THE REPUBLIC OF UGANDA

OFFICE OF THE PRIME MINISTER

VEGETABLE OIL DEVELOPMENT PROJECT PHASE 2

PROCESS EVALUATION REPORT

MARCH 2018

Acknowledgements

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Executive summary

The second phase of the Vegetable Oil Development Project (VODP2) started October 2010. It is implemented by the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) over a period of 8 years, with project completion date set on 31 December 2018. The total cost of the project is USD 147.2 million. 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. The overall purpose of this process evaluation of the VODP2 was to examine the extent to which the project is functioning as designed and draw lessons for future similar interventions.

The theory of change was the basis for the evaluation methods. The team used both qualitative and quantitative methods. Data were collected using desk reviews, focus group discussion and key informant interviews from 8 project districts in the oil seeds areas and Kalangala district for oil palm. 70 key information interviews were conducted with officials at both the national and district levels in the project areas. Two farmers groups were randomly selected for each FGD. 10-15 farmers were randomly selected for a FGD. The composition of each FGD included women and the youth. 9 FGDs were conducted in the oil palm district and 5 FGDs were conducted in each of the 8 oil seed districts.

This study found that both in terms of the priority to reduce poverty in the project areas and the potential to supply enough oil seed crushing material, VODP2's objectives were congruent with the national priorities and farm income enhancement realities on the ground. *This strategic alignment of the VODP2 can be seen in the choice of location, choice of commodity and human development indicators*. The Northern and Eastern regions of Uganda have lower average household incomes than the rest of the country and their top cash crops are sunflower, soybean, sesame, groundnuts and maize. Apart from maize, production of the other four crops is higher in these two regions than in the rest of the country. Before the project, Kalangala district was among those that scored lowest in several human development indicators. The district has the equatorial heavy-rain agro-ecological conditions suitable for oil palm production.

In terms of effectiveness, the VODP2 project has made considerable progress towards achieving some of the major expected outputs within the planned set of results. *Under oil palm:* 6,500 hectares have been planted by the nucleus estate in Kalangala (100% of target). Smallholders have planted far 4,424 hectares of oil palm (94% of target). Average net farm income for smallholders increased from US$322/hectare/year in 2010 to US$1,384/hectare/year in 2017 (92% of target). Kalangala Oil Palm Growers' Trust financial self-sufficiency is at 76% of target. 250Kms of farm roads constructed (81% of target). 27,198 tons of crude palm oil is produced per year in Kalangala (91% of target). *Under oil seeds:* Mill capacity utilization is 46% of target. Across the four hubs, average sunflower yield increased from 1.12tons/Ha in 2012 to 1.57tons/Ha in 2017. Average soybean yield increased from 0.95tons/Ha in 2012 to 1.70tons/Ha in 2017. Average sesame yield increased from 0.80tons/Ha in 2012 to 1.32tons/Ha in 2017. VODP2 has supported 5,311 farmer groups (90% of target). As a percentage of the national

acreage planted, area under sunflower in VODP2 project areas increased from 5% to 8.9%, from 2015 to 2016. As a percentage of national acreage planted, area under soybean in VODP2 project areas increased from 44% in 2015 to 64% in 2016. For sesame, the increment as a percentage of national acreage planted was from 0.25% to 2.20% from 2015 to 2016.

In the oil seed areas: *Negative factors* that have affected VODP2 project delivery on outputs include: climate change (prolonged drought, too much rain), farmers' limited access to financial services, side-selling of oil seeds by farmers to traders, delayed funding due to procurement bureaucracy by government officials, fertilizers/improved seed still quite expensive. *Positive factors* that have facilitated VODP2 project delivery on outputs include: continued government support of the VODP2 project activities, farmers' willingness and ability to adapt to change, VODP2's use of already existing farmers' groups to deliver outputs. *In the oil palm area of Kalangala: Negative factors* include: climate change (prolonged drought), land acquisition problems from tenants and landlords, delayed funding due to procurement bureaucracy by central and local government officials. *Positive factors* include: full support from the central government, existence of private sector player interested in the development of oil palm in Kalangala, cooperation from farmers to support and adopt a new crop.

Project efficiency has been satisfactory. The VODP2 appraised budget has remained basically stable and has not been significantly revised over the life of the project (2010-2018). There have not been significant cost overruns on the project. VODP2 has had expected outputs and outcomes given inputs and activities according to the project design. Due to some unexpected factors, there have been gaps between realities on the ground and project design. Since 2012 the VODP2 management team, with annual supervision and reviews from IFAD, has tried to reduce the 'design-actuality gaps' to reduce on cost overruns that may arise thereof. IFAD project supervision involves compliance frameworks to track progress or stagnation and action is taken to address non-progress. The frameworks include: (a) physical progress measured against Annual Work Plans and Budget & Results and Impact Management System indicators; (b) compliance with legal covenants & status of implementation; (c) progress made against previous mission recommendations.

In terms of project impact, farmers in both oil palm and oil seeds areas indicate that the VODP2 has improved their livelihoods in the last five years. Evidence of this is that: (i) they are able to pay school fees for their children in better schools; (ii) they are able to construct better houses with iron sheet roofs; (iii) they are able to buy more land, motorcycles, solar systems, furniture, and livestock; (iv) their level of food and nutrition security has improved; (v) they are able to pay for better health services; and (vi) they have improved access to financial services.

Thus sustainability of VODP2 activities in the *oil seeds project areas* does not seem likely without IFAD and GoU support. The business models in the oil seeds project areas cannot be considered inclusive of smallholders. One of the major challenges with the current business models in the oil seed project areas is that smallholders indicate that prices offered by millers for their crushing material are not competitive enough to prevent side selling to traders. Millers complain that side selling by farmers results in breached contractual obligations for sustained, timely and adequate supply of crushing material to millers. There is currently no inclusive

business model or hybrids running (with a 'win-win' situation) in the oil seeds project areas except for variants of 'winner-take-all' arrangements in favour of traders or large scale investors. VODP2 has used an innovative and successful inclusive business model within the 4P framework in the *oil palm project area of Kalangala district*. The key holding together this innovative inclusive business model is the *transparent and fair reward mechanism (price setting)* with a 'win-win' situation for smallholders and the investor. For sustainability in the oil palm area, there is need for strengthening the Kalangala farmers' cooperative (KOPGA) into a well-organized apex body. This is necessary to address challenges faced by farmers in oil palm production. KOPGT (a trust) is the voice for farmers' interests and link between them and BIDCO (investor). KOPGT needs to be organized into a subsidiary company doing business for KOPGA with BIDCO (investor). A reorganized KOPGA ought to have its members holding a large majority of shares and seats on the KOPGT board of directors.

The Way Forward

The key holding together this 'innovative inclusive business model' in *Kalangala oil palm area* is the *transparent and fair reward mechanism* for the smallholders. The elasticity of production of palm oil is about 1.36 in the long-run (e.g. 12 months). In the long-run, a 1% increase in the real price of FFBs leads to a 1.36% increase in the quantity of FFBs supplied to BIDCO. It implies that persistent declines in real prices of FFBs paid to farmers in the long-run are bound to lead to a more than proportionate decline in the quantity of FFBs supplied to BIDCO. Introduction of a 10% import tax on crude palm oil imports may affect supply of FFBs to the factory if this tax burden is passed on to the farmers by BIDCO in the form of lower FFBs prices paid to smallholders. KOPGT and BIDCO need to agree on how to distribute this 10% tax burden in the pricing formula or agree that the tax burden be passed on to consumers. Strengthening KOPGA into a well-organized cooperative apex body is imperative if some of the above issues are to be addressed. The GoU and IFAD can assist KOPGA and KOPGT in their transformations.

In the *oil seeds project areas* there is a strong need to build stronger farmer institutions (strengthening the *third 'P' in public-private-producer-partnerships,4P*).It is the social responsibility of the state (*first 'P' in the 4P*) to invest in human and social capital growth of smallholders in the oil seeds areas in order to meaningfully link them to value chains of sunflower, soybean, and sesame. That is, nurturing and developing the *third 'P'* institutions in proper financial and technical self-governance and administration. GoU can do this in collaboration with development partners, local and international NGOs/CBOs. The role of the state should be to seek out interested *potential private sector drivers* (OLAM, Global Traders, Mukwano, Ngetta Tropical Holdings, AgriNet, Mt. Meru, Nile Agro, etc, etc) for each oil seed value chain (sunflower, soybean, sesame) and interest them in the inclusion of organized smallholders in the value chain. Therefore the GoU can work with credible and trusted brokers/agents to develop hybrids of inclusive business models.

All investors in oil seeds areas decry the fact that they *have not been able* to build a *sustainable supply chains even with the available markets* for their vegetable oil and by-products in Uganda and the regional markets. This is due to the disorganized *third 'P' in 4P*. In addition, the *third 'P' in 4P* is highly *disincentived* through unfriendly variants of the agent-led marketing models. The

agents are economic rent seekers. They artificially depress prices they pay farmers in order to maximize economic rent in addition to their commissions. The current 'winner-take-all' environment in favour of investors (OLAM, Global Traders, Mukwano, Ngetta Tropical Holdings, AgriNet, Mt. Meru, Nile Agro, etc) has only succeeded in delivering inferior level market equilibria in the value chains of sunflower, sesame and soybean

GoU with partners may seek out *willing private sector drivers of a particular value chain* using brokers/agents to link the investor with smallholders. The key to the inclusive business model will be the ***transparent and fair reward mechanism*** between oil seed smallholders and value chain driver. Incentives for the value chain driver can be used to interest a potential willing private sector value chain driver into a 'win-win' business model. Hybrids of may include but not limited to contract farming/marketing; dealing with a farmer-owned limited company; joint venture between apex farmer organization and investor. The role of the state should be to secure 'sustainability-driven' inclusive business models in the oil seeds project areas.

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Abbreviations and acronyms

AWPs	Annual Work Plans
APRs	Annual Project Reports
BOPGA	Buvuma Oil Palm Growers Association
BOPGT	Buvuma Oil Palm Growers Trust
CAO	Chief Administrative Officer
COREC	Coffee Research Centre
DAC	Development Assistance Committee
DAO	District Agricultural Officer
DBMS	Database Management System
DFA	District Farmers Associations
DLG	District Local Government
FAO	Food and Agriculture Organization
FFB	Fresh Fruit Bunch
FGD	Focus Group Discussion
GoU	Government of Uganda
HLFOs	Higher Level Farmers Organizations
IFAD	International Fund for Agricultural Development
KII	Key Informant Interview
KOPGA	Kalangala Oil Palm Growers Association
KOPGT	Kalangala Oil Palm Growers Trust
M & E	Monitoring and Evaluation
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MFPED	Ministry of Finance, Planning and Economic Development
NAADS	National Agricultural Advisory Services
NaCRRI	National Crop Resources Research Institute
NARO	National Agricultural Research Organization
NaSARRI	National Semi Arid Resources Research Institute
NEMA	National Environment Management Authority
NGO	Non-Governmental Organization
NUOMA	Northern Uganda Oil Millers Association
OECD	Organisation for Economic Cooperation and Development
OPM	Office of the Prime Minister
OPUL	Oil Palm Uganda Limited
PSP	Pay for Service Provider
PMU	Project Management Unit
PPP	Public Private Partnerships
ToC	Theory of Change
UDB	Uganda Development Bank
UCA	Uganda Cooperative Alliance
UNADA	Uganda National Agro-Input Dealers Association
UNBS	Uganda National Bureau of Standards
UNFFE	Uganda National Farmers Federation
USTA	Uganda Seed Traders Association
UOSPPA	Ugandan Oilseed Producers and Processors Association
VODP2	Vegetable Oil Development Project Phase II

1 Introduction

Government of Uganda (GoU) is committed to economic growth and development of the economy using various channels. Among them is the export-led growth channel with agricultural sector development as the engine of the export-led growth. Most development experts agree that export-led growth is faster and more sustainable in the long-run when the exports are value-added products. Farm incomes are likely to be improved if there is a steady demand for the raw agricultural produce by agro-processors who supply domestic and export markets. In the context of VODP2 the raw agricultural produce includes, *inter alia*, soybean, oil palm, sesame and sunflower. There is great economic growth potential for the economy if the agro-processing sector, especially the vegetable oil processing sub-sector is supported to increase exports of value-added products to the regional markets in the medium to long term.

GoU assisted growth of the private sector-led agro-processing industry in Uganda, in general, means that there is potential for increased demand by agro-processors for raw farm produce from smallholder farmers. This potential increase in demand by agro-processors of raw farm produce is associated with a potential increase in farm income growth of smallholder farmers due to the steady market for their products. In addition, growth of the agro-processing industry implies there is potential for increased urban and peri-urban youth employment opportunities, thus reducing poverty in urban areas. The Vegetable Oil Development Project Phase 2 (VODP2) is among various the initiatives the GoU has set up to address economic growth and development challenges. The VODP2 project has been running for the last seven years with the overall goal of contributing to sustainable poverty reduction in the project districts. The development objective is to increase the domestic production of vegetable oil and its by-products, thus raising rural incomes for smallholder producers and ensuring the supply of affordable vegetable oil products to Ugandan consumers and neighboring regional markets.

Among the VODP2 project intermediate outcomes is the increase in affordable vegetable oil products to Ugandans, thus improving nutrition and food security. Oils and fats are among the sources of energy the population requires. Consumption of oils and fats has increased in Ugandan diets over the last fifteen years. Vegetable oil consumption in Uganda is about 352,000 tons with a per capita consumption rate of about 10.10 Kg per year (FAOSTAT 2017). This rate is very low compared to the global per capita rate of 19.30 Kg per year. The per capita consumption rate for developed countries is 24.6 Kg per year (OECD-FAO, 2017). Therefore, there is still need to increase per capita consumption of vegetable oil in Uganda. The VODP2 commenced it activities in 2010 and has a completion date of 31STDecember 2018. Therefore, there was need to evaluate the extent to which the project had achieved it stated objectives through a process evaluation.

1.1 Objectives of the evaluation

The overall purpose of the process evaluation of the VODP2 was to examine the extent to which the project has brought about the anticipated outcomes and impact, to examine which factors have proved critical in influencing the delivery or hindrance of expected change and draw lessons for future similar interventions.

The specific objectives of the evaluation were to:-

1) Develop a Theory of Change for the VODP2 project intervention.
2) Examine relevance, effectiveness, efficiency, impact and sustainability of the project's implementation in relation to its four stated objectives.
3) Document emerging lessons as well as examine factors that have positively or negatively affected the VODP2 program delivery and sustainability.
4) Make recommendations with regard to the program and
5) Develop a detailed Impact Evaluation Proposal for the VODP2 project evaluation.

2 Intervention and theory of change

2.1 Intervention

The Vegetable Oil Development Project Phase II (VODP2) is an intervention designed to alleviate Uganda's dependence on imported vegetable oils with the overall goal of sustainable poverty reduction in project areas. The VODP2 project aims at increasing the domestic production of vegetable oil, by supporting the production and processing of oil palm and oil seeds. Thus, raising incomes of smallholder producers of oil palm and oil seeds, and ensuring the supply of affordable good quality vegetable oil products to consumers, both locally and regionally.

The VODP2 project builds on the successes of its precursor, the Vegetable Oil Development Project (VODP). The VODP2 project objectives are in line with the development priorities of the National Development Plan II (NDP2) and the Agriculture Sector Strategic Plan (ASSP). The project aims at achieving development outcomes in the oil palm and oil seeds project areas by supporting farmers to increase production of crushing material, for both oil palm and oilseeds, and linking them directly to commercial oil processors. The activities of the VODP2 project focus on oil palm development in Bugula Island in Kalangala District (Ssesse islands) and Buvuma Island in Mukono District, and on oil seed development in the northern and eastern regions around four hubs which are Lira, Eastern Uganda, Gulu, and West Nile covering 42 districts. In the course of the project, about 3,000 smallholder farmers will directly benefit from oil palm development and 136,000 households from oilseed development.

The VODP2 project is based on a public-private-producer partnership (4P) model, which is a tripartite collaboration between the government, the private sector, and smallholder farmers. Under this tripartite collaboration the funding structure of VODP2 is: of the total financing package of USD 147.2 million, IFAD provides USD 52 million, on highly concessional terms to GoU, and a grant of USD 1 million to SNV for continued funding of OSSUP over a five year period; OPUL provides USD 70 million for oil palm development in Buvuma Islands; farmers provide USD 3.9 million, and Kalangala Oil Palm Growers Trust (KOPGT) provides USD 4.4 million, from reflows of loan repayments.

2.2 Theory of change for VODP2 project

The construction of the theory of change for the VODP2 project begins with the definition of the concept. Following ActKnowledge and Aspen Institute (2017), the theory of change is a description of how an intervention is supposed to deliver the desired results (visually identifying key elements of VODP2 important for achieving stated objectives). It is a causal logic that conveys the relationships between inputs, activities, outputs, outcomes, and impacts of the program. It also explores the conditions and assumptions needed for the desired change to take place. This study constructed the theory of change for the VODP2 project following conventional methods and steps. The conventional steps were:

(a) Determine if findings from research or prior evaluations underlie the VODP2 intervention

- For example has there been an evaluation of at least one component of the VODP in the past that showed positive results? Or has there been an entire VODP evaluation?
- For instance, is there empirical research that shows that the model of VODP2 intervention worked elsewhere in a developing country setting?

Positive results from some subcomponents of VODP were a good basis for the VODP2 intervention.

(b) Determine the logic of the VODP2.

The study then went ahead to posit that there exists a causal sequence of events of the nature that, *"if A is done, then B should happen."* This was derived from the existing Logical Framework of the VODP2.

(c) Determine the key assumptions underlying the inputs, activities, outputs and outcomes

- Establish the major factors could facilitate or hinder the success of the VODP2 intervention
- Examine those presenting the greatest potential risk to the VODP2 success and those with positive effects.

(d) Determine interrelationships between the components of VODP2

- Identify the linkages between inputs, activities, outputs and outcomes.

In the case of the VODP2 project, the study posits that for the Oil Seed and Oil Palm sub-sectors of the project, the simple logic is as follows (see Figure 2.1). The Government of Uganda is committed to reducing poverty among its citizens and this is enshrined in the National Development Plan (NDP2). Among the avenues of poverty reduction at the disposal of GoU is sustained acceleration of agricultural transformation through commercialization and commodity value chain development. Poverty reduction in the VODP2 project areas can be addressed through the increase in 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 export of the surplus to regional markets. The starting point is the GoU interest and commitment to the production of vegetable oil from oil seeds and oil palm in carefully chosen areas. This commitment is backed up by GoU seeking donor support and private sector players to complement its efforts to introduce vegetable oil production. The areas chosen are Kalangala district for oil palm; Eastern and Northern regions for oil seeds. Activities follow to start the production of oil palm and oil seed crushing material

under the VODP and VODP2 projects. These include land acquisition, planting of oil palm, construction of oil palm mill; development of improved oil seed varieties, acreage expansion of oil seed production, financing of farmers and medium or large millers. The expected immediate outcome is the expansion of the oil palm sub-sector from Kalangala district to other areas, such as Buvuma Island to boost production of crushing material. The expected intermediate outcome is a vibrant oil palm industry in Uganda producing vegetable oil and by-products such as soap for the Ugandan economy. This should lead to increased production of vegetable oil and by-products such as soap for Uganda. This implies economies of scale benefits realized and thus increased access to affordable vegetable oil and by-products by Ugandan consumers. Incomes of smallholders producing oil palm crushing material should increase as a result. Consumption of affordable vegetable oil and by-products should increase in Uganda and excess vegetable oil and by-products should be exported. This is illustrated below and in Figure 2.1 also below.

Oil Palm Component:

***Outcome*:** A vibrant oil palm industry in Uganda producing vegetable oil and by-products supplying national and export markets in compliance with modern environmental standards and providing equitable returns to smallholder producers.

Assumptions: Oil palm production begins in Buvuma by 2019; liberal economic policies continue; smallholders receiving import parity prices for FFBs; OPUL and GoU maintain their commitment to oil palm development in Uganda; no drastic price falls in the international palm oil market; competitive oil and by-products manufactured in terms of prices relative to imports from the region; existence of growing middle class with growing household incomes in the region; GoU guaranteed/assisted investment financing accessible to medium/large scale millers.

***Outputs*:**

1. Kalangala Oil Palm Scheme completed and producing
   6,500 ha of nucleus estate planted in Kalangala by 2018, 4,700 ha planted by smallholders in Kalangala by 2018, 1,800 smallholders served by KOPGT, KOPGT re-structuring agreement signed by 2018, Roads constructed in Kalangala, and a Fertilizer store constructed
2. Buvuma Oil Palm Scheme established
   2,500 ha smallholder land planted by 2018 in Buvuma, 1,250 farmers served by BOPG, All oil palm activities (plantation, mill & refinery) are in compliance with NEMA regulations, and Kms of farm roads constructed/rehabilitated
3. New oil palm areas identified
   40,000 ha identified for oil palm plantations by 2018

Assumptions: Improved Ferry services established to Kalangala, Buvuma; GoU able to purchase sufficient area of land for nucleus estate on Buvuma; no extreme climate or disease events affect palms; development of strong farmer groups (horizontal/vertical integration); crushing material prices paid to farmers competitive relative to alternative enterprises.

***Activities*:**

1. Consolidation and expansion – ***Kalangala***
   Acreage acquisition, Oil palm Mill constructed, Planting of oil palm and smallholder expansion, Environmental Management, Socio-economic support activities initiated, and Re-structuring and support to KOPGT.
2. Nucleus Estate and Smallholder Oil Palm Development - ***Buvuma Island***
   Establishing Buvuma Oil Palm Growers Trust (BOPGT) and Buvuma Oil, Palm Growers Association (BOPGA), Planning and Implementation, and Environmental and Socio-economic measures

Assumptions: Trial planting successful; GoU is committed to acquisition of land in Buvuma and other suitable areas; GoU is committed to improve transport infrastructure in Kalangala and Buvuma.

***Inputs*:** GoU funding; IFAD loans; OPUL/BIDCO investment; Financial Institutions; NaCRRI/NaSARRI human resources; Farmers contributing resources

Oil Seed Component:

***Outcome*:** Continued up-scaling of Lira to a modern agro industrial hub for oilseeds and the establishment of the Eastern Uganda, Gulu and West Nile oil seeds hub. A vibrant oil seed industry producing vegetable oil and by-products for the country and providing equitable returns to smallholder farmers.

Assumptions: No disease outbreaks; continued satisfactory security in Northern and Eastern regions; farmers increase production of soybean; liberal economic policies continue; oilseeds continue to be a strategic crop for the GoU; GoU committed to improve transport infrastructure in project areas; climate change mitigation practices adopted in oil seed project areas; NaSARRI and NaCRRI release new high-yielding varieties of oil seed crops

***Outputs*:**

1. OSSUP helping oilseeds stakeholders to effectively coordinate among themselves
2. Farmers buying good quality hybrid seed for sunflower and soybean
3. Smallholders farming oilseeds as a business and operating in groups to sell increasing volumes of crushing material to millers
   20 MT each of foundation/ breeder seed of hybrid parental lines of sunflower, ground nuts and soybean produced annually by NARO, 90% of oilseed growers buying quality controlled seed by 2017, 10% annual increase in the hectares under oil seeds cultivation in each regional hub, Number of farmers reporting an average yield of 1.7 t/ha for sunflower and 1.1t/ha for soybean, 5,900 farmer groups (with 30% participation of women) receiving extension services from the project by 2018, 1,000 Farmer groups bulk selling by 2017, and 90% of the medium/large-scale millers attain UNBS quality certification by 2018.

Assumptions: Increased number of private sector investors in oil seed market; crushing material prices paid to farmers competitive relative to alternative enterprises; development of

strong farmer groups; adoption levels of oil seed crops is high and sustained; increased access to credit-savings facilities; voluntary miller compliance with UNBS standards; millers willing to undertake extension provision on a cost sharing basis; increased crushing material attracts new investment in hubs.

***Activities*:**

1. Seed Production and Distribution
   Plant Breeding and Agronomic Research, Seed Multiplication and Distribution, and Seed Quality and Certification
2. Support for Farmer Groups
   Farmer Group Mobilisation and Support, Pay-For-Service Extension, Integration of Farmers into the Value Chain, and Market Information
3. Other value chain activities
   Financing for both smallholders and millers/processors, Quality Improvement in seed quality and products from millers, and `IFAD grant support to OSSUP/SNV 4P project

Assumptions: Acceptance of new market information dissemination system; strong UNSC oversight to reduce incidence of fake seed sold to farmers; strong UNBS oversight to reduce incidence of fake agro-chemicals on the market

***Inputs*:** NaCRRI;NaSARRI;Farmers; PSPs; SNV; UDB

Project Management Unit (PMU)

***Outcome*:** Project Management helping farmers to provide growing amounts of crushing material for processing in edible oil and earning better incomes

Assumptions:

1. IFAD Financing is available
2. Continued commitment to the project by GOU and IFAD

***Outputs*:**

1. Project Management fully operational
2. IFAD loan 55% disbursed by 30 June 2015 and 100% by 31 June 2019
3. Oil seeds sub-sector platform (OSSUP) providing forum for stakeholders.

Assumptions: Staff is dynamic and competent; low staff turnover; stakeholders buy into project-supported activities.

The diagrammatic logical flow is shown in Figure 2.1 below as the theory of change flow chart.

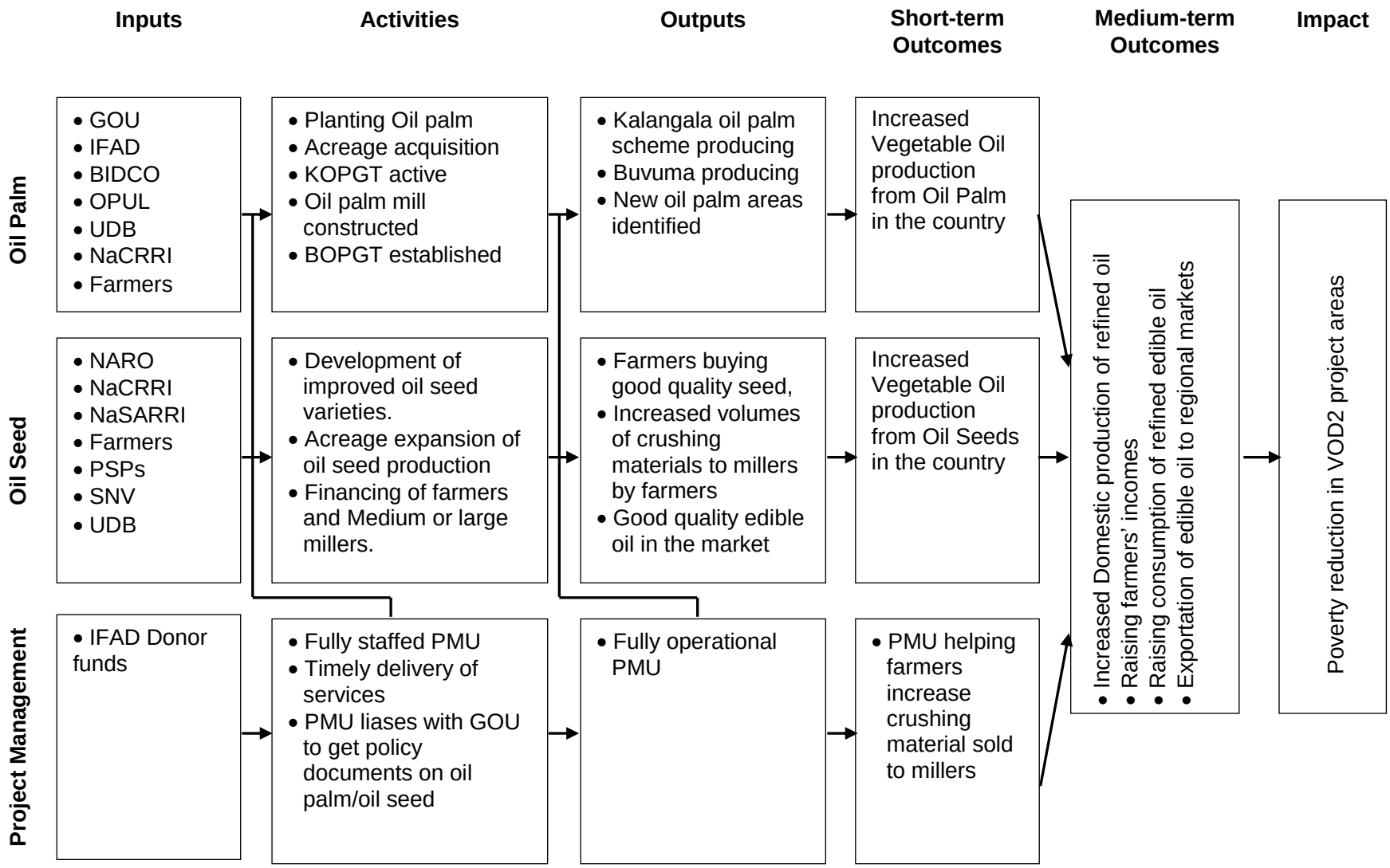

Figure 2.1: VODP2 theory of change flow chart

3 Context

The development model under the VODP2 project is a public-private producer partnership (PPPP) model. The 4P model is aimed at establishing oil palm and oil seed production through private sector-led agro-industrial development with the specific objectives of reducing rural poverty by improving smallholder incomes, achieving import substitution by increasing domestic production of vegetable oil, and export diversification by increasing the export of vegetable oil to regional markets. The 4P model under each component, oil palm and oil seed, has various stakeholders along its value chains. The process evaluation of the VODP2 project focused on the various value chain actors or stakeholders of the project including the individuals or organizations implementing the activities of the project, the beneficiaries of the project both direct and indirect beneficiaries, as well as other stakeholders or partners along the value chains for the oil palm and oil seed components. The evaluation team selected 9 districts, in consultation with the PMU and OPM, for the process evaluation (see Table 3.1). The 9 districts were selected because of time and budgetary constraints. Out of the 9 districts one district was selected under the oil palm component. The remaining 8 districts were selected under the oil seed component, where two districts were selected to represent each hub.[1]

Table 3.1: Study districts

VODP2 Project Component	District Sampled
Oil Palm	Kalangala
Oil seed	
Lira Hub	Lira and Oyam
Gulu Hub	Gulu and Amuru
Eastern Hub	Mbale and Bulambuli
West Nile Hub	Arua and Nebbi

Source: VODP2 documents

The district selected for the process evaluation under the oil pam component is Kalangala. In Kalanga district oil palm development is concentrated on Bugala Island. However, development of smallholder oil palm production has been extended to a few suitable outlying islands, which are reasonably close to the palm oil mill on the nucleus estate, which makes it cost-efficient to transport fresh fruit bunch harvests by ferry services. Expansion of oil palm development has been also planned for Buvuma Island and Mukono/Buikwe lakeshore areas, with development targets similar to those for Kalangala. These areas have been identified as suitable for oil palm

[1] The oil seed component of the VODP2 project has been implemented in four hubs, which so far cover 42 districts. These districts include: Lira hub - - **Lira, Apac, Oyam, Kaberamaido, Amuria, Soroti, Serere, Masindi, Kiryandongo,** Amolatar, Alebtong, and Otuke; Northern hub -- **Gulu, Amuru, Kitgum, Pader, Lamwo**, Agago, and Nwoya; Eastern hub -- **Mbale, Bukedea, Kumi, Manafwa, Pallisa, Sironko, Bulambuli, Tororo, Busia, Bugiri,** Namutumba, Kaliro, Mayuge, Jinja, Iganga, and Kamuli; and West Nile hub -- **Arua, Zombo, Nebbi, Yumbe, Moyo, Koboko**, Maracha, and Terego county. For the districts in bold letters project implementation began in 2013 and 2014.

production, because oil palm needs to be grown where there is adequate water (usually in areas of more than 1800 mm/annum rainfall) and relatively warm temperatures. Before the introduction of the vegetable oil development project, Kalangala district was one of the poorest districts in Uganda (it was ranked the 71 out 76 in 2000) (MFPED, 2014). The main activity in the district at that time was mainly fishing, but because of declining fish stocks households increasingly turned from fishing to farming. Currently, smallholder famers in the district are tenants or even squatters with 2 to 4 hectares of land owned mostly by absentee landlords. Under the VODP2 project most of these households have on average 2 hectares under oil palm production. The VODP2 4P model under the oil palm component has been credited for the significant improvement in household livelihoods and the generation of employment opportunities in Kalangala district. The 4P model has led to the improvement in household incomes (improved ownership of household assets and have been able to afford to send children to school), and formalization of land tenure holding for most of the smallholder farmers. The 4P model has also been associated the significant improvements in infrastructure, particularly electricity, piped water, roads and ferry services.

The districts selected for the process evaluation under the oil seed component represent the four hubs as shown in Table 3.1 above. The four hubs and the districts they cover are representative of the northern, north-central, north-western, and eastern regions where the majority of the poor in Uganda are located (The highest levels of poverty have been reported in northern Uganda at 43.7 percent followed by the Eastern region at 24.1 percent in 2012/13) (MFPED, 2014). The high rate of poverty in northern region of Uganda is partly because of the conflict and insecurity in the region which occurred in the 1980s and 1990s. However, in the eastern region poverty levels are high, though this region has not had conflict and insecurity. The four regions northern, north-central, north-western, and eastern, are drier areas compared to other regions and are principally the areas where most of the oil seed crops are cultivated. Oil seeds were identified by the GoU in the early 1990's, as crops with good production potential. Currently, oilseeds which include: sunflower, soybean, sesame, and groundnuts are part of the four strategic commodities promoted by the GoU with the aim of achieving import substitution by increasing domestic production of vegetable oil, and export diversification by increasing the export of vegetable oil to regional markets. Among the four hubs Lira hub is the most commercially developed and is an agro-industrial hub. The main oilseed cash crops grown in the hub are sunflower and soybean, however, farmers also produce significant volumes of sesame. The major oil millers with large processing plants in the Lira hub are Mukwano Industries, and Mount Meru Millers located in the industrial area of the town. The Mbale hub in eastern Uganda is also being scaled-up to an agro-industrial hub with sunflower as the major commercial oilseed crop. Soybeans and sesame are also grown in this hub but mainly for food. The Gulu hub is an emerging commercial hub. The major commercial oil seed in the Gulu hub are sunflower and soybean. The West Nile hub is the youngest hub and is also developing into a commercial hub. The principal oil seed crop in this hub is sesame which has been traditionally grown as a food crop. Soybean which was introduced to the hub in 2010 has grown in popularity as an oilseed cash crop for vegetable oil production. The West Nile hub has an advantage due to its proximity with potential regional markets for vegetable oil, South Sudan and the Democratic Republic of Congo.

4 Timeline

The evaluation team had an introductory meeting on 7th November 2017 with officials from OPM where the expectations of the VODP2 process evaluation were discussed. The meeting was also attended via skype by the 3ie Senior Evaluation Specialist, who highlighted the expectations from the VODP2 process evaluation. The meeting focused on the expectations of the assignment, which were based on the objectives of the process evaluation. The meeting also came up with the next steps which included meeting the various stakeholders including a meeting officials from MAAIF, which hosts the VODP2 project. In the meeting the timelines for the various deliverables from the process evaluation were also agreed upon.

Between the 22nd and 7th December 2017 the evaluation team met with officials from PMU and MAAIF. The evaluation team met with the M&E officer from the PMU on 22nd November 2017. The meeting was held to gain a better understanding of the project. In the meeting the M&E provided us with the background to the VODP2 project, and documents relevant to the implementation of the VODP2 project. On the 27th of November 2017 the evaluation team met team of key officials from the PMU and MAAIF, and discussed the expectations of the process evaluation assignment. In the meeting the role of PMU and MAAIF, the process evaluation assignment work plan, and the list of stakeholders invited to the Theory of Change workshop were discussed. On 7th December 2017 the evaluation team met with the Commissioner for Planning in MAAIF and his team from the VODP2 PMU. In the meeting the terms of reference of the assignment were discussed, among other things. In the same meeting the evaluation team officially presented the draft inception report and received comments. The comments received provided valuable inputs and suggestions, especially on the stakeholder mapping and analysis process.

The evaluation team on 8th December 2017 met with the IFAD Country Director. He described to the evaluation team the background of the VODP2 project and the progress so far registered. He also highlighted the challenges that the project has faced especially delays in the expansion of oil palm production to Buvuma Island. He also pointed out the next steps that will follow after VODP2 project ends. Among the next steps was the continuation of the oil palm component under the NOPP. He, however, expressed his reservations on the oil seed component, which in his opinion still lacked enough evidence to for scaling-up, because it did not have a successful development model. He promised to send a representative to attend Theory of Change Workshop.

The evaluation team organized a Theory of Change workshop on the 13th of December 2017. Participants came from both the oil seed and oil palm sub sectors. Stakeholders included representatives from IFAD, PMU and MAAIF, Office of the Prime Minister (OPM), Research bodies, Private sector and local government.

The evaluation team on 15th December 2017 presented the inception report to OPM. It was received and feedback in form of comments were given to the team. The comments were worked on and the revised inception report was submitted on 20th December 2017.

Field work commenced on 7th January 2018 and concluded on 9th February 2018. The evaluation team together with research assistants visited 9 districts, one under the oil palm component and 8 under the oil seed component. Data was collected using FGDs with selected farmer groups who are project beneficiaries, and KIIs with key stakeholders from both the oil palm and oil seed components of the VODP2 project.

5 Evaluation: Design, methods and implementation

5.1 Data collection methods

Information to assess the Relevance, Effectiveness, Efficiency, Impact, and Sustainability of the VODP2 project was obtained through desk review of relevant project documents and literature, Key Informant Interviews (KIIs) as well as Focus Group Discussions (FGDs). The information relevant to the process evaluation obtained through desk review of documents contributed 50 percent of the information used in the process evaluation. Data collected from KIIs as well as FGDs contributed the other 50 percent. Data from KIIs and FDGs were used to validate, certify, and triangulate the findings from the desk review process.

5.1.1 *Desk review of documents*

Project documents relevant to the VODP2 project implementation as well as literature on project implementation and process evaluation were reviewed. These documents were reviewed to gain a deeper understanding of the project implementation process, the project objectives, inputs, and outputs, as well as to identify the key stakeholders involved in the VODP2 project implementation process**.** Key among the project documents reviewed were the Annual Work Plans (AWPs) and Annual Project Reports (APRs) which are used to establish performance of the project in terms of the Relevance, Effectiveness, Efficiency, Impact, and Sustainability. The AWPs for the VODP2 project are a relevant tool for process evaluation in terms of reviewing ongoing progress against the set targets as well as for identifying constraints affecting the realization of project objectives. The APRs were used in the process evaluation of the VODP2 project since they are a tool that forms the basis for feedback on project performance, lessons learnt and planning for future changes in implementation strategies. The project documents that were reviewed include, *inter alia*:- the VODP2 project design report prepared by IFAD, the VODP Interim Evaluation report by IFAD Office of Evaluation, Mid-term Review report for VODP2 by FAO, VODP2 project Supervision reports by IFAD, VODP2 Annual Reports by PMU and MAAIF and VODP2 Annual Work Plans by PMU and MAAIF.

5.1.2 *Key informant interviews*

The VODP2 project has three main components, the oil palm development component, the oil seed development component, and the project management component. The key stakeholders relevant to the implementation of the VODP2 project and its three components were interviewed. These key informants include, *inter alia*: IFAD representatives; PMU management and staff; GoU officials involved in project implementation; oil palm stakeholders such as

BIDCO, OPUL, KOPGT, KOPGA, and other service providers; oil seed stakeholders such as PSPs, millers and processors, seed companies, research organizations involved in plant breading, government organizations responsible for seed quality and certification, and oil product and by product quality and certification, financial organizations providing credit to farmers, and farmers organizations. The key informant interviews involved the use of check lists where the questions were designed to address the criteria of relevance, effectiveness, efficiency, impact; and sustainability of the VODP2 (see appendix B for Key Informant Interview tools). The evaluation team conducted 70 key information interviews, with officials at both the national and district levels (see Table A1 in appendix A).

5.1.3 *Focus group discussions*

Focus Group Discussions (FGDs)[2] were carried out mainly with project beneficiaries (farmers growing oil palm and oil seed crops) to assess the relevance, effectiveness, efficiency, impact; and sustainability of the VODP2 project from their perspective. The evaluation team conducted FGDs in Kalangala district for oil palm component. For the oil seed subcomponent, the study covered districts in the four hubs that consist of: Lira hub, Eastern hub, Northern hub, and West Nile hub. Under the oil palm component, in Kalanga district, farmers are organized under blocks and units. The blocks in Kalangala are six and from each block two FGDs (units) were sampled. Under the oil seed component the evaluation team randomly selected 8 districts out of the original 29 districts covered by the VODP2 project in 2013 and 2014. The districts selected under the oil seed component were limited to 8 due to time and budgetary constraints. In each of the 8 districts selected, two sub-counties were randomly selected from those where the project activities were being implemented. For each sub-county or block a list of all VODP2 affiliated farmer groups were obtained and a random sample of 2 farmer groups was selected for an FGD. For each farmer group selected, 10-15 farmers were randomly selected for a FGD, though in some cases the farmers present for the FGD were more than 15. The composition of an FGD included women and the youth. The evaluation team conducted 49 FGDs[3] (in each of the four hubs and Kalangala district, see Table A2 in appendix A). The FGDs were carried out using check lists with questions designed to address the criteria of relevance, effectiveness, efficiency, impact; and sustainability of the VODP2 project (see appendix B for FGD interview tool).

[2] Focus group discussions (FDGs) are used to gain in-depth insights about the performance of the project, especially project impacts that are harder to quantify. Focus group discussions tend to illicit more information than individual interviews, because (if the group is well selected) participants in the group are able to express different views and engage with one another. Focus group discussions are also used to validate and triangulate findings from the desk review. However, the outcomes from a focus group discussion cannot be generalized to the whole population.

[3] Under the oil palm component, 10 focus group discussions were held with farmer groups in Kalangala district. The evaluation team expected to interact with 12 focus groups, but two of the groups had group members who had passed away, and so interviews were not conducted. Under the oil seed component, in three hubs, Lira hub, Mbale hub, and Gulu hub, all the focus group interviews were conducted 10 in each hub. But in one hub, the West Nile hub, 9 focus group interviews were conducted, because one of the farmer groups had a member who had passed away and so the interview was not conducted.

5.2 Data collection and analysis

The primary data were collected by a team of experienced research assistants, who were carefully selected from a database of research assistants previously employed by the firm. The research assistants were selected based on their experience and the quality of their previous work in surveys conducted by the firm. The research assistants were trained on the process of data collection, the importance of confidentiality, ethics, and integrity in data collection. The evaluation team went through the field tools of the KII and FGD with them and indicated to the assistants the purpose of each question in each tool. Field team leaders were responsible for ensuring that all the sampled key informants and farmers in the FGDs were interviewed, and were also responsible for checking the data collected in KII and FGD tools before passing them onto the evaluation team. The evaluation team supervised and monitored the data collection process, and checked and verified the data collected by the team from KIIs and FGDs. Evaluation team members were also involved in interviewing key informants and conducted FGDs. Issues and challenges that arose in the process of data collection were discussed at the end of each day, and efforts were made to address each of the issues and challenges in a timely manner.

The data collected using KIIs and FGDs interview tools were coded and entered using Microsoft Access which is a database management system (DBMS) from Microsoft. Before entry the collected data were coded and each of the KIIs and FGDs was given an identification number for easy identification of the KII or FGD in the database.[4] The KIIs and FGDs were entered in a separate database. Data from Microsoft Access databases were then transferred to the SPSS program for analysis.

6 Project: Design and implementation

The VODP2 project design has three components which include the oil palm component which is mainly based in Kalangala district, but expansion has been also planned for Buvuma Island and Mukono/Buikwe lakeshore areas, with development targets similar to those for Kalangala; the oil seed component which is based in the northern and eastern regions organized under four hubs, Lira, Gulu, Eastern, and West Nile; and the third component which the project management unit (PMU).

6.1 Oil palm subcomponent:

The design of the VODP2 oil palm component is based on a public-private-producer partnership (4P) model (VODP2, 2010). The partners involved include the PMU, which carries out the intermediation role on behalf of the GoU; Oil Palm Uganda Limited (OPUL) which is the private sector player; Kalangala Oil Palm Growers Trust (KOPGT) which represents the interests of the

[4] All the hard copy of the KIIs and FGDs tools, and databases have been kept safely, under lock and key, and are accessible only by the evaluation team.

smallholder farmers; smallholder oil palm growers; and the district local governments (DLGs). Under this 4P model the PMU works together with KOPGT, and DLGs to carry out smallholder oil palm plantation development. This is by identifying suitable areas for future oil palm development, building awareness about oil palm development, then starting the process of smallholder farmer commitment to oil palm development. The PMU facilitates the purchase of land for the oil palm nucleus estate development and the provision of title deeds for the nucleus estate, which are handed over to OPUL. The PMU also facilitates the purchase of inputs (seedlings, agro-chemicals and tools) from OPUL, which are then provided to smallholder oil palm growers through KOPGT in the form of in-kind input loans. The development of the nucleus estate is the responsibility of OPUL, which also provides the infrastructure for the development of smallholder oil palm plantations. OPUL is also responsible for establishing nurseries for seedlings, warehouses for input supplies, and a crude palm oil mill. The KOPGT is the intermediary for smallholder oil palm growers with OPUL and provides in-kind loans for inputs, and cash loans for labour to farmers during the first four years of oil palm plantation development. The KOPGT is also responsible for managing the transport and delivery of fresh fruit bunches (FFBs) to OPUL and receiving payment, and in turn making payments to individual farmers after deduction of loan repayments (in kind and cash loans). KOPGT also provides technical guidance to smallholder oil palm growers for the establishment and maintenance of oil palm plantations.

The 4P model for oil palm production is so far working well. The nucleus estate and smallholder oil palm plantations provide fresh fruit bunch (FFB) harvests for crushing to the oil mill, which produces crude palm oil which is then transported to the oil refinery for processing into cooking oil and by-products such as soap. Smallholder farmers with established oil palm plantations harvest FFBs weekly, which means that they are assured of a regular income from oil palm. The FFB harvests of smallholder oil palm growers are collected, weighed, and transported by KOPGT to OPUL for crushing at the oil mill. Farmers are paid each month based on the weight of their FFBs harvest. About 33 percent of each month's payment is deducted by KOPGT to recover the costs of the in-kind input loan the farmer received. This has ensured that farmers have been able to pay off their in-kind input loans, with high loan recovery rates. To ensure fairness and equity in the price paid to farmers for their FFB harvests, a pricing formula is used, which accounts for the import parity price for palm oil. This has created transparency and improved the working relationship between the stakeholders in the oil palm component.

The model under the oil palm component is designed to ensure that OPUL consistently gets supplied with FFBs from smallholders. Under this model it is expected that if the area under oil palm is about 20,000 hectares, and reaches full production, about 85,000 to 100,000 tons of crude oil will produced each year in Uganda. This is expected to lead to a reduction in imports of vegetable oil and save foreign currency.

6.2 Oil seeds subcomponent:

The design of the VODP2 oilseed component is also based on a public-private partnership (PPP) model. However, the partnerships established under the oilseed component are different from the oil palm component. Under the oilseed component the focus is on establishing direct

business linkages between oilseed millers and farmers. The PPP is between the PMU, DLGs, PSPs, NARO with its institutes NaCRRI and NaSARRI, UNBS, NSCS, seed companies, oilseed millers and processors, farmer's organizations or groups, and other private actors along the oilseed value chain. Under the oilseed component interventions are concentrated around four regional hubs, which include: Lira, Eastern, Gulu, and West Nile. These four regional hubs cover 51 districts[5] and are targeting 136,000 households. The main intervention approach or implementation strategy under the oilseed component is the provision of extension services to oilseed farmers and farmer groups using PSPs and DLG extension staff. The use of this approach has resulted in the direct engagement of 4,613 farmer groups (as of June 2017) out of the targeted 5,900 farmer groups. This implementation strategy under the oilseed component aims at imparting knowledge and skills to oilseed farmers (farmers growing sunflower, soybean, sesame, and groundnuts) so that they can operate their farms or farmer groups as business entities and supply raw crushing material (grain from sunflower, soybean, soybean, sesame, and groundnuts) to oilseed millers. This implementation strategy is expected to improve incomes of smallholder farmers and lift them out of poverty. The increased supply of raw crushing material is expected to increase domestic production of vegetable oil, and also result in increased oilseed milling capacity leading to fully developed agro-processing oilseed hubs.

Though, there has been progress in the oilseed component the PPP model has not achieved the level of success as the 4P model in the oil palm component. The 4P model in the oil palm component is driven by a nucleus estate-smallholder operational model. The oil palm model under this arrangement has three main stakeholders which include: OPUL, KOPG, and the smallholder oil palm farmers. This small number of stakeholders under the oil palm eases the coordination of project activities. The oil seed component, unlike the oil palm component, has many more stakeholders or partnerships, which creates a challenge in the coordination of project activities. Under the oil seed component there have been several challenges, but mainly the provision of extension services. Due to delays in the startup of the VODP2 project there were delays in the recruitment of PSPs that provide extension services, which led to the delay in the implementation of project activities by about four years. To ensure that extension services are delivered and targets are met the PMU adopted a three pronged strategy which involves the use of PSPs, DGLs extension staff, and higher level farmers' organization (HLFOs) to reach targeted farmer groups. The trust between smallholder farmers and oil millers has not yet been fully established. For instance, oil millers that have been providing oil seeds to farmers inform of inputs expecting raw crushing material from the farmers have complained about farmers side-selling grain to traders that come at the time of harvest and offer a higher price for the grain than that offered by the oil millers. This has resulted in oil mills being operated inefficiently due to insufficient amounts of oil seed crushing material. Thus, for the oil seed component, there is need for a 4P model where trust is built between the smallholder farmers and oil millers. This 4P model should ensure that oil seed farmers receive an equitable and fair price for their grain, and

[5] Lira hub covers 16 districts, Eastern hub covers 21 districts, Gulu hub covers 8 districts, and West Nile hub covers 7 districts.

the oil millers receive the adequate amount of crushing material needed to operate their oil mills efficiently.

6.3 Project management unit (PMU)

The PMU is the third component of the VODP2 project. The PMU is charged with the effective and efficient coordination of project activities so as to ensure delivery of high quality and cost efficient services in the project areas. The broad responsibilities of the PMU include: (1) working with other line government ministries and government agencies as required to ensure smooth project implementation; (2) managing project activities and the IFAD loan funds in accordance with IFAD's General Conditions; (3) performing an intermediary role on behalf of GoU with the private sector OPUL, KOPGT and BOPGT, and smallholder oil palm growers; (4) carrying out a supervisory role for the management of IFAD funding provided through KOPGT and BOPGT for oil palm development; (5) taking a leadership role as an OSSUP participant in coordinating and linking all stakeholders and donors in the oilseeds sub-sector, and bringing oil seed processors into the platform; and (6) contracting and managing PSPs for oilseeds production with the aim of promoting business linkages between the private sector (millers and input suppliers) and oil seed farmers (ensuring inclusion of women and youth and HIV/AIDS knowledge). The PMU is also involved in the recruitment of KOPGT staff under the oil palm component, and PSPs under the oil seed component. The PMU also prepares quarterly and annual work plans and budgets and progress reports, manages project procurements, and provides technical backstopping to project implementers to ensure that the project achieves its objectives. In carrying out its role of coordinating project activities the PMU has signed several Memoranda of Understanding (MoUs) with implementing partners such as NaCRRI, NaSSARI, COREC, UNBS, and NSCS. Under these MoUs the PMU is charged with the management, monitoring and evaluation of the performance of its partners in implementing project activities.

The PMU staff was recruited in May 2012, but the VODP2 project officially began in 2010 under a transitional arrangement. The delay, an 18 months delay, in the recruitment of PMU staff has resulted in the VODP2 project being implemented over a period of 8 years with one year for project start-up and seven years for full implementation of project activities. The VODP2 project winds up in December 2018, and the closing date of the project is 30 June 2019. The staffing structure under the PMU is 11 professional staff, of which 7 are based in Kampala and 4 in the regional hubs (one in each hub). In addition, to the professional staff the PMU staff also include 3 office support staff, 2 office attendants and 3 drivers. Though, most of the PMU staff have been recruited, there have been challenges in completing staff recruitment during the project period.

Delays in starting the project and the PMU staffing challenges have caused delays in the implementation of project activities and achievement of project objectives, especially under the oil seed component. Under the oil seed component there were delays in the recruitment of PSPs, which led to limited visibility of project activities on the ground after four years of implementation. The limited visibility of project activities on the ground resulted in the project being classified as a 'problem project' in IFADs portfolio review of June 2014. However, towards the end of 2014, between July and October 2014, six PSPs were recruited and this was viewed

as an important development that would shape project performance for the remaining project implementation period. The project Mid-Term Review (MTR) in December 2014 recommend the recruitment of five new PSPs, increasing the number of PSPs from 6 to 11, so as to increase the implementing capacity in the oil seed component to achieve project targets through increased coverage. In August 2016, the project recruited 5 additional PSPs to cover 13 new districts bringing the total number of districts served by PSPs to 42 under the oil seed component.

6.4 Project Steering Committee

The Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) is the lead implementing agency for VODP2. It works with other government agencies as needed to ensure effective project implementation. The Project Steering Committee (PSC) is multi-agency, is chaired by MAAIF. It meets twice a year to: provide strategic guidance to project implementation; review annual work plans and budgets (AWPBs); review implementation progress and impact. It also provides high level advice on key issues raised by project management on which it requires guidance.

7 Results of the key evaluation questions

In carrying out the Process Evaluation of the VODP2 project, the consultancy team has followed the OECD-Development Assistance Committee (DAC) criteria for program process evaluation. The OECD-DAC criteria that have been used for are: (i) Relevance; (ii) Effectiveness; (iii) Efficiency; (iv) Impact of VODP2 development efforts; (v) Sustainability of the project. Under each of these criteria the team has tried to answer the relevant questions therein. Below is a draft of the preliminary findings of the study.

7.1 Relevance or strategic alignment of VODP2 project

Under this criterion the team tried to address the following relevant questions. How relevant was the VODP2 Project concept? Did it respond to stated national priorities and needs of the country? Did it respond to the needs of the target population on the ground?

7.1.1 *Oil Seeds subcomponent*

7.1.1.1 *VODP2 alignment with national priorities*

The VODP2 project's overall goal is to contribute to sustainable poverty reduction in the project districts. For the oil seed component, the VODP2 project districts are located in the Northern and Eastern regions of Uganda. VODP2's development objective is to increase the domestic production of vegetable oil and its by-products, thus raising rural incomes for smallholder producers and ensuring the supply of affordable vegetable oil products to Ugandan consumers and neighboring regional markets. VODP2's broader objective of sustainable poverty reduction in the project districts is aligned and in resonance with the country's national objectives and

priorities. Table 7.1 below indicates real average household expenditure by region of Uganda. The data show that the Northern and Eastern regions have consistently showed a lower level of household income and thus expenditure than that of the Central and Western regions between 2005/06 and 2012/13 period. In addition, Table 7.2 shows that the Northern and Eastern regions' contribution of the number of very poor people is more than proportionate given that their combined share of the country's total population is about 49.50%.

Poverty Data from UBOS for the period 2009/2010 indicates that the combined total number of very poor people in the Northern and Eastern regions was 5,040,000. The two regions' contribution to the national population was 49.50%. The combined total number of very poor people in the Central and Western regions was 2,470,000 where the two regions' population share was 50.50%. Therefore the VODP2 project's choice of location was very strategic in terms of alignment with national priorities of poverty reduction. Table 7.3 below shows the contribution of each region in terms of oil seed crops grown in Uganda for the period 2008/2009. The Northern and Eastern regions cultivate and produce larger amounts of groundnuts, soybean and sesame crops than the the Central and Western regions. Suffice to say that sunflower is also widely grown in the Northern region. Sunflower and sesame are agro-ecologically tolerant to semi-arid conditions and thus can grow anywhere in Uganda. The project took advantage of the existing potential of the Eastern and Northern regions to supply adequate tonnage of crushing material from oil seed crops.

Therefore both in terms of the priority to reduce poverty in the project area and the potential to supply enough oil seed crushing material, VODP2's objectives are congruent with the national priorities and farm income enhancement realities on the ground. Survey data from FDG interviews also reveals that the VODP2 project is still relevant to the project areas. Table 7.4 below indicates that the VODP2 project's relevance cannot be over-emphasized since the oil seed crops such as groundnuts, sesame, sunflower and soybean are among the top major cash crops in the project areas.

The responses from the ***FGD interviews*** also indicate that the VODP2 project should continue for the following reasons in order of merit: (i) the VODP2 project has facilitated access to training in agronomic skills and post-harvest handling; (ii) the project has improved household incomes in the area; (iii) the project has facilitated the linkages to stable output markets for crushing material; (iv) the project has facilitated linkages between farmers and dealers of improved seed for planting; (v) the project has facilitated training in financial management and linked farmers to financial institutions; (vi) the project has led to improved food and nutrition security in the area; (vii) the project has facilitated formation of strong farmer groups for collective marketing and bulking for better prices.

Key expert informants were asked if the VODP2 project had added value to the lives of the target population and in which way. The responses in order of merit were as follows: (i) the project has improved household incomes of the target farmers; (ii) the project has facilitated access to training in agronomic skills and post-harvest handling; (iii) the project has led to improved food and nutrition security in the area; (iv) the project has linked farmers to good output markets; (v) the project has created employment opportunities for the youth; (vi) the

project has facilitated linkage between farmers and improved seed dealers; (vii) the government is generating tax revenue from VODP2 industries. Therefore it can be said that the VODP2 project has in general responded to the real needs of the target population in the project areas.

Table 7.1: Real consumption expenditure per household (UGX in 2005/2006 Prices)

Region	2005/2006	2009/2010	2012/2013
Uganda	210,800	232,700	244,400
Kampala	462,600	475,500	462,200
Central	253,900	291,300	316,300
Western	205,300	210,500	257,400
Eastern	179,000	193,400	192,300
Northern	111,800	150,200	155,700

Note: Central region excludes Kampala city
Source: Uganda Bureau of Statistics 2017

Table 7.2: Estimated number of very poor people by region in Uganda

Region	Share of Population	2005/2006	Share of Population	2009/2010
Central	25.9%	1,300,000	26.5%	870,000
Western	25.2%	1,440,000	24.0%	1,600,000
Eastern	29.2%	2,450,000	29.5%	2,200,000
Northern	19.7%	3,450,000	20.0%	2,840,000

Note: Central region excludes Kampala city
Source: Uganda Bureau of Statistics 2017

Table 7.3: Oil seed crop area and production by region in Uganda (2008/09)

Region	Area Planted in Hectares	Production in Tonnes
Groundnuts		
Central	26,504	32,757
Western	59,431	51,497
Eastern	122,404	77,247
Northern	136,893	83,182
Soybean		
Central	750	208
Western	2,220	1,887
Eastern	7,279	5,801
Northern	26,195	15,727
Sesame		
Central	590	127
Western	928	565
Eastern	15,316	6,774
Northern	158,763	93,562

Source: UBOS and MAAIF (Uganda Census of Agriculture 2008/2009)

Table 7.4: FGD ranking of major cash crops in northern and eastern Uganda

Rank	Major Cash Crop
1	Soybean
2	Maize
3	Groundnuts
4	Sunflower
5	Sesame
6	Cassava
7	Beans
8	Rice
9	Sorghum
10	Millet
11	Cotton

Source: Survey Data from FGDs

7.1.1.2 *Farmers' perspective on relevance of VODP2*

The target beneficiaries were interviewed in FGDs. The oil seed farmers were asked if VODP2 project should continue working with them in producing raw produce for crushing by millers. The majority said yes and gave the following reasons in order of merit: (i) VODP2 project has helped them train in agronomy, postharvest handling, financial management, and agribusiness management; (ii) VODP2 project has led to income enhancement in project area; (iii) the project has linked them to output markets; (iv) the project has helped them strengthen group formation and practice bulk marketing; (v) project has improved food and nutrition security in the area;(vi) project has linked them to input dealers/seed companies like Mt Meru and Mukwano.

7.1.1.3 *Key expert Informants' perspective on relevance of VODP2*

Key informants were asked the same question of whether VODP2 should continue working towards attaining the same objectives. Their responses in order of merit were: (i) farmers have benefited from trainings in agronomy, financial management, agribusiness skills through VODP2; (ii) the project has linked farmers to ready markets for the produce; (iii) the project should continue with more geographical coverage, that is , be scaled out; (iv) VODP2 should continue to reduce vegetable oil imports in the country; (v) the project has contributed to improved farmers' incomes; (vi) the project has created employment opportunities for the youth in the milling industry; (vii) the project has improved food and nutrition security in the area of operation.

7.1.2 *Palm Oil subcomponent*

7.1.2.1 *VODP2 alignment with national priorities*

VODP2's development objective is to increase the domestic production of vegetable oil and its by-products, thus raising rural incomes for smallholder producers. The welfare levels for Kalangala and Buvuma islands are much lower than the average figures for the Central Region

where they are located. In terms of human development indicators such as enrollment rates in school and number of health facilities in a given location, Kalangala and Buvuma still score very low. The data in Tables 7.5 show that for Kalangala district, *gross and net primary school enrollment* rates were the lowest in the Central Region from 2011 to 2014. For *gross and net secondary school enrollment* rates, Kalangala district had the lowest scores in the Central region for 2014, while Buvuma district had the lowest scores for 2015. In terms of number of health facilities, the data show that Kalangala and Buvuma still lag behind most districts in the Central Region. When compared to other districts in the Central Region of Uganda, Kalangala and Buvuma islands show a lot of underdevelopment. Their scores for variants of various human development indicators are lower than most districts in Central Uganda where they are located. This implies that the VODP2 project choice of location and objectives are in consonance with the national priorities and objectives. Thus it can be said that the VODP2 project has in general responded to the real needs of the target population in the project areas.

Table 7.5: Primary school gross and net enrollment rates-Kalangala 2011-2015

GER 2011	**NER** 2011	**GER** 2012	**NER** 2012	**GER** 2013	**NER** 2013	**GER** 2014	**NER** 2014	**GER** 2015	**NER** 2015
Kalangala District Rates									
60	48	54	45	73	60	78	62	87	72
Average Rates for Central Region in Uganda									
115	96	118	99	118	102	120	102	105	89
Lowest Rates Recorded for Central Region in Uganda									
60	48	54	45	73	60	78	62	61	51

Source: UBOS Statistical Abstract 2017

Table 7.6: Secondary school gross and net enrollment rates-Kalangala 2014-2015

GER 2014	**NER** 2014	**GER** 2015	**NER** 2015
Kalangala District Rates			
7	6	16	12
Buvuma District Rates			
10	9	6	5
Average Rates for Central Region in Uganda			
35	32	30	27
Lowest Rates Recorded for Central Region in Uganda			
7	6	6	5

Source: UBOS Statistical Abstract 2017

Table 7.7: Number of health facilities by ownership Status - 2012/2013

GoU	*NGO*	*Private*
Kalangala District		
10	1	0
Buvuma District		
9	2	0
Average Rates for Central Region in Uganda: Excluding Kampala		
25	10	2
Lowest Rates Recorded for Central Region in Uganda		
7	1	0

Source: UBOS Statistical Abstract 2017

7.1.2.2 *VODP2 builds on achievements of VODP.*

According to the IFAD VODP2 design report (2010), it was confirmed that VODP had been successful in increasing vegetable oil production in Uganda, with substantial positive financial, economic and social impacts. The IFAD report (2010) indicates that the lessons learned during implementation of VODP gave a good basis for continuation of development of the vegetable oil sub-sector under VODP2. Thus for the oil palm component, VODP2 has been built on existing investments in VODP and availability of tested and proven models for both oil palm and oilseeds development.

7.2 Effectiveness of the VODP2 project

The relevant questions the team tried to address under this criterion were: How effective was the VODP2 project? Was there notable progress toward the project outputs? Were there Negative factors that influenced the VODP2 project's delivery on the stated results/objectives? Were there Positive factors that influenced delivery on the results/objectives? In which way has the VODP2 project contributed to Capacity Building in the project areas?

7.2.1 *Overall performance of the VODP2 project.*

The VODP2 project has made considerable progress in achieving some of the major expected outputs within the planned set of results as indicated in the revised log-frame of 2014 (APR, 2017). ***Under oil palm subcomponent****:* 6,500 hectares have been planted by the nucleus estate in Kalangala which is 100% of target. Smallholders have planted so far 4,424 hectares of oil palm which is 94% of target. The net farm income from oil palm for smallholders is now on average US$ 1,384 per hectare per year which is 92% of target. About 250Kms of farm roads have been constructed, reflecting 81% of target. 27,198 tons of crude palm oil is produced per year in Kalangala which is 91% of target. Kalangala Oil Palm Growers' Trust financial self-sufficiency is at 76% of target. Kalangala Oil Palm Growers Association (KOPGA), a farmers' organization has streamlined its internal governance structure. It is soon registering as cooperative. KOPGT (a trust) has started external audit exercise. However, there are still delays by KOPGT to produce up to date farmers' loan statements, which might create problems for KOPGT if not addressed. VODP2 project has experienced serious delays in establishing the

Buvuma island oil palm scheme due to problems related to land acquisition on the island. These challenges have derailed the target of 6,500 hectares of oil palm planted by BIDCO and 3,500 hectares planted by smallholders by 2017-2018. So far, 5,114 hectares are now free of encumbrances have been offered to BIDCO. The project has acquired 8,578 hectares so far in early 2018 out of the desired 10,000 hectares.

***Under the oil seeds subcomponent**:* Average mill capacity utilization has reached 46% of the target. The number of mills increased from 88 in 2012 to 110 in 2017. Across the four hubs, average sunflower yield increased from 1.12tons/Ha in 2012 to 1.57tons/Ha in 2017. Average soybean yield increased from 0.95tons/Ha in 2012 to 1.70tons/Ha in 2017. Average sesame yield increased from 0.80tons/Ha in 2012 to 1.32tons/Ha in 2017. The quantity of sunflower bulked and sold by farmer groups increased from 41.2 tons in 2013 to 49,516 tons in 2017. Soybean bulked and sold increased from 1,111 tons in 2013 to 35,332 tons in 2016. Area under oil seeds has also increased considerably. Sunflower acreage has increased from 3,507 Ha in 2014 to 18,948 Ha in 2017A. Soybean increased from 3,503 Ha in 2014 to 18,235 Ha in 2017A.

VODP2 has directly supported 5,311 FGs, reflecting 90% of target. Sunflower production in 2017A was 29,375 Metric Tons of sunflower (67%) and 30,811 Metric Tons of soybeans (63%) of total annual production for 2016. A total of 35,171 farmers in FGs purchased quality seed of improved varieties of sunflower, soybeans and sesame in 2017A an increase of 20% compared to 2016B. VODP2 has linked famers to financial institutions, by brokering loans for oilseed production for a cumulative value of UGX 3.0 billion for 3,604 farmers (35% female). A total of 1,454 FGs have saved cumulatively UGX 3.2 billion.

The contribution by VODP2 and imports shows that the current vegetable oil consumption rate 10 per Kg per year now at 67% of VODP2 project target, up from 37% of the target in 2008. Production of oil crops in the VODP2 project areas has increased. As a percentage of the national acreage planted, area under sunflower in VODP2 project areas increased from 5% of national sunflower acreage planted to 8.9%, from 2015 to 2016, respectively. As a percentage of national area planted, acreage of soybean in VODP2 project areas increased from 44% in 2015 to 64% of national acreage in 2016. For sesame, the increment as a percentage of national acreage planted was from 0.25% in 2015 to 2.20% of national acreage in 2016.

7.2.2 *Oil Seeds subcomponent*

7.2.2.1 *Progress of VODP2 Project*

FGD Interviews

Farmers in FGD interviews were asked to state whether over that last three years the fraction of sesame and soybean they sold to traders was greater than the fraction sold to millers as crushing material. The results are shown in Table 7.8 below. The sesame and soybean were singled out in this analysis due to the fact that they consumed as food crops and thus there is a high probability of selling them to traders and not necessarily to millers, if the price traders are offering is more attractive. *Sunflower cannot be easily consumed in raw form at household level so it is not examined in Table7.8 below*. The data show that there has been a shift among the

farmers interviewed in terms of the fraction of their sesame and soybean that is sold to millers as crushing material. Only 20% of respondents sold a larger share of their produce to millers than to traders in 2015. In 2016 and 2017, however, the same respondents indicate 30% sold a larger share of their produce to millers than to traders. A plausible explanation for this slight increase in the percentage of farmers selling a larger fraction of their produce to millers than traders could be due to efforts by VODP2 project to link farmers to millers for crushing material and the effect of a growing number of millers in the project area.

There is still a lot to be done in terms of increasing the share of sesame and soybean oil seed sold by farmers to millers as crushing material compared to the share sold to traders. *Millers have to compete with traders who buy sesame and soybean produce for food consumption*. About 60% of the FGD respondents still indicate that the share of their sesame and soybean sold directly to traders is still larger than the share sold to millers as crushing material. The main reason given for selling more of the produce to traders (speculators) than millers was the prices offered by the traders were slightly higher than millers, in general. This is not surprising since there are no legally binding contracts between the farmers and millers. The sunflower value chain alone cannot supply enough vegetable oil and by-products therefore there is the need to examine prospects and ways of increasing vegetable oil production from sesame and soybean as well. The project has registered quite a good degree of effectiveness but there is still a lot of work to do with regard to vegetable oil production using sesame and soybean oil seeds.

With regard to sunflower, the respondents were also asked to state whether *the fraction of sunflower income* in *total farm income* had increased over the last three years. The results are shown in Table 7.9 below. There has been an increase in the *share of cash income contributed by sunflower* sales to *total farm income* in the last three years according to the FGD farmer responses.

Key Informant Interviews

Key informants were asked to if the VODP2 project has conferred any benefits to vegetable oil millers in the project areas. Their views indicate the following benefits in order of merit: (i) Vegetable oil millers have benefited from increased raw material for crushing since VODP2 has linked them to farmers; (ii) millers have benefited from increased access to more markets through the linkages fostered by VODP2; (iii) millers have benefited from improved skills in production of quality vegetable oil; (iv) millers have benefited from increased economies of scale due increased production when linked to farmers; (v) millers have benefited from improved quality of crushing material due to better post-harvest handling training of farmers by VODP2 project.

Table 7.8: Share of oil seed sold to traders compared to millers (2015–2017 Period)

In 2015: Fraction Sold to ***Traders Greater Than*** Fraction Sold to Millers (sesame, soybean seed)		
Response	**Number**	**Percent of respondents**
YES	338	80%
NO	84	20%
In 2016: Fraction Sold to ***Traders Greater Than*** Fraction Sold to Millers (sim sim, soybean seed)		
Response	**Number**	**Percent of respondents**
YES	303	70%
NO	128	30%
In 2017: Fraction Sold to ***Traders Greater Than*** Fraction Sold to Millers (sesame, soybean seed)		
Response	**Number**	**Percent of respondents**
YES	298	71%
NO	121	29%

Source: Survey Data from FGDs

Table 7.9: Share of Sunflower Income in total Farm Income (2015–2017 Period)

Share of Sunflower Income in Total Farm Income ***Greater*** in 2015 Than in 2014		
Response	**Number**	**Percent of respondents**
YES	198	77%
NO	58	23%
Share of Sunflower Income in Total Farm Income ***Greater*** in 2016 Than in 2015		
Response	**Number**	**Percent of respondents**
YES	176	63%
NO	105	37%
Share of Sunflower Income in Total Farm Income ***Greater*** in 2017 Than in 2016		
Response	**Number**	**Percent of respondents**
YES	203	63%
NO	121	37%

Source: Survey Data from FGDs

7.2.2.2 Capacity building by VODP2 in Oil Seed Areas

The study also established from the *farmers in the FGD interviews* the way in which the VODP2 project contributed to capacity building in the project areas. The views from the FGDs are indicated below in order or merit: (i) the project has helped farmers acquire agronomy skills,

such as proper seed rate, proper spacing, proper seed selection, timely land preparation; (ii) project has helped in training farmers in group dynamics, strengthening group formation and cohesion, skills in collective marketing and bulking; (iii) farmers have received training in post-harvest handling practices, such as early harvesting, drying on tarpaulins; (iv) farmers have received training in record keeping, agribusiness management, skills in credit and savings and improved access to financial institutions; (v) farmers have learnt value addition in sunflower business; (vi) the project has empowering women through gender training.

Key expert informant interviews indicated the same information when establishing the way in which the VODP2 has contributed to capacity building in the project areas. Their views in order of merit are: (i) farmers have received training on good agronomic practices; (ii) farmers have been trained in group formation and cohesion, improved group governance, collective marketing and skills in bulking; (iii) farmers have received training in record keeping, agribusiness management, skills in credit and savings and have improved access to financial institutions; (iv) farmers have received training in post-harvest handling methods; (v) farmers have received training on gender, reducing gender-based violence.

7.2.2.3 *Challenges faced by farmers in Oil Seed project areas*

In many development projects there are always challenges that farmers face in implementing on the ground the skills and human capital they have acquired from the interventions due to various reasons. The farmers in FGD interviews were asked if *there are any practices they had been trained in by the VODP2 project but had failed to implement on their farms but felt were very important*. 80% of the respondents indicated that they had practices that were very important but have failed to implement on their farms. In order of merit the practices were: (i) line planting and spacing using ropes; (ii) fertilizer application; (iii) use of pesticides, herbicides; (iv) bulking produce through collective action; (v) use of tarpaulins to dry produce; (vi) mulching of gardens; (vii) timely planting and harvesting. *The major reasons for failing to put into practice what they were trained in by VODP2 were in order of merit*: (i) line spacing and planting using ropes is very labor intensive on large acreages; (ii) fertilizers are very expensive; (iii) herbicides and pesticides are expensive, including spray pumps; (iv) mulching is tiresome and labor intensive on large acreages;(v) tarpaulins are expensive;(vi) farmers sometimes sell individually without bulking due to immediate pressing household needs.

7.2.2.4 *Factors that have affected VODP2 project in Oil Seed areas*

Negative Factors

Negative factors that have affected VODP2 project delivery on outputs. *Responses from key expert informants* were as follows in order of merit: (i) climate change (prolonged drought, too much rain); (ii) farmers' limited access by to financial services; (iii) side-selling of oil seeds by farmers to traders due to low prices offered by millers; (iv) delayed funding due to procurement bureaucracy by government officials; (v)fertilizers and improved seed still quite expensive;(vi) poor road infrastructure; (viii) poor farmers' attitude to farming as a business (ix) late delivery of inputs by seed companies;; (x) counterfeit inputs on the market. *Responses from FGD*

interviews indicate that the key factors are climate change and crushing material price fluctuations.

Positive Factors

Positive factors that have facilitated VODP2 project delivery on outputs. *Responses from key expert informants* were as follows in order of merit: (i) existence of high demand for oil seed crops in the project areas; (ii) continued government support of the VODP2 project activities; (iv) farmers' willingness and ability to adapt to change; (v) VODP2's use of already existing farmers' groups to deliver outputs; (vi) availability of land for oil seed production; (vii) soil fertility not yet completely exhausted; (viii) existence of other poverty reduction initiatives in the area such as operation wealth creation; (ix) peace and political stability. *Responses from FGD interviews* indicate that the key factors are in order of merit: (i) strengthening cohesion of already existing farmer groups; (ii) soil fertility not yet completely exhausted; (iii) farmers' willingness and ability to adapt to change and adoption of promoted technologies;(iv) availability of land for oil seed production.

7.2.3 *Oil Palm subcomponent*

7.2.3.1 *Progress of VODP2 Project*

FGD Interviews

The respondents from Kalangala oil palm district were asked to state whether the fraction of oil palm income in total farm income had been increasing over the last three years. The results are shown in Table 7.10 below. There has been an increase in the share of cash income contributed by oil palm sales to total household income in the last three years according to the FGD farmer responses.

Kalangala farmers were asked in which way they have benefited from the VODP2 project. Their responses in order of merit are: (i) farmers are able to construct good houses with iron roofs from oil palm income; (ii) farmers have acquired knowledge and skills in financial management and record keeping; (iii) farmers have acquired new knowledge and skills in agronomy; (iv) farmers are now able to pay school fees for their children; (v) farmers have acquired social capital through group formation and cohesion; (vi) new roads have been built in Kalangala facilitating economic growth in the area;(vii) farmers are now able to purchased motorcycles, cars, livestock, solar systems and more land;

Key Informant Interviews

Key informants were asked in which way Kalangala oil palm farmers have benfited from the VODP2 project. Among the views they expressed in order of merit are: (i) farmers have constructed permanent houses with iron roofs; (ii) farmers are now able to pay school fees for their children; (iii) farmers have received more training in agronomy; (iv) non-farm employment has been created by growth of various industries in Kalangala;(v) farmers have purchased motorcycles, cars, livestock, solar systems and land; (vi) new roads have been built facilitating

economic development of the area; (vii) farmers have acquired social capital through group formation and cohesion.

Table 7.10: Share of oil palm income in total household income (2015–2017 Period)

Share of Oil Palm Income in Total Farm Income ***Greater*** in 2015 Than in 2014		
Response	**Number**	**Percent of respondents**
YES	**70**	**77%**
NO	21	23%
Share of Oil Palm Income in Total Farm Income ***Greater*** in 2016 Than in 2015		
Response	**Number**	**Percent of respondents**
YES	**85**	**87%**
NO	13	13%
Share of Oil Palm Income in Total Farm Income ***Greater*** in 2017 Than in 2016		
Response	**Number**	**Percent of respondents**
YES	**78**	**79%**
NO	21	21%

Source: Survey Data from FGDs

7.2.3.2 *Capacity building by VODP2 in the Oil Palm area*

The study also established from the *farmers in the FGD interviews* the way in which the VODP2 project contributed to capacity building in Kalangala district. The views from the FGDs are indicated below in order or merit: (i) farmers have received training in record keeping, agribusiness management, skills in financial management; (ii) the project has helped farmers acquire agronomy skills; (iii) project has helped in training farmers in group dynamics, strengthening group formation and cohesion; (iv) the project has contributed to infrastructure growth, building schools, water, electricity for residents;(v) the project has empowered women through gender training.

Key expert informant interviews indicated that VODP2 project had contributed to capacity building in Kalangala oil palm area in the following ways in order of merit: (i) farmers have received training on good agronomic practices; (ii) the project has contributed to infrastructure growth, building schools, safe water, and electricity for residents; (iii) farmers have been trained in group formation and cohesion; (iv) farmers have received training in record keeping, agribusiness management, skills in financial management; (v) the project has empowered women through gender training.

7.2.3.3 *Challenges faced by farmers in the Oil Palm area*

The farmers in oil palm FGD interviews were asked if *there are any practices they had been trained in by the VODP2 project but had failed to implement on their farms but felt were very important*. 71% of the oil palm farmers indicated that they had practices that were very important but have failed to implement on their farms. In order of merit the practices were: (i) fertilizer application; (ii)

pruning of oil palm trees; (iii) weeding of oil palm trees;(iv) mulching of oil palm trees; (v) timely land preparation; (vi) counting of bunches; (vii) spraying some pesticides.

The major reasons for failing to put into practice what they were trained in by VODP2 were in order of merit: (i) fertilizers are very expensive and delays in delivery from KOPGT; (ii) laziness of farmers to prune, limited funds to hire laborers to do the pruning; (iii) weeding of oil palm trees and mulching are labor intensive; (iv) farmer laziness in counting bunches, need funds to hire laborers.

7.2.3.4 *Factors that have affected VODP2 project in Oil Palm area*

Negative Factors

Negative factors that have affected VODP2 project delivery on outputs in Kalangala oil palm area are listed below. *Responses from key expert informants* were as follows in order of merit: (i) climate change (prolonged drought); (ii) oil palm land acquisition problems from tenants and landlords; (iii) delayed funding due to procurement bureaucracy by central and local government officials;(iv) poor road infrastructure;

Responses from FGD interviews in Kalangala oil palm area indicate that the key factors are: (i) fresh fruit bunch (ffb) price fluctuations; (ii) low soil fertility in some parts of Kalangala.

Positive Factors

Positive factors that have facilitated VODP2 project delivery on outputs in Kalangala oil palm area. *Responses from key expert informants* were as follows in order of merit: (i) full support from the central government; (ii) existence of private sector player interested in the development of oil palm in Kalangala; (iii) cooperation from farmers to support and adopt a new crop.

Responses from FGD interviews indicate that the key factors are in order of merit: (i) soils are adequately fertile to grow good for oil palm in most parts of Kalangala;(ii) acceptance of landlords to sell land for oil palm cultivation in project area; (iii) cooperation among the farmers to accept growing oil palm, a new crop in the area;(iv) full central government support for the project.

7.3 Efficiency of the project

How well was the Operational Work Planning versus Actual Implementation conducted? Did the difference between budgets and actual expenditures affect VODP2 project delivery on Results/Objectives? How regularly was the Output Delivery monitored?

7.3.1 *Overall performance of the VODP2 project.*

The Annual Project Reports from 2011-2012 to 2016-2017 show detailed VODP2 project disbursements and utilization of the resources. Overall, the VODP2's appraised budget has remained basically stable and has not been significantly revised over the life of the VODP2 (2010-2018) and there have not been significant cost overruns on the project. There have been changes made here and there within the subcategories of the line items of expenditure given

that results log-frame has also been revised once. There have been very many delays in disbursement of funds for various activities due to procurement bureaucracies within in the design of the implementation of the VODP2 (VODP2, 2017a; IFAD, 2015b; IFAD, 2016). However, in terms of resource use, the VODP2 project overall can be given a satisfactory performance. *For the financial year 2012/13, the overall annual work plan and budget execution rate by the project was 59%. For the financial year 2013/14, actual execution rate was 59%. For the financial year 2014/15, actual execution rate was 66%. For the financial year 2015/16, actual execution rate was 81%. In the financial year 2016/17, the annual work plan and budget execution rate was 79%. As the project nears the end in December 2018, the execution rates has gradually improved.*

7.3.2 *Efforts to reduce the 'Design-Actuality' Gap*

7.3.2.1 *The Oil Palm subcomponent*

For VODP2 there were expected outputs and outcomes to be achieved given the inputs according to the project design. However, situations arise where on the ground the reality might differ substantially from the design assumptions and due to unexpected factors. This creates the 'design-actuality' gap. The VODP2 project has undergone many forms of the 'design-actuality' gap just like many other development projects do in the course of the project life-cycle. Among the ways of keeping a project within acceptable costs as planned or budgeted for or to achieve the stated objectives within the planned time frame without substantial additional funding is to keep the 'design-actuality' gap as small as possible. The 'design-actuality' gap implies that the VODP2 project has had to make adjustments in the course of it cycle once the assumptions in the designed programme plan have been tested on the ground. The VODP2 management team, with supervision and reviews from IFAD, has shown great agility over the past five years (2012-2017) through the monitoring and evaluation mechanisms that serious obstacles and challenges have been identified and addressed effectively. VODP2 project has shown considerable progress over it life-cycle in reducing the 'design-actuality' gap in many areas of operation. An example is:-

Key expert informants indicate that at some point in May 2014, the private investor indicated that they were no longer interested in establishment of a nucleus estate in Buvuma Island, but that they maintain their commitment to Government of Uganda to support oil palm development. However, this posed a serious problem for Oil palm component, which depends on services (particularly in terms of inputs and technical support) from the private sector. At some point in 2017, the private investor again expressed their displeasure at the slow process of land acquisition from Buvuma Island for oil palm by the GoU and indicated that they had lost interest in the same. GoU and IFAD and the VODP2 management have had to double their efforts to expedite the process of land acquisition to bring the private investor back on board for the third phase of the project.

Other examples to reduce the 'design-actuality' gap include annual reviews of project performance on the ground through visits by experts in various fields and detailed recommendations put forth for the way forward to achieve project objectives. These studies did

find serious problems on the ground, for instance, in terms of oil palm agronomy practiced by farmers and corrective measures were prescribed to address these problems. Measures undertaken to reduce the 'design-actuality' gaps can be found in the VODP2 Mid Term Review Report 2014 and IFAD Supervision Reports of VODP2 for 2014, 2015, 2016 and 2017. IFAD project supervision reports have the following compliance frameworks where indications of progress or stagnation are assessed and action is taken to address non-progress. There are several frameworks in the form of detailed Tables such as: (i) Physical Progress Measured against AWP&B, including RIMS indicators; (ii) Compliance with Legal Covenants: Status of Implementation; and (iii) Progress Made Against Previous Mission Recommendations.

7.3.2.2 *The Oil Seed subcomponent*

There has been a lot of effort in the oil seed component to reduce the 'design-actuality' gap to live within the planned or expected budget. Examples of situations that would have widened the design-actuality gap that have been addressed by the VODP2 project include the following:

According to key expert informants, the procurement of Pay for Service Providers (PSPs) delayed the project due to procurement bureaucracies and this set back the project about two years. The VODP2 Midterm review team advised that the project recruits five new PSPs in the four oilseeds hubs; reviews of the scope of the contracts of the six existing PSPs to increase their coverage of supported farmer groups; and finalizes the contractual agreement with the Uganda Cooperative Alliance (UCA) for support to HLFOs and KOPGA.

Key expert informants indicate that a lot of effort was also to reduce the 'design-actuality' gap in increasing access to commercial bank financial services of the oilseed farmers and other value chain actors. This process delayed a lot and had it not been addressed in time, it would have led to serious inefficiencies in terms of the delivery of VODP2's stated objectives within the stated time frame of 2010-2018. In the beginning it was expected that two commercial banks were willing to develop specialized financial products for oilseed value chain actors, were concerned with substantial risks associated with climate variability and the agricultural sector. VODP2 project with other international partners proposed the establishment of development of a guarantee fund as an incentive for commercial banks to provide services to the oilseed value chain actors. The guarantee fund would protect banks from weather-related risk. However, most commercial banks found that running this model with the guarantee fund within their systems would be very costly to them. After serious adjustments between VODP2 and the commercial banks, it was agreed that VODP2 farmers borrow through their groups where the transactions costs and risks associated with the nature of agriculture would be reduced. VODP2 would empower the oilseed value chain actors and facilitate their linkages to commercial bank services, thus creating an ever increasing commercially viable clientele to the banks. Currently this is working for VODP2 and the commercial banks and this effort to revisit and readjust the model of increasing access to financial services to a realistic framework has been a good example of how VODP2 project has reduced the 'design-actuality' gap. This in turn has helped the project reduce the degree of inefficiency in terms of delivering on the stated objectives within the expected time frame of 2010-2018.

7.3.3 *Project Management, Monitoring and Evaluation Achievements*

The Project Management Unit (PMU) of VODP2 is responsible for effective and efficient coordination of project activities to ensure delivery of high quality and cost efficient services in the project area. The roles, *inter alia,* include working with GoU ministries and agencies as required for ensuring smooth project implementation; planning and budgeting for project activities; reporting on project implementation progress; managing project activities and IFAD loan funds in accordance with IFAD's general conditions; intermediation on behalf of GoU with the private sector partners; supervision and monitoring project funding provided through KOPGT for oil palm development; contract and manage pay for service extension providers for oilseeds production.

For the financial year 2013/2014, the overall annual work plan and budget execution rate by the PMU was 60%. For the financial year 2015/2016 actual execution against the AWPB was 70%. In the financial year 2016/2017, the annual work plan and budget execution rate by PMU was 79%. There has been a gradual improvement over the years in actual execution against the AWPB. However, the PMU still faces challenges as indicated below. These highlight examples of the 'design-actuality' gaps which have affected VODP2 project's degree of efficiency in delivering on the expected key outputs and outcomes (VODP2, 2017a). These include:

(1) Delays due to difficulty by users to draw specifications/Terms of Reference/BOQs/statement of work causes delays with consultancies which delays work and services delivered.

(2) Bureaucracy in approval of procurement requisitions by different authorities in the MAAIF have always caused delays in processing payments by PMU (VODP2, 2017a; IFAD, 2015b; IFAD, 2016).

(3) Delays in timely payment of suppliers or service providers has dented the credibility of the VODP2 in the eyes of such clients.

(4) Exchange rate variations and inflation against the budgeted procurement amounts in UGX sometimes renders budget estimates unrealistic against prevailing market rates.

(5) Delays in reviewing procurement processes at IFAD office and at National Level which renders implementation of procurement plan/AWPB difficult and unattainable.

To reduce the 'design-actuality' gaps, the PMU has suggested the way forward that includes:
(a) Continuous engagement by procurement office with users to submit specifications/Terms of Reference/BOQs/statement of work to procurement unit in a timely manner to fast truck procurement processes.

(b) Contracts with a duration of more than 12 months ought to be made with inbuilt forward inflation and exchange rate variability bandwidth with adequate wiggle room for parties involved.

(c) Establish and practically implement timelines for IFAD office and GoU ministries for reviewing procurement processes that require prior review to enable the VODP2 project achieve planned annual procurement deliverables.

7.4 Impact of the VODP2 project

Under this criterion the relevant questions addressed were: Is there an indication or evidence of progress toward the overall goal of the VODP2 project? What has changed in the lives of individuals, farm households, small scale oil millers or the community as a result of VODP2 project? In other words, are the lives of the VODP2 project beneficiaries better as a result of the VODP2 in the oil palm and oil seed project areas?

7.4.1 *The Oil Palm subcomponent*

7.4.1.1 *FGD and Key Informant Views*

Responses from the FGD interviews indicated that some farmers believe the VODP2 project has improved their household incomes in the last five years. The main reasons given as evidence of the income enhancement are in order of merit: (i) farmers have been able to pay school fees for their children in schools of higher standards; (ii) farmers have been able to buy more land, motorcycles, solar systems, furniture, and livestock, etc; (iii) farmers have been able to construct better houses with iron sheet roofs and cement floors; (iv) farmers are able to pay for better health services than before; (v) farmers are can now afford three meals a day and can afford vegetable oil and animal protein; (vi) farmers now have improved access to financial services; (vii) farmers now get a steady stream of income flow from oil palm to smooth consumption needs.

With regard to ensuring the supply of affordable vegetable oil products and by-products to Ugandan consumers, Kalangala island farmers indicated that domestically produced vegetable oil and soap brands are the most widespread in their area and are well known by the consumers. The Kalangala farmers mentioned the BIDCO vegetable oil and soap brands as the most widespread products in Kalangala. The top vegetable oil brands in order of merit in Kalangala: (i) BIDCO vegetable oil brands (i) Mukwano vegetable oil brands; (iii) Roki oil; (iv) Nile Agro oil; (v) various virgin oil types not certified by UNBS. The top soap brands in order of merit in Kalangala are: (i) BIDCO soap brands; (i) Mukwano soap brands; (iii) Blue star; (v) other brands. The BIDCO and Mukwano vegetable oil and soap brands are well known by the public and compete favourably with manufactured imports.

7.4.2 *The Oil Seed subcomponent*

7.4.2.1 *FGD and Key Informant Views*

Responses from the FGD interviews indicated that some farmers believe the VODP2 project has improved their household incomes in the last five years. The main reasons given as evidence of the income enhancement are in order of merit: (i) farmers have been able to construct better houses with iron sheet roofs; (ii) farmers have been able to purchase livestock due to enhanced incomes; (iii) farmers have been able to pay school fees for the children in timely fashion; (iv) the level of food and nutrition security has improved plus ability to pay for better health services; (v) farmers have been able to buy more land, motorcycles, solar systems, furniture, etc;(vi) farmers have been able to increase acreage planted of oil seed

crops; (vii) farmers have been able to open bank accounts and now can access financial services from financial institutions; (viii) farmers have been able to start new enterprises with returns from oil seed enterprises. This income enhancement has been experienced mostly by the sunflower farmers.

For the oil seed component project areas, the findings indicate that domestically produced vegetable oil and soap brands are well known by the consumers in Eastern and Northern Uganda. The farmers in the oil seed project areas also claimed that locally manufactured brand names are widespread in their locations. They mentioned the Mukwano vegetable oil and Mukwano soap brands as the most widespread products. The top vegetable oil brands in order of merit in the Eastern and Northern districts are: (i) Mukwano oil brands; (ii) BIDCO oil brands; (iii) Nile Agro oil; (iii) 3 Stars oil;(iv) Roki oil; (v) various virgin oil types not certified by UNBS. The top soap brands in order of merit are: (i) Mukwano soap brands; (ii) BIDCO soap brands; (iii) Blue star; (iv) Kuku brand; (v)other brands. The Mukwano and BIDCO vegetable oil and soap brands are well known by the public in oil seed project areas.

7.4.3 *Import Substitution*

The objective of import substitution to reduce on foreign exchange outflows significantly can only be realized with increased production of vegetable oil from the oil seeds and oil palm subcomponents. Statistics (FAO, 2017) show that in 2017, imports of crude palm oil were 245,000 metric tons. Crude palm oil constitutes the bulk of both the quantity and value of edible oil imports since it is a major ingredient for most vegetable oils.

This study estimates what is required to reduce the palm oil import burden by 50%, relying on only sunflower and soybean. With minimum assumptions: average yields for sunflower and soybean, 1.70 tons/Ha (IFAD, 2017); density of crude oil, 1 liter = about 1 Kg. Oil extraction rate is 3 Kg of sunflower/soybean to get 1 liter of oil; post-harvest losses are assumed 15% of production; sunflower and soybean each to contributing 50% to the reduction of palm oil imports; capacity utilization of oil milling firms is between 90-100%; the oil seed from the farm is sold as crushing material to any or all millers available; smallholders positively react to the very good prices offered for crushing material. Reducing the import burden by 50%, requires planting 127,290 Ha of sunflower and another 127,290 Ha of soybean. Reduce the import burden of palm oil by 50% using only oil palm from OPUL/BIDCO, it would require planting about 78,000 hectares of oil palm in the country.

7.5 Sustainability of VODP2 activities

Relevant questions are: To what extent can activities of VODP2 project be sustained by smallholders and partners after the GoU and IFAD commitments? Are there sustainability strategies such as developing the capacities of key national stakeholders (systems, structures, staff, expertise)? Are there any suitable public-private-producer partnerships (4P) designed to ensure continued flow of project benefits to target population?

7.5.1 *The Oil Seed subcomponent*

The current business environment in the oil seed component does not show how sustainability of the VODP2 activities can continue without IFAD and GoU commitments. One of the major challenges with the current business models in the oil seed project areas is that smallholder farmers indicate that prices offered by millers for their crushing material are not competitive enough to prevent side selling to traders. Millers complain that side selling by farmers results in breached contractual obligations for sustained, timely and adequate supply of crushing material to millers.

Our study suggests IFAD and GoU exploring the avenue of fully supporting the development of 'inclusive business models' or their hybrids for the oil seed component just like it has done for the oil palm component. FAO (2015) indicates that 'inclusive business models' (IBMs) promote the integration of smallholder farmers into markets premised on the principle that there is a 'win-win' situation for smallholders and the business community. Economic viability is a precondition for an IBM and there must be the sharing of value between the business partners (large scale private investor, buyer, etc, and smallholders) if it is to be sustainable. The sustainability depends on these value sharing criteria:

Reward: This is the fair sharing of economic costs and benefits, *including transparency in price setting mechanisms* and finance arrangements. An inclusive business model provides a living wage to the smallholders while enabling large private investors to make a decent profit.
Resource ownership: Smallholders for example need not surrender their land and might have shares in the business arrangement.
Shared Voice: Smallholders in the IBM must have the voice to influence key business decisions, have arrangements for review and grievances. IBMs give smallholders a stronger negotiation position through skills development, collective bargaining, access to market information and financial services.
Risk Sharing: Smallholder should be able to share commercial risk with the large scale buyer or investor (risks such as production, supply and market).

There is currently no such IBM or hybrids running in the oilseed project areas and thus sustainability of VODP2 activities does not seem likely without IFAD and GoU support.

7.5.2 *The Oil Palm subcomponent*

The type of hybrid inclusive business model built in the Kalangala oil palm subcomponent involves a lot of trust between smallholders and the large scale investor. The 'win-win' situation has been built within the hybrid IBM. Transparent ***resource ownership*** has been effected through land purchases of 'willing buyer-willing seller' for the nucleus estate. A trust was created (KOPGT) to put forth the ***voice of the smallholders*** with transparent formal mechanisms for shared governance and decision-making. One great value sharing criteria that ensures sustainability of an IBM is the ***transparent and fair reward mechanism*** for both the smallholders and the large scale investor. This has been crucial in the success of the Kalangala IBM. The transparent pricing formula tags the price paid to the farmers to the monthly average crude palm oil price in Malaysia, adjusted to include import transport costs, the actual oil

extraction rate and a factory milling constant. The monthly pricing formula is agreed to by the private sector partner and GoU. There is a sub-pricing committee that meets monthly comprised of the District Commercial Officer (Chair), two farmer representatives from all blocks, two representatives from OPUL (General Manager and Finance Manager), PMU (Oil Palm Coordinator) and KOPGT (all Managers). The meetings provide a platform to discuss quality standards, fruit quality, FFB harvesting, transportation and milling. The monthly FFB pricing formula is given as:- FFBP = (H/J)*K. Where FFBP is the monthly factory gate price per ton of FFB of standard quality. H is the price of crude palm oil ex-mill (includes import transport costs). K is the palm oil extraction rate. J is the factory milling constant of 1.20.

This transparency has protected the smallholders from the potential ***monopsony power*** of the large scale investor in determining the price paid to farmers in their favour. There is also a transparent governance mechanism to determine the charges to farmers for the cost of inputs (seedlings and fertilizers) and transport charges to the factory. This hybrid IBM with transparent mechanisms has built trust and a credible business arrangement with a 'win-win' situation. There is room for sustainability in the oil palm subcomponent. However, there is need for strengthening the *third 'P'* in the 4P. This *'P' is KOPGA* (farmers' organization) which should turn KOPGT (the trust) into a subsidiary company where KOPGA members have a large majority of shares therein. Other strategic shareholders may include GoU, Kalanga District Local Government, OPUL, BIDCO, one Commercial bank all with a small minority of shares among them. A similar arrangement could be followed in the ratios for seats on the KOPGT board of directors.

8 Specific findings for policy and practice

8.1 The Oil Palm subcomponent

The project uses a successful inclusive business model within the public-private-producer-partnership (4P) framework. GoU the *first 'P'* has facilitated this arrangement by developing infrastructure in the area. This has led to considerable economic growth and development in the oil palm project area of Kalangala district. The unintended economic benefits of the project include:- regular ferry services; improved road network, solar-generated electricity; clean water supply; commercial bank services; improved cell phone infrastructure, petrol stations; new hotels and resorts for the burgeoning tourism industry; employment creation in non-agricultural enterprises. The success of the inclusive business model in the 4P framework in Kalangala with GoU playing its role shows a strong 'proof of concept' to expand the oil palm investment in Uganda in other agro-ecologically suitable locations in Uganda.

Challenges of Oil Palm Production

Despite all the above successes registered in the oil palm component, there are challenges faced by farmers that could have a bearing on the long-run sustainability of oil palm production. A number of respondents in FGD interviews in oil palm areas of Kalangala indicated that among the

key practices they were trained in and but have failed to implement on their farms (*but feel are very important*) is fertilizer application to the oil palm crop. The major reason they gave was that fertilizers are very expensive and delays in their delivery from KOPGT. If there is to be increased oil palm production in Uganda there ought to be increased uptake of fertilizers by smallholders to a reasonable degree. The other practices the farmers do not put in practice but are very important include pruning, weeding and mulching of oil palm trees (*well known climate change resilience practices*). Farmers claim these are labor intensive and costly activities. When farmers were asked what major activities they would like VODP2 project *to focus on in future*, they indicated that KOGPT should negotiate for an increase in prices paid for FFBs; negotiate for them fertilizers procured at reduced prices; and construct more feeder roads to plantations. A well-organized KOPGA cooperative apex organization can address these issues.

Way Forward

The *key holding together this 'innovative inclusive business model'* in Kalangala is the *transparent and fair reward mechanism* as *perceived* by the smallholders. However, the pricing formula should take into account real exchange rate variations when computing the price for FFBs. This means that the formula should reflect the existing exchange rate in a given month at the time of supplying the FFBs to the factory. The elasticity of production of palm oil is about 0.68 in the short run (e.g. a month). In the long-run (e.g. 12 months) it is about 1.36. Based on inflation adjusted prices, in one month when the real price paid to farmers' increases by 1%, the quantity of FFBs they are bound to harvest and supply for crushing to BIDCO will increase by 0.68%. In the long-run, a 1% increase in the real price of FFBs will lead to a 1.36% increase in the quantity of FFBs supplied to BIDCO. In the long-run FFB harvests have an elastic supply response to price variations. This implies that persistent declines in the real prices paid to farmers in the long-run are bound to lead to a more than proportionate decline in the quantity of FFBs supplied to BIDCO. The introduction of a 10% import tax on crude palm oil imports may affect supply of FFBs to the factory if this tax burden is passed on to the farmers by BIDCO in the form of lower FFB prices paid to smallholders. Therefore KOPGT and BIDCO need to agree on how to distribute this 10% tax burden in the pricing formula or agree that the tax burden be passed on to consumers. Lowered prices paid to farmers due to this 10% tax burden may discourage new farmers in new project areas from adopting the oil palm crop or may decrease harvests of FFBs in the old palm oil areas. In addition, lowered prices to farmers due to the 10% tax burden may decrease the probability of uptake of fertilizers and climate change resilience agronomic practices mentioned above which farmers have not put into practice but feel are very important.

Strengthening KOPGA into a well-organized *cooperative apex body* is imperative if some of the above issues are to be addressed. As indicated above, this should involve maintaining the role of KOPGT as the voice for farmers' interests *since the trust has the technical and administrative skills to do so*. This study suggests a well-organized KOPGA to turn KOPGT into a subsidiary company under the KOPGA where the members control a very large majority shares and seats on the KOPGT board of directors. Other strategic share holders may include a GoU representative; a representative from the Kalanga District Local Government; a representative

from OPUL/BIDCO (investor); a representative from at least one Commercial bank operating in the oil palm area; all combined with minority shares and seats on KOPGT board of directors.

The GoU can assist KOPGA in this process. Resilience to climate change such as prolonged drought can be increased with the training of farmers on water conservation practices such as mulching of the oil palm gardens. Given the importance of the oil palm industry in the country, there is need for the GoU as the state to take climate change resilience as a serious policy issue with practical financial commitments to training of smallholders in climate smart practices. Land acquisition has been handled well by the GoU in Kalangala together with the negative publicity about environmental degradation. The lessons learned through the policy of encouraging the willing buyer-willing seller framework in Kalangala and employing the expertise of NEMA to ensure mitigation of environment damage should be used in replicating the Kalangala model to Buvuma and other new sites.

8.2 The Oil Seed subcomponent

There has been growth in the oil seeds component in the VOPD2 project areas. The existence of large investors in the oil seeds component such as Mukwano, Ngetta Holdings, Nile Agro and Mt. Meru, etc, is 'proof of concept' that there is great business potential for the production of vegetable oil and by-products from oil seeds. Oil seed crops have great potential to improve the livelihoods of smallholders through by-products such as livestock feeds, fish feeds and high protein foods such as soya-based flour, etc. There is great potential to meaningfully and effectively include smallholders in the oil seed value chains. Currently there are variants of 'winner-take-all' arrangements in favour of traders or large millers. Value chains for oil seeds in the VODP2 project areas are made up of informal or semi-formal business models either between smallholders and traders or smallholders and millers (Mukwano, Ngetta Holding, Mt. Meru, etc).

Challenges of Oil Seed Production

A number of farmers in FGD interviews in oil seed project areas indicated that *there were practices they had been trained in by VODP2 but had failed to implement on their farms (but felt were very important)*. These include fertilizer application, line planting/spacing, use of pesticides/herbicides, bulking to sell to millers through farmer groups, drying on tarpaulins, mulching of gardens, timely planting and harvesting. If these practices are not implemented on the farm, then there are challenges with increasing yields, quality, and ability to mitigate climate change effects. The main reasons farmers gave for *failing to put into practice what they were trained in by VODP2 were that* fertilizers/herbicides/pesticides are expensive; line planting/spacing/mulching are very labor intensive and costly on large acreages; side selling to traders without bulking due to pressing household needs.

Sesame, and soybean are food crops, thus there is a high probability of selling them to traders and not necessarily to millers, if the price speculators (traders) are offering is more attractive. Sunflower is not a food crop in raw form. About 60% of farmers growing sesame and soybean indicated that the *share of their sesame and soybean sold directly to traders* is still *larger than that sold to millers as crushing material*. The main reason was speculators (traders) sometimes

offer slightly higher prices than millers. However, about 68% of farmers growing sunflower indicated that the share of sunflower revenue in total farm income had steadily increased between 2015 and 2017.

Way Forward

All these facts above in oil seeds project areas highlight the strong need to build stronger farmer institutions (strengthening the *third 'P' in 4P*). VODP2 has trained oil seed farmers in collective action, group dynamics, governance, etc, but there is still that need for further follow up on these farmers groups with an enhanced role of the state more pronounced. It is the social responsibility of the state (*first 'P' in the 4P*) to invest in human and social capital growth of smallholders in the oil seed areas in order to meaningfully link them to value chains of sunflower, soybean, and sesame. That is, nurturing and developing the *third 'P'* institutions in proper financial and technical self-governance and administration (vertically and horizontally). This investment can be done in collaboration with development partners, local and international NGOs/CBOs, etc. The role of the state should be to seek out interested *potential private sector drivers* (among OLAM, Global Traders, Mukwano, Ngetta Tropical Holdings, AgriNet, Mt. Meru, Nile Agro, etc, etc) for each oil seed commodity value chain (sunflower, soybean, sesame) and interest them in the inclusion of organized smallholders in the value chain.

All the investors mentioned above decry the fact that they *have not been able* to build a *sustainable supply chain even with the available markets* for their vegetable oil and by-products in Uganda and the regional markets. This is due to the disorganized *third 'P' in 4P* in terms of bulking capacity, storage facilities, governance, etc, etc. In addition, the *third 'P' in 4P* is highly disincentived through unfriendly variants of the agent-led marketing models. The recruited agents in most cases are prone to economic rent seeking behavior. They tend to artificially depress considerably the prices they pay the farmers in order to maximize economic rent in addition to their commissions they receive.

Therefore most variants of agent-led marketing model cannot deliver *sustainable supply chains with economic rent seeking behavior that disfavours farmers*. Therefore the GoU can work with credible and trusted brokers/agents to develop hybrids of inclusive business models can where the key holding together the model is the *transparent and reasonable reward mechanism* can be developed between the oil seed smallholders and a willing private sector driver of a particular value chain. The current 'winner-take-all' environment in favour of investors (OLAM, Global Traders, Mukwano, Ngetta Tropical Holdings, AgriNet, Mt. Meru, Nile Agro, etc, etc) has only succeeded in delivering inferior level market equilibria in the value chains of sunflower, sesame and soybean. The role of the state cannot be overemphasized in securing 'sustainability-driven' IBMs in the oil seed project areas in a 'win-win' situation between big business and the smallholders. Various avenues of incentives can be used to interest the willing private sector driver into a 'win-win' business model with variants that involve contract farming/marketing; dealing with a farmer-owned limited company; joint venture between apex farmer organization and investor. For example, the state can explore avenues to develop and strengthen ***contract farming*** between smallholders and a value chain driver willing to link farmers to the value chain of sunflower, soybean or sesame. These could be fixed price forward contracts legally binding

between an apex body of farmers groups and the value chain driver. Alternatively the state can help smallholders to develop and nurture the model of f**armer-owned business companies** with limited liabilities. An apex farmer organization forms a subsidiary incorporated company to represent multiple farmer groups by pooling resources and assets and entering into business as a supplier of crushing material to a value chain driver or vertically integrate and engage in oil milling to supply crude oil to the value chain driver who in turn refines and manufactures edible oil and its by-products.

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APPENDIX A: List of interviewed key informants and FGDs

Table A1: List of key informants interviewed.

Name	Organisation	Position	District
Connie Magomu	VODP2 PMU	Project Manager	Kampala
Ogwang Emmanuel	VODP2 West Nile Hub	Hub Coordinator	Arua
Sembatya Charles	VODP2 Mbale Hub	Hub Coordinator	Mbale
Tukei Moses	VODP2 Gulu Hub	Hub Coordinator	Gulu
Alessandro Marini	IFAD	Country Representative Uganda	Kampala
Avutia Ronald Kizito	WENIPS	Monitoring & Evaluation Officer	Nebbi
Mandebo Moses	ARCORD	Monitoring & Evaluation Officer	Arua
Lwalinda Isaiah	Com.Resource Dev't initiative (CRDI)	Head of Office Eastern Uganda	Mbale
Ojok Lawrence	AFSRT	Supervisor	Lira
Okot Peter Byron	IIRR-international institute of Rural Reconstruction	Project Team Leader	Gulu
Alumu Dorcus	Lira District Local Government	District Agricultural Officer	Lira
Anyango Hellen	Lira District Local Government	Senior Assistant Secretary Lira Local Government	Lira
Drateru Natalia	Arua District Local Government	Secretary for Production	Arua
Ego Tonny	Oyam District Local Government	Assit Agric Officer	Oyam
Kirama Paul	Gulu District Local Government	Senior Agriculture Officer	Gulu
Lakor Jackson	Gulu District Local Government	District Production Officer	Gulu
Mabonge Nathan	Mbale District Local Government	District Agricultural Officer/VODP2-Focal Point Person	Mbale
Kavuma Cyprian	Kalangala District Local Government	District Commercial Officer	Kalangala
Obina Godfrey	Amuru District Local Government	District Production Officer	Amuru
Odyomo Patrick	Oyam District Local Government	District Agricultural Officer	Oyam
Okwir Anthony	Nebbi District Local Government	District Production Cordinator	Nebbi
Paul Warom	Nebbi District Local Government	District Agricultural Officer/VODP2-Focal Point Person	Nebbi

Table A1: List of key informants interviewed.

Name	Organisation	Position	District
Peter Ayo	Mbale District Local Government	District Agricultural Officer	Mbale
Roselyn Adongo	Mbale District Local Government	Chief Administrative Officer	Mbale
Susan Ocokoru	Arua District Local Government	District Agricultural Officer/VODP2-Focal Point Person	Arua
Tommy Opio	Oyam District Local Government	VODP2 Focal Point Officer	Oyam
Alfred Tsekeli	Bulambuli Local Gov't	District Agricultural Officer/VODP2-Focal Point Person	Bulambuli
Charles Obo	GAGCO	Operations Manager	Gulu
Damanik Saridin	OPUL	General Manager	Kalangala
Gidudu Apollo	Mount Meru Millers(U)Ltd	General Manager	Lira
Mungu Jakisa Bright	Nile Challenge Limited	Manager	Nebbi
Omara Paul	Ngetta Tropical Holdings Ltd	Chief Executive Officer	Lira
Ometo Gloria	MMP/Nile Agro-Industral ltd	Field Manager	Lira
Wamburu Sam	Wamburu Farmers & SONS	Managing Director	Bulambuli
Abbey Anyanzo Thomas	PALM (Promoters of Agriculture and Market Linkages)	Executive Director	Arua
Doi Fred	Uganda Oil Seed Producers Association	Manager	Lira
Nick Obot	Ossup Lira	Ossup Facilitatior Lira Hub	Lira
Samson Musimbi	Eastern Private Sector Dev't center	Technical Field Advisor	Mbale
Prof.Phinehas Tukamuhabira	NacRRI	Professor	Kampala
Nakibirango Irene	Seed Multiplier	Farmer	Bulambuli
Dratre Charles	Munguyiko Trading Stores	Managing Director	Arua
Halima Brahan	Victoria Seeds Limited	Sales Representative Westnile	Arua
Juliet Akumu	Equator Seeds	Quality Controller	Gulu
Komakech Walter	Gang Pur Farmers Limited	Manager	Gulu
Kutosi Robert	Kutosi & sons Agro-Dealers	Director	Bulambuli

Table A1: List of key informants interviewed.

Name	Organisation	Position	District
Lusweje Patrick	Lusweg Agro-Input	Director Agro-input dealers	Bulambuli
Mark Moro	Euro Africa members(UNADA)	Managing Director	Gulu
Nakayenzi Betty	Taabu Integrated Cooperative Limited	Agro dealer	Bulambuli
Namakula Samalie	Olam(U) Limited	Accounts Assistant	Arua
Phillips Oling	Okado Farmers Shop	Manager	Gulu
Shuwu Alex	Farmers Hope Agric	Director	Bulambuli
Lajara Beatrice	Gulu District Farmers Association	Programme Coordinator	Gulu
Atimango Kevin	Microfinance Support center	Credit Officer	Lira
Gibutayi Florence	Taabu Coop. Society	Chairperson	Bulambuli
Kizito Edia	Finance Trust Bank	Branch Manager	Kalangala
Ogwok Walter	Post Bank	Credit Officer	Lira
Ronald Sseruwagi	Stanbic Bank	Branch Manager	Kalangala
William Anyou	DFCU Bank	Branch Operations Office	Gulu
Acidiri Alex	Arua District Farmers Association	Coordinator	Arua
Cancoo Diamond	KOPGA	Chairperson	Kalangala
Sam Micheal Wambi	Busiu Tubana Farmers Association	Secretary for Cordinator	Mbale
Tulyahikayo Frank	KOPGT	Senior Field Officer	Kalangala
Wakooli Moses	Bunambutye Area Cooperative Association	Chairperson	Bulambuli
Wakwabubi Allen	Bunambutye Area Cooperative Association	Millers Director	Bulambuli
Akello Robina	Robinas Shop	Trader	Lira
Akullo	Akulu Produce Limited	Chairperson Lira Produce Co-orperative Society	Lira
Christopher Lutara	Cultual Traders	Managing Director	Gulu
Ojaku Benard	Metino Food Shelter	Director	Arua
Adriko Constant	Likon Transporters Association	General Secretary	Arua
Saddam Abason	West Nile Express Transporter	Secretary	Arua

Table A2: List of selected focus group interview farmer groups by project component.

District	Sub-county	Parish/Block	Farmer Group/Unit Name
Oil palm component			
Kalangala	Mugoye	Betta west	Bbeta
Kalangala	Mugoye	Betta west	Kibaale unit b
Kalangala	Mugoye	Betta west	Kibaale unit a
Kalangala	Mugoye	Betta west	Mulole unit
Kalangala	Mugoye	Bujumba	Mulabana unt
Kalangala	Mugoye	Kagulube	Busanja
Kalangala	Mugoye	Kagulube	Lusozi unit
Kalangala	Mugoye	Kalangala tc	Kalaya unit
Kalangala	Mugoye	Kayunga	Bumangi
Kalangala	Mugoye	Kayunga	Busanga unit
Oil seed component			
Lira hub			
Lira	Barr	Onywako	Kwacw mito woro
Lira	Barr	Onywako	Obangakica
Lira	Ngetta	Anyangapuc	Apo-let farmer field school
Lira	Ngetta	Anyomorem	Koc can ikweri
Lira	Ogur	Akano	Ayelwenyi-can
Lira	Ogur	Lwala	Can omidiro farmer group
Oyam	Aber	Akaka	Orib cing group
Oyam	Aber	Wi-rao	Abedi gum group
Oyam	Aber	Wi-rao	Oribcing pi dongo farmers group
Oyam	Kamdini	Ocini	Omoyikwok

Table A2: List of selected focus group interview farmer groups by project component.

District	Sub-county	Parish/Block	Farmer Group/Unit Name
Oil seed component			
Eastern hub			
Mbale	Bukasakya	Marale	Nasinge women group
Mbale	Bukasakya	Tsabanyanya	Kibiniko yetana saving group
Mbale	Bungokho	Bushikori	Kwolera atwela
Mbale	Bungokho	Khamoto	Kamu kamu group
Bulambuli	Bukhalu	Bunamujere	Bunamujerefarmer investment group
Bulambuli	Bukhalu	Bushiende	Hands of christ parents initiative farmers group
Bulambuli	Bwikhonge	Bunalwere	Bunalwere farmers investment group
Bulambuli	Bwikhonge	Buwekanda	Bushangi farmers investment group
Bulambuli	Nabbongo	Bumasokho	Bumasoho yetana pmg
Bulambuli	Nabbongo	Bumasokho	Buwafuwa lambiraa atwera
Gulu hub			
Gulu	Paicho	Kal-umu	Apowigib farmers group
Gulu	Paicho	Kal-umu	Rubanga aye twero
Gulu	Paicho	Kal-umu	Tampiwanu farmers group
Gulu	Patiko	Pawel	Tulaliya cooperative society
Amuru	Amuru	Okungedi	Kwirilonyo a farmer's group
Amuru	Amuru	Pailyec	Tic matek ryemo can
Amuru	Lamogi	Agwayugi	Gang ber kimon
Amuru	Lamogi	Pyella	Laceta
Amuru	Pabbo	Palwong	Waneno anyim farmer group
Amuru	Pabbo	Palwong	Woo balo kuc

Table A2: List of selected focus group interview farmer groups by project component.

District	Sub-county	Parish/Block	Farmer Group/Unit Name
Oil seed component			
West Nile hub			
Arua	Ajia	Ewa	Mandanyaizu 2 farmers group
Arua	Ogoko	Ayavu	Nacwola ayavu
Arua	Ogoko	Pamvara	Yuwa b
Arua	Rhino camp	Bandili	Ocemaceni
Arua	Rhino camp	Gbuluku atuni	Obama farmers group
Nebbi	Alwii	Abok	Parwoth kujange
Nebbi	Alwii	Pangieth	Kumirarach farmers group
Nebbi	Kucwiny	Olagu	Jupukei upper fal group
Nebbi	Kucwiny	Ramogi	Oyimber

APPENDIX B: Analytical Methods, and FGD and KII tools

Analytical methods

In the process evaluation of the VODP2 project, the evaluation team followed the OECD-Development Assistance Committee (DAC) criteria for program evaluation. The OECD-DAC criteria used for the process evaluation of the VODP2 project were:- (i) Relevance; (ii) Effectiveness; (iii) Efficiency;(iv) Impact of VODP2 development efforts; (v) Sustainability of the VODP2 activities.

Relevance criterion: This involved assessing the extent to which the VODP2 project and its inputs, outputs or outcomes are consistent with national priorities and the needs of intended beneficiaries. In addition, the study assessed the extent to which the project's objectives are valid. That is, the study examined the level of congruence between the VODP2 project objectives and pragmatically what is needed from the perspective of the target beneficiaries.

Effectiveness criterion: This involved establishing the extent to which the VODP2 project had delivered so far on its outputs and the potential realization of its objectives by the end of 2018. The study assessed the extent to which progress towards outputs or outcomes had been achieved. The study discussed the factors that have facilitated or constrained the delivery of VODP2 on the intended outcomes. In addition, the study assessed whether there had been any capacity building of the beneficiaries by the VODP2.

Efficiency criterion: The study explored the cost-efficiency of the VODP2. The study assessed how well the gaps between the project design and operational work plans on one hand, and the actual implementation on the other, were reduced. In addition the study assessed how regularly was the output delivery was monitored.

Impact criterion: The study intended to establish whether there had been an indication or evidence of progress toward the overall goal of the VODP2 project? In other words, whether there had been changes in the lives of smallholder farmers brought about by the VODP2 project directly or indirectly. In addition, the study established whether there have been changes in the availability or consumption of affordable vegetable oil products and by-products in the country and if there were exports of the same.

Sustainability criterion: The study assessed the extent to which benefits of the VODP2 project can continue after GoU and donor support has come to an end. The study explores the extent to which there exists a sustainability strategies such as (i) capacity development of key national stakeholders (systems, structures, staff, expertise); (ii) capacity development of financial/economic mechanisms to ensure sustained flow of benefits to target groups in the absence external assistance; (iii) suitable public-private partnerships to ensure flow of benefits to target groups; (iv) policy and regulatory frameworks to ensure continued flow of benefits in the absence of donor funding.

The study documented emerging lessons as well as process constraints that have affected project delivery and sustainability. The study generated recommendations in priority areas to improve project performance and processes. In addition, the study developed a detailed impact evaluation proposal for Ex-post VODP2 project evaluation.

(A) FGD Interview Tool

Process Evaluation:Vegetable Oil Development Project Phase 2 - Uganda

Name of Interviewer_____: Date_____

District of Interview_____

Sub-County_____

Parish_____

(1) RELEVANCE of theVODP2 Project to the Target Farmers

1. Are Most of You Members of a Farmers' Group Working with the Vegetable Oil Development Project that started in 2010? YES _(Record Hands Up____) NO_(Record Hands Up____)

2. What Have Been the ***Major/Priority Cash Crops for Households*** in this Community in the ***Last 5-7Years?*** (List up to Eight Crops)

3. Which of these Cash Crops Has the Vegetable Oil Project Emphasized Working on with Your Farmers' Groups?

4. ***Before the Vegetable Oil Project came to Your Area***, in What Form Were You Selling Most of Your Major Vegetable Oil Crops?

- Raw Produce to Traders___ (Record Hands Up__)
- Raw Produce to Millers/Agro-processors___(Record Hands Up___)
- Processed Products to Traders___(Record Hands Up___)

5. According to Your Community, Do You think it the VODP2 project Should Continue Working With You on Producing Raw Produce for Crushing by Millers?

- YES___(Record How Many Hands Up____)
- NO___(Record How Many Hands Up____)

IF YES, Why Should the Project Continue Doing So?

IF NOT, Why Not?

EFFECTIVENESS of theVODP2 Project According to Target Farmers

1. Do You think You have ***Benefited or Learned*** Anything from Participating in Vegetable Oil Project's Activities?

- YES____(Record How Many Hands Up____)
- NO____(Record How Many Hands Up____)

2. If YES, ***How Have You Benefited*** from the VODP2 project?

3. If NOT, Why NOT?

4. ***What Value*** has the Vegetable Oil Project ***Added to Your LIVESCompared to Other Projects*** in the ***Community***?

5. When Selling Your Gnuts, Sesame and Soybean, There are Two Major Cash Income Options:-Selling Produce to Traders or Selling Produce to Millers.

(a)**In 2015** Was Fraction Sold to Traders ***Greater Than*** Fraction Sold to Millers?

- YES___(Record How Many Hands Up____)
- NO____(Record How Many Hands Up____)

(b)**In 2016** Was Fraction Sold to Traders ***Greater Than*** Fraction Sold to Millers?

- YES___(Record How Many Hands Up____)
- NO____(Record How Many Hands Up____)

(c)**In 2017** Was Fraction Sold to Traders ***Greater Than*** Fraction Sold to Millers?

- YES____(Record How Many Hands Up____)
- NO____(Record How Many Hands Up____)

6. ***Percentage of Income*** Brought in From Selling Sunflower or Oil Palm Produce ***in Total Farm Income***

(a) ***Percentage of Cash*** from Sunflower/Oil Pam ***in Total Farm IncomeGreater in 2015Than in 2014***

- YES____(Record How Many Hands Up____)
- NO_____(Record How Many Hands Up____)

(b) ***Percentage of Cash*** from Sunflower/Oil Palm ***in Total Farm IncomeGreater in 2016Than in 2015***

- YES____(Record How Many Hands Up____)
- NO____(Record How Many Hands Up____)

(c) ***Percentage of Cash*** from Sunflower/Oil Palm ***in Total Farm IncomeGreater in 2017 Than in 2016***

- YES___(Record How Many Hands Up____)
- NO____(Record How Many Hands Up____)

7. In General, Do You Have Any ***Practices*** You ***Were Taught by the VODP2 Project BUT Have FAILED to Implement on the Farm*** but you ***FEEL Are VERY Important****?*

- YES____(Record How Many Hands Up____)
- NO_____(Record How Many Hands Up____)

2. IF YES, Name ***ONLY THREE Major Practices*** You Were Taught by VODP2 Project But Have Failed To Implement on the Farm But Feel Are Very Important

3. Give Three Major ***Reasons for NOT Implementing Those Practices*** You Were Taught by the VODP2 Project but Feel are Important

EFFICIENCY of theVODP2 Project According to Target Farmers:

1. What Major Activities Have You Been Involved in with the VODP2 Project?

2. Which of these Scheduled Activities ***WERE Completed as Planned*** by the VODP2 Staff?

3. Which of these Activities ***Were Completed but AFTER Serious DELAYS*** by VODP2 Staff?

4. Which of these Activities ***WERE NOT Completed At All*** by VODP2 Staff?

5. What Reasons Were Given to You for Activities Not Being Completed or Completed After Serious Delays?

6. Have You Had Similar Activities like those Mentioned above Being Done by Other Projects or NGOs in your Area?

- YES____(Record How Many Hands Up____)
- NO_____(Record How Many Hands Up____)

7. IF YES, Which Ones?

8. IF YES, How Would You Compare the Service Delivery of the VODP2 to that of the Other Projects or NGOs ***for those Similar Activities in General***?

-VODP2 ***Service Delivery Better Than*** Other Projects/NGOs in Similar Activities_____

-VODP2 ***Service Delivery Same As*** Other Projects/NGOs in Similar Activities_____

-VODP2 ***Service Delivery Poorer Than*** Other Projects/NGOs in Similar Activities_____

IMPACT of theVODP2 Project According to Target Farmers

1. Has the VODP2 Project ***Improved Household Incomes*** of those Involved in its Activities in the ***Last Five to Seven Years?***

- YES____(Record How Many Hands Up____)
- Not Quite___(Record How Many Hands Up____)
- NO_____(Record How Many Hands Up____)

2. IF YES, HOW?

3. Has ***Your Farmer Group Increased Crushing Material Supplied to Millers*** Between 2014 and 2017?

- YES____(Record How Many Hands Up____)
- NO_____(Record How Many Hands Up____)

If YES, How Many Tons Did Your Group Supply to Millers in

2015_____ Tons; 2016_____Tons; 2017_____Tons

4. Has the Number of Vegetable Oil Millers Increased in Your Community in the Last FIVE YEARS?

- YES____(Record How Many Hands Up____)
- NO_____(Record How Many Hands Up____)

4. (a) Generally Speaking, Has ***Consumption*** of ***Cooking OilMade in Uganda*** Increased in the ***Last FIVE to SEVEN Years*** in Your Location?

- YES____(Record How Many Hands Up____)
- NO_____(Record How Many Hands Up____)

4 (b). IF YES, ***Which Brand Names of Ugandan Made Cooking Oil*** Do Most People Buy from Shops?

5 (a). Generally Speaking, Has ***Use*** of ***Soap Made in Uganda*** Increased in the ***Last FIVE to SEVEN Years*** in Your Location?

- YES____(Record How Many Hands Up____)
- NO_____(Record How Many Hands Up____)

5 (b). IF YES, ***Which Brand Names of Ugandan Made Soap*** Do Most People Buy from Shops?

6. Are There ***Any Unintended Benefits Brought*** by the Vegetable Oil Project in Your Area?

(Not Direct Benefits from the VODP2 but Indirect Benefits Due to the Project)

- YES___(Record How Many Hands Up____)
- NO____(Record How Many Hands Up____)

If YES, which ones

7. Are There ***Any Unintended Problems Brought*** by the Vegetable Oil Project in Your Area?

(Not Direct Problems from the VODP2 but Indirect Problems Due to the Project)

- YES_____(Record How Many Hands Up____)
- NO_____(Record How Many Hands Up____)

If YES, which ones

8. What ***Major Factors Have <u>Negatively Affected</u> VODP2's Delivery*** of Services? (factors beyond VODP2's control)

9. What ***Major Factors Have <u>Positively Affected</u> VODP2's Delivery*** of services? (factors beyond VODP2's control)

10.What ***Major Activities*** Would You Like the **VODP2 Project** to ***<u>FOCUS</u>***on ***in*** the ***Future*** in Your Community?

<u>SUSTAINABILITY of theVODP2 Project According to Target Farmers</u>

1. How Large is Your Farmer Group (Membership)? Total No. of Members_____

2. Do You Have an APEX Organisation That Brings Together Many Large Groups at District Level?

- YES___(Record How Many Hands Up____)
- NO____(Record How Many Hands Up____)

3. What is the Name of that APEX Organisation?

4. What Plans Does Your District level Farmer Group Have in Place to Make Sure Farmers Continue to Supply Raw Plant Material to Processors in the Next 10-20 Years without GoU/Donor Support?

5. IF there are Plans, Which of Those Plans Can Be Implemented Without GoU/Donor Support?

(B) <u>Key Informant Interview Tools</u>

<u>Process Evaluation:Vegetable Oil Development Project Phase 2 - Uganda</u>

Name of Interviewer_____: Date_____

District of Interview_____

Sub-County_____

Parish_____

NAME of Organization_____

Designation/TITLE of the Respondent in the Organization_____

(1) <u>RELEVANCE of theVODP2 Project According to the Respondent</u>

1. What is the Major Role of Your Organization in the Vegetable Oil Development Project Phase 2?

2. Can You Mention a Few Major Specific Activities that Your Organization Has Participated in the VODP2 Project?

3. KINDLY If You Can, ***Mention the Objectives of the VODP2 project*** from Your Organization's Point of View.

4. Do You Think the VODP2 Projects' Objectives are in Line with the National Policies and Targets?

YES_____ Somewhat_____ NO_____

5. IF YES, Explain Briefly.

6. Given Your Knowledge of the VODP2 Project, Do You Think the Project Responded to Real Needs of the Smallholders in the Locations of Intervention?

YES_____ Somewhat _____ NO_____

7. Compared to Other Poverty Reduction Initiatives in Uganda, Do You Think the VODP2 Project Has ***Added Value to the Welfare/Livelihoods*** of the Target Population?

YES_____ Somewhat_____ NO_____

8. IF YES, Explain Briefly.

9. Do You think the VODP2 project ***Should Continue Working Towards Attaining the Same Objectives*** in Future?

YES_____ NO_____

IF YES, Why Should the Project Continue Doing So?

IF NOT, Why NOT?

10. Do You Think VODP2 Project Activities & Outputs are ***Complementary to Other Poverty Reduction Initiatives in Uganda?*** (Are VODP2 Activities & Outputs a Significant Part of the Building Blocks for Poverty Reduction Initiatives in Uganda?)

YES_____ Not Quite_____ NO_____

IF YES, Explain How.

EFFECTIVENESS of theVODP2 Project According to the Respondent

1. Do You think Smallholder Farmers Have ***Benefited*** from the Vegetable Oil Project's Activities?

YES_____ NO_____

2. If YES, ***How Have Farmers Benefited*** from the VODP2 project?

3. If NOT, Why NOT?

4. Do You think Oil Millers Have ***Benefited*** from the Vegetable Oil Project's Activities?

YES_____ NO_____

5. If YES, ***How Have Oil Millers Benefited*** from the VODP2 project?

6. If NOT, Why NOT?

7. What are the ***Key Expected Outputs/Results of VODP2*** Where ***There is Input from Your Organization?***

(a) Key Expected Output/Result ONE

(b) Key Expected Output/Result TWO

(c) Key Expected Output/Result THREE

8. To ***What Degree Has the VODP2 Project Delivered*** on These Key Expected Outputs?

(a) Key ***Expected Output ONE***: 0-40%____; 40-60%____; 60-80%____; 80-100%____

(a) Key ***Expected Output TWO***: 0-40%____; 40-60%____; 60-80%____; 80-100%____

(a) Key ***Expected Output THREE***: 0-40%____; 40-60%____; 60-80%____; 80-100%____

EFFICIENCY of the VODP2 Project According to the Respondent:

1. What ***Major Activities Have You Been Involved in*** with the VODP2 Project?

2. Which of these ***Scheduled Activities WERE Completed by Your Organisation as Planned*** by VODP2 project?

3. Which of these ***Activities Were Completed by Your Organisation as Planned but AFTER Serious DELAYS***?

4. Which of these ***Activities WERE NOT Completed At All by Your Organisation as Planned*** by VODP2 project?

5. What Reasons do you have for ***Activities Not Being Completed*** or ***Completed After Serious Delays***?

6. Do You Know Similar Activities to those Mentioned Above That Are Done by Other Projects or NGOs?

YES_____ NO_____

7. IF YES, Which Ones?

8. IF YES, How Would You Compare the Service Delivery of VODP2 to that of the Other Projects or NGOs ***for Those Similar Activities in General***?

-VODP2 ***Service Delivery Better Than*** Other Projects/NGOs in Similar Activities_____

-VODP2 ***Service Delivery Same As*** Other Projects/NGOs in Similar Activities_____

-VODP2 ***Service Delivery Poorer Than*** Other Projects/NGOs in Similar Activities_____

IMPACT of the VODP2 Project According to the Respondent

1. Has the VODP2 Project ***Improved Household Incomes*** of ***Smallholder Farmers*** Involved in its Activities in the ***Last Five to Seven Years ?***

- YES_____ Not Quite_____ NO_____

2. IF YES, Explain HOW

3. Has there ***Been An Increase in the Vegetable Oil Milling Capacity*** in ***VODP2 Districts*** in Uganda in the ***Last Five Years?*** (increase in capacity of mills/number of oil mills(oil seeds/oil palm)).

- YES_____ NOT SURE_____ NO_____

4. IF YES, Explain HOW

5. Generally Speaking, ***Has Consumption of Cooking Oil Made*** in Uganda Increased in the ***Last Five to Seven Years*** in ***the Project Area***?

5(a) YES_____ NOT SURE_____ NO_____

5(b) IF YES, Explain HOW and ***Which Brand Names of Cooking Oil Made in Uganda*** Do You Know?

6. Has the ***Use of Soap Made in Uganda*** Increased in the ***Last Five to Seven Years*** in the ***Project Area***?

6(a) YES_____ NOT SURE_____ NO_____

6(b) IF YES, Explain HOW and ***Which Brand Names of Soap Made in Uganda*** Do You Know?

7. What ***Major Factors Have Negatively Affected VODP2's Delivery*** of Services? (factors beyond VODP2's control)

8. What ***Major Factors Have Positively Affected VODP2's Delivery*** of services? (factors beyond VODP2's control)

SUSTAINABILITY of theVODP2 Project Model According to the Respondent

1. Are You Aware of the ***Public-Private Partnerships*** of the VODP2 Project?

- YES_____ NOT Quite_____ NO_____

2. IF YES, Mention ***The Major Private Sector Partners Working With*** the VODP2 Project.

3. Are You Aware of ***Any Plans by the Private Sector and GoU to Sustain the Activities*** of the VODP2 ***When Donor Funding Stops***?

- YES_____ NOT Sure_____ NO_____

4. IF YES, Mention ***Some Major Plans You Are Aware of for Sustaining VODP2 Activities with No Donor Funds***.

5. Do You Think the ***Current PPP Design of the VODP2 Project is Sustainable*** (without donor support) in the ***long run***?

- YES_____ NOT Quite_____ NO_____

6. IF YES, Explain HOW?

7. IF NO, Explain WHY NOT

8. Are There ***Activities of the VODP2 Project That Ought to be Scaled Up*** With or Without Donor Support?

- YES_____ NOT Quite_____ NO_____

9. IF YES, Which ONES and To What Level?

10. Do ***You Foresee Any Challenges in Scaling Up These Activities*** of the VODP2?

- YES_____ NOT Sure _____ NO_____

11. IF YES, Which Challenges Do You Anticipate?

12. Any Suggestions on How To Address These Challenges You Have Mentioned?

13.***Before the VODP2 Project Winds Up in DEC 2018*, *Which Activities*** Would You Like it ***FOCUS***on ***in*** next ***12 Months*** (JAN-DEC 2018)?

14. The VODP2 project has very Many Key Stakeholder Organisations involved (OPM, IFAD, MAAIF, MFPED, Local Gov'ts, BIDCO, OPUL, NARO, Banks, etc).

15. Do You Think the current ***Coordination Mechanism*** of Stakeholders in VODP2 ***Needs Improvement?***

YES_____ NOT SURE_____ NO_____

16. IF YES, HOW