficiency and sustainability of benefits.

<sup>c</sup> This is not an average of ratings of individual evaluation criteria but an overarching assessment of the project, drawing upon the rating for relevance, effectiveness, efficiency, sustainability of benefits, rural poverty impact, gender, innovation, scaling up, environment and natural resources management, and adaptation to climate change.

<sup>d</sup> The rating for partners' performance is not a component of the overall project achievement rating.

<sup>1</sup> An overall project performance rating was not provided by the PMD; the arithmetic average across the four components was computed by the PCRVR evaluator.

<sup>2</sup> This criterion read as "Potential for scaling up" in the PMD rating matrix.

### Ratings of the project completion report quality

	<i>PMD rating</i>	<i>IOE PCRVR rating</i>	<i>Net disconnect</i>
Candour	n/a	5	n/a
Lessons	n/a	5	n/a
Quality (methods, data, participatory process)	n/a	4	n/a
Scope	n/a	5	n/a
Overall rating of the project completion report	n/a	5	n/a

Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.p. = not provided; n.a. = not applicable.

## **Abbreviations and Acronyms**

BIDCO	BIDCO Uganda Limited
COSOP	Country strategic opportunities programme
FFBs	Fresh fruit bunches
IRR	Internal rate of return
KOPGA	Kalangala Oil Palm Growers Association
KOPGT	Kalangala Oil Palm Growers Trust
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
M&E	Monitoring and evaluation
MTR	Mid-term review
NOPP	National Oil Palm Programme
NOSP	National Oil Seeds Project
NPV	Net present value
OPUL	Oil Palm Uganda Ltd.
ORMS	Operational Results Management System
OSSUP	Oilseed Sub-sector Stakeholder Platform
PCR	Project Completion Report
PCRV	Project Completion Report Validation
PMU	Project management unit
PPPP	Public private producer partnership
SNV	Netherlands Development Organisation
SOPGCO	Ssesse Oil Farm Growers Cooperative
VODP	Vegetable Oil Development Project
VODP2	Vegetable Oil Development Project, Phase 2
VSLA	Village Savings and Loans Association



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