

Quarterly Report December 2010 CCIU LTD

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ACTIVITIES DURING QUARTER:

A) FARM ACTIVITIES COTTON

1) Pest Management

Pest Management has been the major activity in October and November. Cotton stainers, Aphids and whiteflies have been observed. The cotton stainers stain lint on open bolls and aphids and whiteflies secret honey which stain the lint as well. However the infestation level of Aphids and whiteflies are still below economic threshold and therefore doesn't warrant spray but cotton stainers definitely should be controlled to maintain quality of the lint.

To control stainers farmers are being advised as usual to first make use of local available resources, like Red Peppers and Chillies before using any synthetic pesticides, the supply of which has been limited. In total, CDO availed 2370 units of Cypercal P. The distribution and use of these units was coordinated between the CDO officer and our field staff. Sufficient knapsack sprayers (139) and ULV (191) pumps had been distributed to ensure coverage for application also of the locally formulated repellents. See attached Training Schedule for details.

Weather conditions were fairly favourable, with a dry spell in August, that affected some fields. The table below for shows rainfall in Gulu (in mm) from May 2010 which is our starting planting period

May	June	July	August	Sept	Oct	Nov	Dec
369.6	168.3	176.5	125.8	302.4	392.6	285.5	132

2) Harvesting

For the early planted cotton (crop planted late May to June) , harvesting is on going and farmers have started marketing.

The late planted cotton (crop planted late July to August) is also opening and harvesting has just started but will be marketed early January 2011.

In early December there was some unexpected rain, and we advised farmers to wait with harvesting until such time as the cotton had dried up .

Farmers register and Yield estimate after Internal Inspection. (Table 4)

District	N0: farmers	Male	Female	Acreage	Yield estimate	Yield estimate Per acre
Gulu	2862	2316	546	2626	687,165	261
Nwoya	380	295	85	398,5	130,129	326
Amuru	192	153	39	132,5	39,937	301
	3434	2764	670	3157	857,231	271

3) Marketing

In an extraordinary General Meeting of the Ginners Association on the 19/10/2010 co chaired by the MD oc CDO, a resolution was passed as follows:

- 1) In light of recent market developments, this is an opportunity to establish both Cotton Development Fund and Price Stabilization Fund
- 2) In view of the early onset of the season in the East and Busoga the price levels were set now but might need review later
- 3) The Minimum Price to be paid is 1100 Ushs
- 4) A levy of 400 Ushs is paid into the FUNDS, the first 12 Billion into CDF , all subsequent amounts into the SDF

The MD of CDO was really pushing for this, and made it acceptable by telling the ginners the funds would remain with and under control of the executive of the Association and not CDO. The ginners agreed after some arguments as to costs involved, and wisely so. If they had refused, Government would have done what it did in 1995 when the Frost in Brazil drove coffee through the roof, they introduced a Coffee Stabilization Tax , claiming that paying such prices were inflationary.

On the 4/11/2010, in a further meeting called by CDO this was reviewed to 1300 and 600 respectively.

On the 20/12/2010 yet another meeting was called by CDO and the price was adjusted to 1600 and 600 respectively.

This is in light of the historical highs in the international market, which have held fairly well, the nearby March trading still around 140 cents, although off from it's peak levels

B) ACTIVITIES WITH PRIMARY SOCIETIES

1) Training of Societies Officials

In collaboration with the District Cooperative Officer. A training for society officials and field officers in field purchase procedures was held on the 24-11-2010 in Gulu, in preparation of the marketing season.

2) Societies Marketing

The following societies have received funding for marketing. In order to ensure more transparency, all societies were held to open Bank Accounts and were assisted by the District Cooperative Officer with the necessary letters of confirmation to the Bank as to their legal status. The number of societies organised enough to be involved in marketing has increased substantially, last season it was 9, this season 24. The establishment of a bank account is an important indicator as to organisational capacity. See below, the societies involved last year are indicated in "2009-10 kgs"

Apart from the necessary stationery (like farmers purchase voucher), the societies have all received weighing scales, which have been calibrated and certified by UNBS. The scales are on loan and retrieved after marketing, in order to have them recalibrated and stamped for the next season. 10 scales were bought last year, 30 for this year.

AS OF
30/12/2011

	SOCIETY	2009-10 KGS	CASH ADVANCED	COTTON STOCK KGS	CASH VALUE	CASH IN HAND
1	PARAK AWOO GCS	8,743	27,900,000	13747	19,821,400	8,078,600
2	LAMOLA AWALI SOCIETY	3,912	21,900,000	8786	11,960,300	9,939,700
3	PALARO ODEK GCS		10,900,000	1807	2,349,100	8,550,900
4	KULU OTIT GCS	6,271	9,900,000	1971	2,562,300	7,337,700
5	LAPETA COOPERATIVE		3,400,000	689	1,005,200	2,394,800
6	KWEYO GCS		1,400,000		-	1,400,000
7	ORUM GCS		11,400,000	1001	1,301,300	10,098,700
8	COKE GCS		3,100,000	643	1,028,800	2,071,200
9	PAIBONA AWACH		4,900,000		-	4,900,000
10	LALOGI KAL GCS LTD	3,876	10,900,000	3227	4,779,200	6,120,800
11	OPIT TEGOT	3,610	15,900,000	6477	9,445,200	6,454,800
12	PATEK BAR COOP SOCIETY	3,237	5,900,000	1630	2,119,000	3,781,000
13	AMILOBO GCS		1,900,000		-	1,900,000
14	KIDERE GCS		6,200,000	2408	3,130,400	3,069,600
15	LABORA GCS		3,400,000	795	1,033,500	2,366,500
16	LALWORO ODAKI GCS		3,400,000	558	725,400	2,674,600

17	ABERA GCS		1,400,000		-	1,400,000
18	LAKWATOMER C.S		1,400,000		-	1,400,000
19	PAICHO CENTRAL KAL		3,400,000	998	1,297,400	2,102,600
20	AJULU GROWERS C.S		4,400,000	485	776,000	3,624,000
21	GWENGIYA GROWERS C.S		900,000			900,000
22	PURANGA GEM G C.S	8,844	10,900,000	3002	4,803,200	6,096,800
23	AGWAYUGI ODUNGA GCS LTD		1,400,000		-	1,400,000
24	LUKWIR GCS	1,669	7,900,000	1313	2,100,800	5,799,200
			174,100,000	49,537	70,238,500	103,861,500

3) Societies Mini Gins

Civil Works

The civil works were completed on time, see pictures of the two machine houses at Parak Awoo and Puranga Gem Growers Cooperative Societies.

Sign Posts have been made and are awaiting transport to Gulu.















Machinery

All three suppliers were late shipping, blaming floods and in one case subsequent labour unrest for the delays. The first container has arrived in Kampala and is undergoing clearing, the second is expect 15/1 and the third end of Jan.

C) Main Other Issues

1) Annual Audit

The appointed Auditors, PKF Uganda, have been very slow and ie only asked the banks for balance confirmation in December, yet they were in Gulu in November to finalise the audit. They now promise the final document within the next few days.

2) Cotton Market

Our budgets for funding of the societies were based on a cotton price of 900 Ushs, which at the time was just above market. Today the effective price is 2300 Ushs. This has completely thrown our budget off track, and we are limiting our volume as much as we can. Additional short term funding has been advanced by EDUN and we are looking at some quick rollover solution for some of the seed cotton.

D) SELF ASESSMENT / EVALUATION / PROBLEMS

Targets

The main target for this part of the cotton year is:

- 1) -Pest Control**
- 2) -Marketing preparations**
- 3) - Ginnery installation**

1) Training in Pest Management

a) Field Officers Training

Training of the field officers in Pest Management, proper use of ULV Pumps and Knapsack Sprayers has been carried out intensively in practical field sessions by the Project Manager however, not enough emphasis on safety in use of synthetics and safe disposal of their containers, and the verification thereof, a concerted effort in this respect is required.

b) Farmers Training

Farmer's attendance is poor. Farmers expect to be paid allowances by the organizers / facilitators. This has become a problem because failure to meet their expectations affects trainings attendance.

Unfortunately this was introduced by some NGOs who started operating in the north some time back , thinking that by paying participants sitting allowances each time they are called in for a meeting or trainings, it will boost their moral and attendance and as a result have positive impact on society at large

2) Preparations for Marketing

The preparations for marketing were somewhat slow. Despite having advised the societies about the requirement of a bank account repeatedly since March, some left it to the last moment, which led to some delays . We should have started a follow up earlier , and it shows that there is still a lot of organisational weakness in the societies.

3) MINI GINNERIES

The inordinate delays in shipping has badly affected the time plan for the installation of the machinery in time.

E) IMPACT

The increase of number of societies seems to evidence that the projects activities are starting to have an impact. Similarly, the number of farmers who have planted cotton this year has increased. Previously the area was neglected by the large ginneries due to the small quantity and the security situation. The involvement last year of societies and interest from outside buyers who were taking advantage of the peace now prevailing, convinced more farmers to plant cotton as a cash crop. This years price level will have a big impact in the same direction, but it is to be feared that the next crop will not see the same good prices and the farmers should be encouraged to grow limited cotton and discouraged to abandon food crops in favour of cotton like some did in 2004-5, with disastrous results in some areas.

D) General Information

EDUN / TECHNOSERVE / LOUIS VUITTON /BONO

Christian Kemp-Griffin has left EDUN Apparel at the end of 2010, after having handed over as CEO to Janice Sullivan in September 2009. One of the other Directors of EDUN, Gary Jarmin is CCIU's new contact person.

This fall has seen an advertisement campaign of Louis Vuitton, and is getting involved in funding, see attached Document " Louis Vuitton.pdf" for background and details.

There is also a clip on the weblink below:

<http://www.ilvoelv.com/2010/09/louis-vuitton-core-values-2010-ad-campaign-bono-ali-hewson.html/>

As is mentioned in the article, EDUN has involved TECHNOSERVE in the Project. They engaged a consultant, Mike Davies, who together with an economist has spent some time in Uganda since October on an assignment of evaluation and to study possible changes and expansion into social programmes. We are as of now awaiting the feed back from EDUN.

CCIU LTD

C.Auberson 11/01/2011