

PROJECT EVALUATION SUMMARY (PES) - PART I

Report Number
Symbol U-447

1. PROJECT TITLE <p align="center">PD-AG-096 19237031</p> <p align="center">FOOD PRODUCTION SUPPORT</p>	2. PROJECT NUMBER 617-0102	3. MISSION/AID/W OFFICE USAID/Kampala
4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, 84-1 Fiscal Year, Serial No. beginning with No. 1 each FY)		
<input type="checkbox"/> REGULAR EVALUATION <input type="checkbox"/> SPECIAL EVALUATION		

5. KEY PROJECT IMPLEMENTATION DATES A. First PRO-AG or Equivalent FY <u>80</u> B. Final Obligation Expected FY <u>81</u> C. Final Input Delivery FY <u>85</u>	6. ESTIMATED PROJECT FUNDING A. Total \$ <u>8,999 m</u> B. U.S. \$ <u>8,999 m</u>	7. PERIOD COVERED BY EVALUATION From (month/yr.) <u>September, 1981</u> To (month/yr.) <u>October, 1983</u> Date of Evaluation Review <u>April-September, 1984</u>
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8. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
<p>Note: The evaluation report contains a number of recommendations, most of them detailed and specific. The actions listed below are only the most major and general of a number of actions taken as a result of this evaluation.</p> <p>1. PACD has been extended one year to September 30, 1985 in order to allow further project progress and consolidation of achievements. The Cooperative Agreement has been amended to coincide with this new PACD.</p> <p>2. A financial review of commodities and local currency generations has been undertaken by Deloit, Haskins and Sells.</p> <p>3. A study of cooperatives in Uganda has been completed, and a study of district unions is scheduled. These studies are being carried out in preparation for the design of a new project building upon and expanding the accomplishments of the current project.</p>	<p>W. Cook</p> <p>W. Cook</p> <p>W. Cook</p>	<p>March, 1984 (completed)</p> <p>November 15, 1984</p> <p>April, 1985</p>

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS <table style="width:100%;"> <tr> <td><input type="checkbox"/> Project Paper</td> <td><input type="checkbox"/> Implementation Plan e.g., CPI Network</td> <td><input type="checkbox"/> Other (Specify) _____</td> </tr> <tr> <td><input type="checkbox"/> Financial Plan</td> <td><input type="checkbox"/> PIO/T</td> <td>_____</td> </tr> <tr> <td><input type="checkbox"/> Logical Framework</td> <td><input type="checkbox"/> PIO/C</td> <td><input type="checkbox"/> Other (Specify) _____</td> </tr> <tr> <td><input type="checkbox"/> Project Agreement</td> <td><input type="checkbox"/> PIO/P</td> <td>_____</td> </tr> </table>	<input type="checkbox"/> Project Paper	<input type="checkbox"/> Implementation Plan e.g., CPI Network	<input type="checkbox"/> Other (Specify) _____	<input type="checkbox"/> Financial Plan	<input type="checkbox"/> PIO/T	_____	<input type="checkbox"/> Logical Framework	<input type="checkbox"/> PIO/C	<input type="checkbox"/> Other (Specify) _____	<input type="checkbox"/> Project Agreement	<input type="checkbox"/> PIO/P	_____	10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT A. <input type="checkbox"/> Continue Project Without Change B. <input type="checkbox"/> Change Project Design and/or <input type="checkbox"/> Change Implementation Plan C. <input type="checkbox"/> Discontinue Project
<input type="checkbox"/> Project Paper	<input type="checkbox"/> Implementation Plan e.g., CPI Network	<input type="checkbox"/> Other (Specify) _____											
<input type="checkbox"/> Financial Plan	<input type="checkbox"/> PIO/T	_____											
<input type="checkbox"/> Logical Framework	<input type="checkbox"/> PIO/C	<input type="checkbox"/> Other (Specify) _____											
<input type="checkbox"/> Project Agreement	<input type="checkbox"/> PIO/P	_____											

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles) Willie Cook, Agricultural Development Officer, USAID	12. Mission/AID/W Office Director Approval Signature: <i>Irvin D. Coker</i> Typed Name: Irvin D. Coker, Director Date: <u>23rd Oct. 1984</u>
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THE REPUBLIC OF UGANDA

MINISTRY OF CO-OPERATIVES
AND MARKETING,

P.O. BOX 7103,

KAMPALA, UGANDA.

IN ANY CORRESPONDENCE ON
THIS SUBJECT PLEASE QUOTE NO.

C/MIN/2/1

18th October 1984.

The Director,
USAID Mission,
KAMPALA.

Dear Sir,

COMMENTS, OBSERVATIONS AND SUGGESTIONS BY
MINISTRY OF CO-OPERATIVES AND MARKETING
ON THE PROJECT EVALUATION REPORT ON THE
UGANDA FOOD PRODUCTION SUPPORT PROJECT
(617-0102)

Attached are comments, observations and suggestions made by the MCM on the evaluators' report on the on-going USAID Project being submitted to you for your appropriate course of action.

The MCM wishes at this juncture to thank the US Government acting through its AID for its continuous support it is rendering to the Co-operative Sector at large by providing commodities, technical assistance and training.

The Ministry on its part pledges to ensure that all assistance received will be utilised as agreed and planned by the two Governments.

Should you like to discuss anything that is being submitted, please feel free to call on us.

Yours faithfully,

Handwritten signature of N.K. Kebba in dark ink.

(N.K. Kebba)

Ag. PERMANENT SECRETARY

COMMENTS/OBSERVATIONS AND SUGGESTIONS ON THE PROJECT
EVALUATION REPORT ON UGANDA FOOD PRODUCTION
SUPPORT PROJECT

TERMINATION DATE OF THE PROJECT

This Project is scheduled to terminate in September, 1985 and not in September 1984 as reported on page 3 of the report. This decision was reached upon between USAID and the MCM in order to enable the on-going activities to be accomplished as initially planned.

Apart from oxploughs, oxplough spares and gunny bags, all the items mentioned on page 3 of the report have or are being produced.

1. SUMMARY OF FINDINGS AND RECOMMENDATIONS.

TECHNICAL ASSISTANCE:

(i) Planning Unit for MCM

The MCM is still desirous of establishing a Planning Unit within the Ministry. Negotiations on the personnel to be recruited to start the unit are under way and AID is to provide someone with vast knowledge on both economics and co-operatives so that he can likewise assist strengthen Marketing Department. The MCM is to remind AID to speed up the recruitment exercise as the Project is scheduled to terminate in September 1985.

(ii) Finding and Recommendation No.3 on Page 5

The MCM does not favour the idea of discontinuing the transportation training as such but instead it is encouraging this kind of training to be held at District Union levels instead of limiting it to Uganda Co-operative Transport Union only.

(iii) Finding and Recommendation 4 on page 5

It is quite true that there is great lack of manuals, technical bulletins and other equipment within the UCTU that has tended to inhibit proper maintenance of Co-operative Movement vehicles. The recommendation on this issue is very much supported by the MCM and ACDI staff posted to work in UCTU should focus its attention on these requests.

(iv) Finding and Recommendation No.5 on Pages 5 and 6

The Sales Management Specialist has already established a field sales force by recruiting four marketing managers located in the four traditional regions in Uganda namely, Eastern, Western, Northern and Buganda. A marketing coordinator has also been recruited.

The Marketing Managers are to assist the district unions establish farm supply shops at grassroots level.'

The sales management specialist has now been debriefing the MCM officials regularly on the progress he is making on his assignment and his reports are very encouraging.'

(v) Finding and Recommendation No.6 on page 6

The MCM does not feel the need of contracting an administrative assistant to handle logistical and accounting responsibilities. This is because USAID/Uganda has an accountant who constantly reviews AID Special Account and moreover the team leader has less logistical work to do now that most of the technical assistance has been accomplished as planned.'

2. COMMODITIES

(i) Finding and Recommendation 1 on page 6

UGMA has now overhauled its machinery especially the production line and the quality of its products has tremendously improved. With continuous replacement of obsolete machinery, Ugma is certainly moving on the right direction and should be given more assistance where possible.'

(ii) Finding and Recommendation 2 on page 6

It is quite true that lumpiness of donor financed commodity procurement has existed, however, MCM has notified this anomaly to the Ministry of Planning and Economic Development which has been arranging consultative meetings attended by all donors with a view to streamlining this problem.' These meetings have borne some fruits as projects sponsored by various donors no longer overlap.'

(iii) Finding and Recommendation 3 on pages 6 and 7

Uganda Co-operative Central Union Ltd has expanded its storage facilities and plans are underway to erect huge central warehouse.' USAID/Uganda is in the process of procuring two fork-lifts to the Union.'

(iv) Finding and Recommendation 4 on page 7

The MCM still insists that the commodity distribution system established by the MCM has been very effective as acknowledged by the Uganda Government and other donor agencies.'

All Project vehicles have been fairly well maintained considering the poor conditions of the roads in the country and vehicle movements have been closely supervised and checked by the Permanent Secretary who ensures that each driver maintains a log-book.'

The audit called for on the local generated funds and distribution of donated commodities is currently being undertaken by a private audit-firm contracted by USAID/Uganda. The audit report which is being awaited for, it is hoped, will act as a guide (tool) that AID and MCM may use to increase the cost effectiveness of the distribution system.

(v) Finding and Recommendation 5 on page 7

It is quite true that data collection from the cooperative movement is very much lacking and in order to improve upon this, the MCM has requested AID to provide "Data Collection Analyst" on say, a six-month contract period, to establish methods of collecting the required data from the entire Co-operative Movement. It is hoped that AID will move quite fast in implementing this request.

(vi) Finding and Recommendation 6 on page 2

The MCM is not imposing excessive controls as such on the independent cooperative movement with regard to input distribution as reported by the evaluators but because after the Liberation war there being scarcity of virtually everything, the Ministry wanted to ensure that all donated goods reached the intended beneficiaries instead of being resold outside the country through illicit trade.

(vii) Finding and Recommendation 7 on page 8

The MCM has now decided that all donated goods be sold at current market prices in order to enable the unions earn enough capital so that they can improve upon their dismal financial positions. The question of subsidising has been discouraged out right.

(viii) Finding and Recommendation 8 on page 8

The MCM intends to sell the forthcoming 11,000 AID financed bicycles mostly to ordinary small-holder farmers and not exclusively to civil servants as indicated in the report.

(ix) Finding and Recommendation 9 on page 8

All AID-financed commodities are to be sold at current market-prices; this is to enable the Co-operative Movement build enough capital for more investment.

(x) Finding and Recommendation 10 on page 8

Since commodities are to be sold at current market-prices, monitoring teams is likely to be very drastically

(xi) Finding and Recommendation 11 on page 9

The MCM does not intend to store aid-financed bicycles, nor does it intend to handle monetary transactions; but it is the wish of the MCM to establish ways and means that will ensure that the bicycles are sold according to agreed distribution plan and proceeds from the sales are deposited into the USAID Special Account without defaulting by UCCU Ltd.

(xii) Finding and Recommendation 12 on page 9

The MCM has already given Treasury enough justification that has led the latter to release adequate funds needed to carry out training sessions for the entire cooperative sector.

(xiii) Finding and Recommendation 13 on page 9

The MCM is no longer imposing monitoring mark-ups, instead it is allowing UCCU Ltd and district unions sell aid-financed commodities at current market prices and thereby eliminating the role of monitoring teams.

(xiv) Finding and Recommendation 14 on page 10

Since Treasury is releasing enough funds to enable Aids and Projects Division finance its expenditures, there is now no need for a separate mark-up on the Aid-financed commodities for this purpose. There is also no need for an Administrative Assistant called for.

(xv) Finding and Recommendation 15 on page 10

"Aids and Projects" Account is under close supervision by the Commissioner for Co-operative Development and Permanent Secretary and moreover the account is annually audited by the Auditor-General's office and as such all transactions have been well verified and to-date no miscontrol of funds has been depicted/reported by any of the audits so far carried on the Account.

3. TRAINING

(i) Recommendations 1 and 2 on page 10 - have been implemented accordingly.

(ii) Findings and Recommendations 3 and 4 on pages 10 and 11

The MCM feels that participants stay with families should be discouraged totally since what the participants learn in the U.S. e.g. use of computers to feed cattle, cannot be applied by participants on their return home.

Future participants to the U.S. should go for intensive 3 months course in relevant fields and institutions and perhaps only visit farms for practical purposes.

(iii) Findings and Recommendations 5,6,7 and 8 on page 11

The MCM supports the idea of having the recommended different types of training carried out more regularly now that the Ministry has adequate trained trainers. It is further suggested that more trainers especially cooperative officers be trained as the present trainers are mostly Assistant Co-operative Officers.'

(iv) Finding and Recommendation 9 on page 11

It is true that training at the primary society level is progressing very rapidly due not only to the efforts of the ACDI consultant but also to the fact that Ugandan trainers have been provided with motor-cycles and allowances are paid to them very regularly - therefore the morale is quite high, thus enabling them work hard.'

The contract of the consultant has already been extended for one more year to allow for follow-up and additional training programmes.'

(v) Finding and Recommendation 10 on page 12

Uganda Co-operative Transport Union Ltd has been asked to procure manuals on motor-vehicle maintenance and already some local agents - motor vehicle dealers have been contacted and these have responded quite positively.

Transportation training is being organised at district levels as well and as such it is not limited to UCTU head office only.

(vi) Finding 11 on page 12

Several training sessions in the areas of distribution and warehousing, cooperative credit, and sales management have been organised at national level and more of such training is underway.'

(vii) Finding and Recommendation 12 on page 12

The women in development training is in top gear and the consultant's contract has already been extended as requested.'

(viii) Findings and Recommendations 13,14,15 and 16 on pages 12 and 13

USAID/Uganda in conjunction with MCM, has contracted a number of consultants to study and advise how best these findings and recommendations can be implemented. The consultants' reports are being awaited for.'

4. DOMESTIC SUPPORT OF CO-OPERATIVE DEVELOPMENT

(1) Findings and Recommendations 1 and 2 on Government Policy

The Government is definitely not in favour of controlling development by co-operatives; but is now appealing to co-operatives to be self-reliant and to be financially sound, thereby avoiding being dependant on the Government for crop finances. A good number of unions have heeded this appeal and are working hard towards

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achieving this goal.

The revised Co-operative Act is still being reviewed by the Cabinet.

(ii) Findings and Recommendations 3, 4, and 5 on Free Enterprise on pages 13 and 14

The Government has declared a free type of economy, the Co-operatives are therefore no exceptions to such freedom. Unions, especially, the National ones are free to set-up their own prices at current market prices for all their inputs.

The MCM's role as far as the Co-operative Movement is concerned is that of guidance and advisory in nature.

(iii) Findings and Recommendations 6 and 7 on Other Key Co-operative Programmes on page 14

The MCM concurs with both findings and recommendations as stipulated by the evaluators. The Co-operative Bank is approaching Co-operative organization with a view to convincing them start doing business with their bank (the Cooperative Bank) instead of running away from it and turn to other banking institutions.

5. GENERAL OVERVIEW

The MCM concurs with the evaluators' findings and their proposals are being studied and effected accordingly.

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XD-AAQ-096-A
ISN: 37032

MAIN REPORT
MID TERM EVALUATION
FOR
UGANDA FOOD PRODUCTION SUPPORT PROJECT
(617-0102)

Final Report
23 April 1984

9

EXECUTIVE SUMMARY

Prepared by: Patrick Fleuret
Date: December 12, 1983
Project: Food Production Support (617-0102)
Country: Uganda
Cost: US\$ 9,000,000

I. What constraint did the project attempt to relieve?

The project is meant to relieve constraints in three areas: (a) availability of basic farm inputs such as hand hoes, seeds, and other commodities; (b) lack of recent, relevant training at all levels of the Uganda cooperative structure, public and private; and (c) lack of adequate technical expertise in specific areas, e.g. production credit, design and management of training programs, warehousing and distribution.

II. What technology did the project promote to relieve this constraint?

The project has promoted a number of different technologies to deal with the set of constraints identified above. With regard to farm inputs, the project has rehabilitated Ugandan agricultural implement factories to support local production of hand hoes, a simple, low-cost, appropriate technology well-suited to the needs of Ugandan farmers. Another important commodity to be provided is bicycles, used by cooperative officers and employees to supervise and otherwise perform official duties, and by farmers to transport produce to market. With regard to training, the project has utilized and transferred a state-of-the-art training technology based on strong participation from trainees in needs assessment and evaluation, as well as on extensive use of the "training of trainers" approach. With regard to technical assistance, the project has introduced the use of a variety of ideas and procedures found in U.S. transport and materials management, training, program administration, and other technical areas.

III. What technology did the project attempt to replace?

In the areas of training and technical assistance, the project has not attempted to replace existing technologies so

much as to augment them with special techniques and approaches growing out of the U.S. cooperative experience and the U.S. training experience that seem suited to the Ugandan situation. In the case of hand hoe production, the project is assisting in re-establishing an existing technology that had been threatened through lack of resources necessary to purchase steel and to repair or replace production machines. In the case of bicycles, this is a simple, low-cost means of transport and communications much in use before the Amin/Liberation War period. The project is making bicycles available so that they can be used for similar purposes again.

IV. Why did project planners believe that intended beneficiaries would adopt the proposed technology?

During project design and the early stages of project implementation great care was taken by the project planners to undertake needs assessments among intended beneficiaries at various levels from the Ministry of Cooperatives and Marketing to rural farmers. The results of these assessments were fed into the design process and into the implementation process. The period of implementation has been characterized by a large number of shifts in the planned delivery of TA, training, and commodities as a result of this very useful process through which needs are assessed on a continuing basis.

V. What characteristics did the intended beneficiaries exhibit that had relevance to their adopting the proposed technology?

With regard to technical assistance counterparts and high- and mid-level training recipients, the beneficiaries had for the most part a history of collegial work with AID and with the project contractor, Agricultural Cooperative Development International (ACDI). Both AID and ACDI had been deeply involved in Ugandan cooperative development during the 1960's, and many of the current mid- and high-level managers received training during that early period. The positive experiences of that time were instrumental in making possible the current program. With regard to those who are benefitting from training at the primary society level, generally high levels of commitment to cooperative development among Uganda's farmers and the leaders of primary societies have been responsible for the warm reception accorded the training programs. With regard to those who are benefitting through increased access to inputs, especially hand hoes and bicycles, intended beneficiaries had previously used just these inputs to good effect. Thus acceptance was not an issue.

VI. What adoption rate has this project achieved in transferring the proposed technology?

With regard to the techniques and approaches being transferred through technical assistance, most of the recommendations of the various technical assistance personnel are being implemented to varying, often great, degrees. With regard to the training methodologies, the technologies involved have been met with a good deal of enthusiasm. With regard to inputs, everything that can be made available is being put to use. The problem is not on the demand side, but on the side of supply. Hence failure to offer acceptable technologies is not an issue in this project.

VII. Has the project set forces into motion that will induce further explanation of the constraint and improvements to the technical package proposed to overcome it?

Yes. By transferring large components of the training function to Ugandan counterparts as quickly as possible, the project is institutionalizing the training program. By rehabilitating local implement factories, the project has laid the groundwork for self-sustaining development after the period of assistance has ended. This evaluation has recommended some additional special studies to generate further understanding in some areas, e.g., manpower analysis within the cooperative movement, institutional analysis of the transport sector, and analysis of functioning of cooperative organizations from the farmer's perspective.

VIII. Do private input suppliers have an incentive to examine the constraint addressed by the project and to come up with solutions?

Private or semi-private firms play a large role in this project in the area of input production, storage, and distribution, and have also participated to some extent in the training activities. The question of whether incentives are adequate is very much in the minds of the USAID and the Ministry of Cooperatives and Marketing. This aspect of the project is also under continuous examination and adjustment to ensure incentives are appropriate given the broader social, economic, and institutional context.

IX. What delivery system did the project employ to transfer technology to intended beneficiaries?

The project has relied very heavily on the private Ugandan cooperative movement, a participatory rural institution which has served farmers very well in the past and

which has emerged as one of the very strongest institutions in post-Amin Uganda.

X. What training techniques did the project use to develop the delivery system?

The TA and training elements of the project were designed explicitly to support the commodity distribution effort, which was the first major assistance program put into place by AID after returning to Uganda in 1979. The TA was focussed on several key distribution-related activities, such as warehousing, storage, and transport, but has since expanded into other areas such as credit. This too supports the distribution effort, since ultimately it will be necessary to provide credit for more complex, developmentally oriented input packages. The training too is meant to increase the management capability of key actors at all levels of the cooperative system, from the Ministry to primary society officers and committee members.

XI. What effect did the transferred technology have upon those impacted by it?

Effects have been felt in three areas. First, the morale of officers, employees, and members of cooperative organizations has been improved very significantly by having access to training and other assistance for the first time in nearly a decade. This impact is not easily measurable but nevertheless very evident and very important. Second, recipients of high- and mid-level training have testified that the training has helped them to do their jobs better. Third, large quantities of essential inputs have been made available in rural areas, which is bound to have a positive effect on standards of living given prevailing scarcities.



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I. Introduction

This part of the report describes the purpose of the evaluation, outlines the composition and responsibilities of the evaluation team, and presents a short description of the Food Production Support Project. A final section summarizes findings and recommendations.

A. Purpose of the Evaluation

This is a regularly-scheduled mid-term evaluation, meant primarily to assess the progress made toward project objectives purposes, and goals. The team was also asked to make recommendations regarding what follow-up action, if any, should be taken by the mission when the current project terminates in September, 1984 (the evaluation scope of work is attached as Appendix A). Because the team was directed to look not only at what the project had accomplished in the past, but also at what it should accomplish in the future, it was necessary to give attention to a number of broader issues relating to the performance of the cooperative movement as a whole. Hence, this evaluation (a) addresses the specific achievements of the Food Production Support Project; (b) examines issues relating to cooperative development that the project was not intended to address but which nevertheless influence project effectiveness; and (c) suggests how AID resources may be deployed more effectively in the future.

B. Team Composition and Itinerary

The team consisted of three persons:
Patrick Fleuret (AID/Washington),
Team Leader and anthropologist.
Vernon Armbrester (University of W. Virginia)
Professor of agricultural education.
Job Savage (Independent Consultant)
Agricultural economist.

The team arrived in Uganda on 21 October 1983. Armbrester departed on 3 November, Savage on 4 November, and Fleuret on 9 November, 1983.

ITINERARY

<u>DAY</u>	<u>ACTIVITIES</u>
21 October	Initial meetings with mission, contract team, and ministry
22 October	Meeting at ministry to schedule evaluation
23 October	Read materials
24 October	Interview contract and ministry personnel
25 October	"
26 October	"
27 October	Interview national union, district union, and society personnel
28 October	Begin write-up
30 October	Write-up; discuss findings informally with MCM Commissioner, mission director, others.
31 October	Present preliminary findings to Permanent Secretary for Ministry of Cooperatives and Marketing
1 November	Revisions and collection of additional data
2 November	Presentation of complete draft to mission
3 November	Armbrester departs
4 November	Savage departs
9 November	Fleuret departs.

A list of persons contacted is attached as Appendix C.

C. Summary Project Description

USAID/Kampala involvement with the Uganda cooperative movement began with the 1979 Commodity Import Project (CIP), which consisted of a grant of US\$ 3,000,000 to finance (a) importation of steel for production of hoes and other implements; and (b) importation of certain other commodities such as seeds, bicycles and fertilizers. The implementing agency was the Ministry of Cooperatives and Marketing (MCM). The 1979 CIP also provided vehicles to the MCM for use in monitoring the distribution of commodities, and met the local currency cost of the monitoring operation with generated funds.

The grant-funded Uganda Food Production Support Project (617-0102), initiated in September, 1981, continued and expanded upon the activities begun under the CIP. AID provided US\$ 5,000,000 to be used as follows:

1. Commodities	\$ 3,450,000
Steel billets and flats	
hoe production equipment	
seeds	
bicycles and spares	
vehicles	
gunny sacks	
other miscellaneous items	
2. Technical Assistance	\$ 975,000
49 person-months	
3. Training program	\$ 575,000
Total	<u>\$5,000,000</u>

The technical assistance and training was to be used to strengthen the capacity of the MCM, national cooperative unions, district unions, and the primary societies to undertake the continued distribution of essential agricultural commodities.

In July, 1982 the project was amended. An additional US\$4,000,000 was provided for commodities, technical assistance, and training that had been planned under the initial PP but for which the necessary funds were not available in 1981. The 1982 amendment provided for the following:

1. Ox plows and spares	\$ 150,000
2. Bicycles and spares	1,000,000
3. Motorcycles and spares	450,000
4. Seeds	1,180,000
5. Gunny bags	280,000
6. Training	500,000
7. Technical assistance	195,000
8. Other	245,000
TOTAL	<u>\$4,000,000</u>

Other amendments have changed the level of TA provided from the original 49 person/months, to a current total of 105 person/months.

The project is currently scheduled to terminate in September, 1984.

The project goal has been to rehabilitate the agriculture sector of Uganda so that farmers may increase both production and income. The goal is to be addressed by (a) supplying Ugandan farmers with farm inputs and (b) by rehabilitating the cooperative movement so that it can resume the provision of essential services to the agricultural sector. AID has supplied many of the required inputs, and has begun to rehabilitate the cooperative movement by strengthening the MCM and by training ministry employees, as well as by training employees of the national and district unions. Most recently, training has been delivered to primary society secretary-managers and others at the grass-roots level. Thus the AID assistance has been directed at all levels of the cooperative movement.

D. Summary of Findings and Recommendations

Despite some difficulties, this project should stand as an excellent example of quick, effective response to developmental needs. AID, before any other donor, identified the fundamental soundness of the Ugandan cooperative movement and moved decisively to support it with commodities, following up with technical assistance and training. At this point the Food Production Support Project has made substantial progress toward project objectives, purposes, and goals.

Following is a list of findings and recommendations in the areas of technical assistance, training, and domestic support for cooperative development. The recommendations have been presented in detail, so readers will know exactly what the evaluation team concluded regarding each specific project activity. Although there are a number of areas that may be sharpened up, this should not be taken to indicate that the project is not substantially on track. In fact, the project has been implemented very well in an extremely difficult political and economic environment.

1. Technical Assistance

Finding 1: The Planning Unit of the MCM is not yet in place. Such a unit would be of immense value in preparing convincing budget justifications for review by Treasury and in guiding the overall course of cooperative development in Uganda.

Recommendation 1: AID, in conjunction with MCM, should initiate discussions with the Ministry of Planning and Economic Development regarding recruitment of a Cooperative Development Specialist/Agricultural Economist with previous planning experience to assist the MCM in instituting the Planning Unit. The first priority would be placing a Ugandan in this

position. Depending upon background and experience of the person selected, there may or may not be a role for supplemental, AID-financed technical assistance. In the event that such TA is judged necessary, draft terms of reference are included in Appendix H. Preparing a plan for long-range cooperative development should be a priority for the person or persons selected.

Finding 2: The marketing side of cooperative development in Uganda, while receiving much attention from other directions, has not been fully addressed by the AID/ACDI project (note: this is not a project weakness, the project was not meant to do this). However, more attention would be desirable given the importance of marketing to cooperative development goals.

Recommendation 2: The planning adviser called for under Recommendation 1 (or local-hire economist) should have strong qualifications in the field of cooperative marketing.

Finding 3: The long-term impact of the transportation training is being endangered by the absence of a suitable institutional base and appropriate local counterparts. This runs counter to AID policy as expressed in the 1983 Institutional Development Policy Paper.

Recommendation 3: The transportation training should be discontinued pending the outcome of discussions among AID, MCM, and ACDI on locating a suitable institutional base. There is a presumption in favor of UCTU (a draft scope of work for a study to assess institutional options is in Appendix I).

Finding 4: The transportation specialist and Engineer/Sr. Mechanic have identified an important lack of manuals, technical bulletins, and other equipment that inhibits proper maintenance of cooperative sector vehicles.

Recommendation 4: These two consultants should focus their efforts on a program to improve availability of the maintenance related materials identified above, until mutually satisfactory arrangements are made regarding a permanent institutional base for their transportation training.

Finding 5: The sales management specialist may be able to play a critical role in placing the operations of UCCU on a commercial footing, provided he has an opportunity to implement his plan for building a field sales force. However, consideration should also be given to rehabilitating the Farm Supply Shops. Also, this consultant apparently did not debrief senior MCM officials after the initial consultancy.

Recommendation 5: AID and ACDI, with the concurrence of MCM, should in conjunction with UCCU continue to work out a schedule according to which this specialist could return periodically to assist UCCU and MCM, and AID should amend the cooperative agreement to provide for 2-3 short-term consultancies. The issue of Farm Supply Shops should also be addressed, and senior MCM officials should be debriefed so they may be aware of the thrust of findings and recommendations.

Finding 6: Logistical and accounting responsibilities occupy too much of the time of the team leader. These duties will increase substantially if the size of the technical assistance team increases.

Recommendation 6: AID and ACDI should consider whether an administrative assistant should be contracted to handle some of the logistical and accounting responsibilities. This administrative assistant could also assume AID Special Account monitoring responsibilities referred to below.

2. Commodities

Finding 1: UGMA hoes produced from AID-financed steel are of poor quality due to use of worn tooling and inadequate tempering.

Recommendation 1: AID and MCM should continue to attach a high priority to completing the rehabilitation of the UGMA production line.

Finding 2: The lumpiness of donor-financed commodity procurement places strain on the cooperative distribution infrastructure and inhibits the return to an independent, cooperatively operated farm input delivery system.

This has resulted from other donors importing large quantities of hoes without regard to the flow of domestically-produced hoes. USAID and MCM have had numerous discussions with donors and other government agencies to seek remedies, have raised awareness of the problem, and have had some success in obtaining needed cooperation.

Recommendation 2: AID and MCM should continue to work with other donors and other government agencies to give increased decision making power to UCCU and district unions with regard to commodity procurement.

Finding 3: UCCU capacity to handle commodity movements could be substantially improved through procurement of basic

storage and materials handling equipment, provided the personnel involved are efficient.

Recommendation 3: AID should consider assisting the UCCU to acquire equipment needed to improve their warehousing operation (a preliminary list of items required is in Appendix L).

Finding 4: The MCM commodity distribution monitoring teams are reported in official minutes of ministry meetings to have submitted inadequate reports, to have used operating funds improperly, and to have used vehicles improperly. Although the evaluation team found no indication commodities have been wrongly distributed, it is impossible in light of the official minutes to vouch 100% for the reliability of the system, given the key role played by monitoring teams.

Recommendation 4: AID and MCM should undertake a joint audit (implemented through an independent private firm, perhaps on a sample basis) to trace commodities to at least the primary society level and perhaps to end-users. The audit should also address use of local currency generations and estimate the costs of operating the commodity monitoring system. The audit should be viewed as a tool that AID and MCM may use to increase the cost-effectiveness of the distribution system.

Finding 5: Relatively little understanding exists of the extent to which farmers are satisfied with the performance of the cooperative movement, and the same is true regarding the financial and management performance aspects of primary society and district union operations. The lack of knowledge in this area may lead both MCM and AID to be conservative in allowing independent decision making by unions and societies.

Recommendation 5: AID and MCM should undertake a joint in-depth study of union and society management and operations, to be funded perhaps from non-project sources such as PPC's SIP account. This may become one component of MCM's proposed 3-5 year plan of study for the cooperatives, which should also be considered favorably. (A draft scope of work for the former is included in Appendix K.)

Finding 6: It is possible, though by no means certain, that MCM and AID may be imposing excessive control on the independent cooperative movement with regard to input distribution. Controls were definitely essential when the import program was begun in 1980, but consideration might now be given to the extent to which there is room for greater flexibility.

Recommendation 6: If the results of the audit called for in Recommendation 4 show that commodities have not been excessively diverted, MCM and AID may wish to consider easing current restrictions on allocation of commodities on a carefully-monitored pilot basis among the most reliable unions. If successful, other unions and societies could be given greater responsibilities. If unsuccessful, it would be necessary to return to the present system immediately.

Finding 7: The need for a complex allocative system and associated monitoring system stems in part from the fact that commodities are both scarce and priced below market levels. This generates diversionary pressures.

Recommendation 7: AID and MCM, in conjunction with other donors and other government agencies, should continue their efforts to increase input prices and overall availabilities.

Finding 8: Published MCM plans for allocation of 11,000 AID-financed bicycles on file in AID and in MCM headquarters call for them to be allocated extensively to MCM and agricultural civil servants, and, to a lesser extent, to successful farmers. However, recent indications are that the bicycles will in fact be made available primarily to ordinary cooperative members at market rates in cooperative supply shops.

Recommendation 8: The evaluation team endorses the most recent MCM plan to make the bicycles available largely to ordinary cooperative members.

Finding 9: The input distribution system and prices associated with it is administered, rather than being on a commercial basis. Pricing as a consequence is a bit arbitrary, and may not always cover costs and allow cooperative organizations to re-capitalize and begin building for the future. AID and MCM are aware of the difficulties here and are seeking remedies.

Recommendation 9: AID and MCM should continue to work with other concerned organizations toward the eventual goal of placing input distribution on a fully commercial basis.

Finding 10: To implement Recommendation 9 would require MCM to reduce its role in setting input prices.

Recommendation 10: MCM should concentrate on monitoring of input prices and margins, and impose sanctions when profiteering is discovered (this recommendation does not pertain to crop prices, a different and more complicated topic largely outside the scope of this evaluation).

Finding 11: It appears that the MCM currently plans to use UCCU only to store AID-financed bicycles, but will handle all monetary transactions themselves. This may be unnecessary, given the growing capacity of UCCU.

Recommendation 11: If this is the case, MCM should consider revising its plans, allowing UCCU to participate in the financial transactions involved in distribution of the bicycles. If this is not acceptable at present, MCM should detail their misgivings about UCCU and make clear recommendations for improvement that would give UCCU benchmarks against which to measure progress.

Finding 12: Because local currency to support the ACDI training program was not available to MCM, local currency generations from the AID/MCM Special Account have been used instead. The Treasury has agreed to consider a supplemental budget request from MCM for such funds, but is asking for very careful justification of the funds requested and is also concerned that strong internal accounting and audit systems be in place within MCM.

Recommendation 12: MCM, with ACDI assistance, should complete their assessment of the recurrent costs associated with the current training program to assist in the preparation of a credible budget request. Care should be taken to apprise the Treasury of the success MCM has apparently had to date in controlling commodities and local currency generations.

Finding 13: The MCM imposes a monitoring mark-up on commodities distributed through the cooperative system, to support the costs of the monitoring operation. This was appropriate at an earlier point, when alternative funds were not available, but that is no longer the case. A long-term objective might be to request Treasury funds, so that the monitoring costs become part of the MCM recurrent budget. Over the short-to-medium term, the funds could be taken from local currency generations deposited into the AID/MCM Special Accounts.

Recommendation 13: The MCM should no longer impose a monitoring mark-up, which is distorting the input pricing system. Instead, AID, MCM, and other concerned organizations should confer and decide which of the alternative sources of funds mentioned above would be most suitable and feasible. It is noted that MCM prefer the locally currency/Special Account approach, which is indeed likely to prove most feasible over the short term.

Finding 14: Although good records are kept by the MCM, the task of monitoring payments into and expenditures out of the AID/MCM Special Account is burdensome, given the lack of staff at USAID/Kampala.

Recommendation 14: AID and ACDI should consider whether the Administrative Assistant called for under Recommendation 6 (on technical assistance) should also be tasked with monitoring the AID/MCM Special Account.

Finding 15: The evaluation team had neither the expertise nor the opportunity to examine the "AIDs and Projects" account in the detail necessary to arrive at complete understanding of (a) the costs of the monitoring operation and (b) the expenditures made under the account.

Recommendation 15: AID and MCM should undertake a joint audit of "AIDs and Projects" account to arrive at clear understanding of the costs of the monitoring operation, needed if a decision is made to fund the operation out of the recurrent budget or the AID/MCM special account.

3. Training

Finding 1: Some participants were a bit confused concerning information received in the U.S. about the organization of U.S. cooperative credit institutions.

Recommendation 1: If further short-term U.S. training is undertaken, study of the U.S. cooperative credit system might be done toward the end of the tour, rather than near the beginning, so that participants have greater background information available to them.

Finding 2: Participants could have benefitted from more time at the end of their U.S. study tours to prepare study reports.

Recommendation 2: Future U.S. tours should consider providing at least one day and preferably more at the end of the tour for this task.

Finding 3: AID and the ACDI country team asked that participants receive training from the "bottom up", starting by living with U.S. farm families. Instead, the U.S. training approach was from the top down, and some participants did not stay with farm families as planned. This may have led to confusion and lack of understanding among some participants.

Recommendation 3: ACDI/Washington should make every effort to place U.S. participants with farm families at the beginning of study tours in the future.

Finding 4: Apart from the 3 participants currently planned, no further short-term U.S. training should be needed to realize the project objectives. Additional specialized training in the U.S. may however be required.

Recommendation 4: Future U.S. training should focus on satisfying specialized training needs.

Finding 5: The advanced management training was extremely effective, but there may be a future need for more specialized training in-country.

Recommendation 5: This seminar should be held from time to time as new managers take their places in the system, and modifications made as necessary to meet special needs.

Finding 6: The Training of Trainers activities were extremely effective.

Recommendation 6: This training too should be offered again from time to time as needed.

Finding 7: The mid-level training was well conducted and well received and was done almost entirely by Ugandan trainers who attended Training of Trainers seminars.

Recommendation 7: In future this training might be done exclusively by Ugandans, with periodic supervision from ACDI technicians if this is seen to be necessary.

Finding 8: The content material training has also been well done, making good use of the Training of Trainers approach.

Recommendation 8: The Training of Trainers approach should continue to be used in timely fashion to meet the needs of new trainers as those already trained move on.

Finding 9: Training at the primary society level is progressing rapidly, due largely to the efforts of the ACDI consultant who spends considerable time organizing these efforts up-country.

Recommendation 9: The contract of the consultant should be extended at least one year to allow for follow-up and additional training programs.

Finding 10: Lack of follow through by UCTU has endangered the long-term impact of the transportation training effort.

Recommendation 10: (see Technical Assistance, Recommendations 3 and 4).

Finding 11: Training in the areas of distribution and warehousing, cooperative credit, and sales management has not begun because the respective technical advisors have been in country only short periods.

Recommendation 11: When this training begins, the Training of Trainers approach should be used.

Finding 12: The women in development training will be endangered unless the consultant has a chance to follow up on results of the first seminar, and continue needs assessment and recruitment.

Recommendation 12: The contract of this consultant should be extended for three months, provided MCM and other concerned organizations are satisfied with plans for work to be done during the extension period.

Finding 13: Kigumba Cooperative College may be able to reduce or eliminate the number of students sitting for certificates and diplomas if the Makerere program develops as planned.

Recommendation 13: The MCM should consider how and to what extent Kigumba Cooperative College can revise its approach to focus on short courses and in-service training, which would be necessitated if the Makerere program develops as planned. This would allow MCM to maintain complementarity among these two major cooperative training institutions.

Finding 14: There are indications that MCM manpower levels in various cadres are out of balance with the size of the cooperative movement.

Recommendation 14: A manpower needs assessment focusing on staffing levels and job responsibilities should be undertaken within the entire cooperative movement, including MCM.

Finding 15: The planned Makerere program holds promise of contributing to a significant improvement in MCM and cooperative movement training.

Recommendation 15: The MCM and Makerere University should give this planned program continued support.

Finding 16: Textbooks and other materials are arriving at Kigumba Cooperative College as planned, but since the future role of the college is being discussed there is uncertainty regarding what teaching materials should be acquired.

Recommendation 16: Existing planned acquisitions funded under the AID/ACDI project should proceed, but additional plans to acquire curriculum-related materials for Kigumba should be delayed until the future roles of Kigumba and Makerere have taken more definite shape.

4. Domestic Support of Cooperative Development

a. Findings on Government Policy: Policy and actions are somewhat restrictive and may inhibit the sound development of cooperatives in Uganda. This is evidenced primarily by controls embodied in the Cooperative Act of 1970 and the draft revision.

Recommendation 1: MCM should consider whether the draft revision of the cooperative act should undergo further work to modify those sections listed in the body of this report as being potentially troublesome. It is noted that MCM have given cooperative unions the opportunity to review and comment upon the draft amendments to the Cooperative Societies Act.

Recommendation 2: The training efforts now underway should make a special effort to acquaint all levels of the movement with the most basic principles of cooperation (see Appendix M).

b. Findings on Free Enterprise: Most Uganda cooperative organizations are not free enterprises because they do not operate in an environment where input and product prices are determined primarily by competition, there is insufficient freedom of entry and exit for firms, and there is much government involvement in decision-making at union and society levels. However, these circumstances seem to be improving, and the DCD seems committed to supporting the development of an independent Ugandan cooperative movement.

Recommendation 3: The DCD should continue to actively seek ways to give farmers, through their cooperatives and boards of directors, more control of their societies.

Recommendation 4: The MCM should continue its efforts in support of other government organizations that are working to

develop a more realistic and fair system of setting export prices, based on more accurate assessments of world market prices and in-country costs.

Recommendation 5: The DCD, perhaps with expatriate technical assistance, should consider undertaking an in-depth study of the effectiveness of Ugandan cooperatives in serving Ugandan farmers (see Appendix K).

c. Findings on other Key Cooperative Programs: The cooperative wholesale and distribution organization (UCCU) is relatively effective. The Cooperative Bank of Uganda is in serious difficulties, and even planned reorganization and recapitalization of the CBU will help little if the cooperative unions do not perceive that the CBU is concerned primarily or even exclusively with cooperative development. Production credit is needed in the system, but plans to develop a credit program should proceed on a pilot basis. Crop financing is also of major concern, because funds are both inadequate and sometimes misappropriated. Transport sector problems lie not with the number of vehicles or spares, but rather with management and utilization.

Recommendation 6: The rehabilitation of CBU should continue with particular attention given to restoring its credibility with the cooperative community.

Recommendation 7: The planned production credit program should develop on a careful, phased basis, beginning with a small pilot program.

5. General Overview

Findings: The Food Production Support Project has made good-to-excellent progress toward achieving project objectives and purposes. More specifically, the training activities have proceeded, on the whole, with alacrity, quality, and substantial impact; the commodity import program, although slowed by procurement difficulties, is making substantial resources available to farmers and cooperative staff; and the technical assistance provided, although uneven in impact due to a variety of circumstances, has been generally well-received.

Among the primary accomplishments of the FPSP should be counted the following: reinstatement of training at all levels from high level MCM management to society level managers and committee members; reinstatement of effective input distribution through the cooperative structure; and rehabilitation of Uganda's domestic hoe industry.

Taken together, these accomplishments have gone some way toward restoring the morale of cooperative movement staff and members, toward renewing the faith of farmers in the cooperative structure, and toward increasing the developmental effectiveness of the cooperative movement. In sum, FPSP has laid a firm foundation for further program development.

At this point the mission may begin to consider how best to consolidate the gains achieved, and how best to build upon and expand the accomplishments of the FPSP. That is, the emphasis of the program can now begin to shift, away from rehabilitation and the satisfaction of immediate needs, and towards identification of long-term cooperative development objectives and the resources required to achieve them.

Recommendation 1: To consolidate the gains achieved to date, and to generate information needed for sound design of a follow-on project, the mission should extend the FPSP for 12-18 months beyond the current termination date of September 1984. This would allow time to implement the following actions:

A. On Technical Assistance:

-- prepare a long-term cooperative development plan; this will certainly require the recruitment of a Ugandan Cooperative Development Specialist/Agricultural Economist to the planning staff and may require the recruitment of an additional ACDI technical assistance person as well (Recommendation 1, p.4 and p.22).

-- resolve current uncertainties about an institutional base for transportation-related technical assistance (Recommendation 3, p.5 and p.25).

-- arrange for the sales management specialist to complete work on the UCCU field sales force and (possibly) Farm Supply Shops (Recommendation 5, p.6 and p.25).

B. On Commodities:

-- procure UCCU warehousing equipment (Recommendation 3, p.7 and p.30).

-- audit the commodity distribution system to measure costs and effectiveness (Recommendation 4, p.7 and p.31; Recommendation 15, p. 10 and p.44).

-- eliminate the MCM monitoring markup and shift funding to the AID/MCM Special Account and/or Treasury funds as appropriate (Recommendation 13, p.9 and p.41)

-- implement the study of union and society management and operations (Recommendation 5, p.7 and p.33).

C. On Training:

-- extend the contract of the training specialist one year so this person may complete ongoing union/primary-level training activities (Recommendation 9, p.11 and p.54).

-- extend the contract of the women-in-development consultant for three months so this person may complete current work (Recommendation 12, p.12 and p.56).

-- complete currently planned acquisitions for Kigumba College (Recommendation 16, p.13 and p.59).

-- implement the cooperative movement manpower needs assessment (Recommendation 14, p.12 and p.58).

In addition, the 12-18 month extension will allow more time for planned commodity procurement and delivery actions to be completed and the funds set aside for this purpose to be fully utilized.

Recommendation 2: The Cooperative Agreement should be amended to allow the recruitment and extension of technical assistance personnel as detailed in the body of this report, with the concurrence of MCM and other concerned organizations.

Recommendation 3: AID and MCM should consider taking a fresh look at needs for cooperative and agricultural development in Uganda during CY 84, and perhaps begin to design a new project to build upon and expand the accomplishments of the FPSP. Some potential areas of emphasis include:

A. On Technical Assistance:

-- work is just beginning on the credit program. This is an extremely important area of activity that will likely require sustained support for several years to come.

-- the planning unit is key to the long-term effectiveness of MCM as it competes with other government agencies for budget and impact on policy issues. The work of establishing this Unit has just begun and needs to be carried forward.

-- it is important to continue current attempts to strengthen national cooperative unions such as UCCU and UCTU.

Over time this will contribute to a sturdy, independent cooperative movement.

B. On Commodities:

-- inputs are flowing once again through the cooperative structure, but considerable work remains to be done before unions and societies are fully capable of managing commercially-oriented input delivery. This will require further analysis of economic and institutional questions, as well as continued training. Ideally, direct AID/MCM involvement in procurement may be reduced as time goes on.

C. On Training:

-- a high-quality in-service training program has been initiated, but additional work will be required to fully institutionalize the program, to adapt it as well as possible to the needs of the cooperative movement, and to work out the most cost-effective approaches.

-- pre-service training institutions might justify some strengthening and support in sorting out relationships and responsibilities as the cooperative movement evolves.

-- continuing education programs for cooperative society members, managers, committeemen, and employees need to be addressed. A well-informed membership is key to the long-term health of the cooperative movement.

In sum, FPSP has set in place important concrete accomplishments, but the work begun cannot be considered complete. Future AID support might proceed in two stages:

-- a 12-18 month extension of FPSP to consolidate gains and generate information needed for design of a new project; and

-- preparation of a follow-on project that would continue the important work begun under FPSP but shift the emphasis away from rehabilitation and toward long-range development objectives.

II. Technical Assistance

This section of the evaluation describes the technical assistance that has been provided, logistical problems encountered, and assesses overall progress toward achieving project objectives. Training per se is dealt with in part IV.

A. Types of Technical Assistance Provided

The September, 1981 PP called for 49 person-months of technical assistance distributed as follows:

1. Planning Advisor/Team Leader (18 months)
2. Distribution and Warehousing Specialist (6 months)
3. Transportation Specialist (6 months)
4. Cooperative Education and Textbook Specialist (3 months)
5. Cooperative Management Training Specialist (4 months)
6. Management Development Specialist (6 months)
7. Banking and Credit Specialist (3 months)
8. Project Logistics Specialist (3 months)

In December 1982 the Cooperative Agreement was amended to change the TA as follows: the Planning Advisor/Team Leader was extended 6 months for a total of 24 months; the amount of time provided for the Cooperative Management and Training Specialist was reduced from 4 months to 2 months; the Banking and Credit Specialist was changed to a Banking Advisor and extended from 3 months to 6 months; a Credit Advisor was added for a period of 12 months; an advisor on Women's Cooperative Programs was added for a period of 3 months; and a Primary Trainer was added for a period of 12 months.

In March 1983 the Cooperative Agreement was amended again to change the TA as follows: the Distribution/Warehousing Specialist was extended by 9 months to a total of 15 months; a Sales Management Specialist was added for 3 months; an Engineer/Sr. Mechanic was added for 4 months and unspecified short term advisors were added for 6 months. Details of these changes are summarized in the table below. (A schedule of TA arrivals and departures is attached in Appendix G.)

TECHNICAL ASSISTANCE: LEVEL OF EFFORT AND COMPOSITION OF EFFORT
(in person-months)

<u>Type of Specialist</u>	PP (Sep 81)	Amendment (Dec. 82)	Amendment (Mar. 83)	Total (Nov. 83)
Planning Advisor/ Team Leader	18	+6	-	24
Distribution/ Warehousing	6	-	+9	15
Transport	6	-	-	6
Coop. Education/ Textbook	3	-	-	3
Coop. Management/ Training	4	-2	-	2
Management Development	6	-	-	6
Banking/Credit (1)	3	+3	-	6
Logistics	3	-	-	3
Credit Adviser	-	+12	-	12
Women's Cooperative Programs	-	+3	-	3
Sales Management	-	-	+3	3
Engineer/ Senior Mechanic	-	-	+4	4
Primary Trainer	-	+12	-	12
Short Term Advisers	-	-	+6	6
Total	49			105

(1) Changed to Banking only in December 1982.

In the next section, the accomplishments of these various technical assistance personnel are discussed, except for those who were exclusively concerned with training. Training accomplishments are assessed in Part IV (training).

B. Accomplishments of Technical Assistance

Before beginning a detailed review of the accomplishments of the technical assistance component of the project, it is necessary to make some general comments about AID and ACIDI's past and present roles in Ugandan cooperative development.

AID and ACIDI were deeply involved in the development of the Ugandan cooperative movement from 1963 to 1973, when Amin's rise to power and associated excesses forced the closing of the U.S. mission to Uganda. The intervening years of political turmoil and economic mismanagement brought most Ugandan institutions to their knees, including the cooperative organizations. However, the Ugandan cooperatives came through those years in somewhat better shape than most other organizations; although the cooperative movement is beset with problems, it remains an extremely effective institution through which development assistance may be channeled to peasant farmers. It speaks very highly of the professional capacity of MCM staff, the commitment of cooperative society personnel, and the work done in the 1960's by AID and ACIDI, that the institutions created have survived to the present day. A good part of the current success of the Food Production Support Project may be due to the solid foundation laid by AID, ACIDI, and MCM in an earlier era.

It is also important to note the key role that ACIDI has played in the rehabilitation of the Ugandan cooperative movement since the end of the liberation war. Beginning with the first post-war country assessment in early 1980, ACIDI has consistently fielded well-qualified, professional staff to assist AID and MCM in assessing the situation and devising appropriate actions. ACIDI's excellent rapport with Ugandan counter-parts and ability, based on in-depth experience, to identify critical constraints and key actions, has contributed substantially to the success of AID's post-war cooperative rehabilitation effort. Thus, although there are one or two aspects of the technical assistance that might possibly be sharpened up, the evaluation team wishes to stress that the progress made has been impressive; MCM, AID, ACIDI, and the ACIDI country team should feel pleased with what has been accomplished to date.

To establish a baseline from which to assess what has been accomplished by the technical assistance team, it is necessary to refer to the TA scopes of work include in relevant project documents (that is, the PP and amendments). In this section an attempt is made to comment briefly on each of the major tasks assigned to each of the TA personnel (except, as noted before, for those who were concerned exclusively with training).

1. Planning Advisor/Team Leader

The team leader has been required by circumstances in Uganda to devote about one-third of each working week to project management and logistical support. This has inevitably made it difficult for him to carry out other assigned tasks to the extent originally intended. Although delays have been experienced in some areas, overall progress has been substantial. Below are comments on the five principle tasks assigned to the team leader: assist in establishing a planning unit in MCM; develop a long range cooperative development plan; analyze and prioritize cooperative development projects; coordinate and help to promote donor assistance to the MCM; and coordinate and supervise other TA personnel.

a. Assist in Establishing MCM Planning Unit

The MCM is in the process of organizing such a unit. An energetic ministry officer has been appointed to lead the development of the unit, and plans are in place to hire seven analytic staff. The MCM requested funds from the Treasury to finance the capital and recurrent costs of the unit this year, but the request was deleted from the budget submission. This was a disappointment, since the team leader and MCM had given much energy to this objective.

b. The Long-Range Cooperative Development Plan

No such plan has been developed. This may also be due to the lack of time available to the team leader to perform planning duties, and should be placed in the scope of work of the Cooperative Development Specialist/Agricultural economist called for under Recommendation 1 (see below).

c. Analyze and Prioritize Cooperative Development Projects

The MCM has available a document describing a handful of potential projects, some of which (e.g. training) are addressed by the current USAID project. However, these projects are not formulated according to any coherent strategy, are not prioritized, and do not present a persuasive case for donor investment. As with (b) above, assisting the MCM in this regard might well become part of the scope of work of the specialist or local-hire economist called for under Recommendation 1.

d. Coordinate and Assist in Promoting Donor Assistance to the MCM

There are no close working relationships between the AID technical assistance team working with the Department of Cooperative Development and FAO advisors working under the Commissioner of Marketing, although AID and ACDI are in close contact with other donors such as EEC, IFAD, and IBRD.

AID, MCM, and ACDI are all agreed that cooperative development in Uganda should be approached through balanced and coordinated programs of a) input and service delivery, and b) effective marketing. The AID TA team in particular should continue to pay careful attention to developments on the marketing side, since the success of their efforts in training, input distribution, and (especially) credit is dependent upon marketing policies and procedures. By "marketing" is meant primarily the operations and decision-making roles of the marketing boards. The unions and societies have relatively limited roles in this regard; they function primarily as collection points. More is said on this point in Part V.

e. Coordinate and Supervise Other TA Personnel

This task has been performed very well.

Below are recommendations regarding the team leader/planning adviser.

Recommendation 1: AID, in conjunction with MCM, should initiate discussions with the Ministry of Planning and Economic Development regarding recruitment of a Cooperative Development Specialist/Agricultural Economist with previous planning experience to assist the MCM in instituting the Planning Unit. The first priority would be placing a Ugandan in this position. Depending upon background and experience of the person selected, there may or may not be a role for supplemental, AID-financed technical assistance. In the event that such TA is judged necessary, draft terms of reference are included in Appendix H. Preparing a plan for long-range cooperative development should be a priority for the person or persons selected.

Recommendation 2: Liaison with both Ugandan and expatriate marketing personnel should be a principal duty of the cooperative development specialist called for under Recommendation 1, who will in fact be advising the Ministry as a whole--not just the Department of Cooperative Development. Hence, the AID-financed planning advisor, or local-hire

economist, should have strong qualifications in the field of marketing. This is reflected in the draft terms of reference included as Appendix H.

2. Distribution and Warehousing Specialist

This specialist was asked to (a) review procurement and distribution procedures in the cooperative organizations and make recommendations for improvement; (b) assist the Uganda Cooperative Central Union (UCCU) in forecasting and managing farm supplies; and (c) prepare necessary training materials. The consultant prepared a series of reports addressing these concerns, and made a series of recommendations that have been received enthusiastically by the UCCU management. Many of the recommendations have already been implemented. The specialist is currently putting into place an inventory management system, and will be training people into the system as time goes on.

3. Transportation Specialist

This specialist was asked to: (a) review cooperative movement transport assets, and assess distribution and utilization; (b) forecast future needs, and develop a plan to meet these; (c) review the rate structure and operations of the Uganda Cooperative Transport Union (UCTU); and (d) study selected transport problems. Each of these tasks is discussed briefly below.

- a. Review cooperative movement transport assets, and assess distribution and utilization.

The transportation specialist accomplished this task's through questionnaires and a series of up-country visits. Although the information available cannot be considered a comprehensive review of transport in the cooperative sector, this may not have been necessary. The basic facts have been established: transport in Uganda is a problem not of vehicles, but rather of utilization, maintenance, and management.

- b. Forecast future needs, and develop a plan to meet these.

This is done most thoroughly in an October 15, 1983 joint report by the transportation specialist in conjunction with the Engineer/Sr. Mechanic. In this report the consultants reviewed needs for tools, manuals, workshop equipment, and other materials required before trainee mechanics can put their skills to work. The consultants also documented training needs in this report, but pointed out in strong terms that training alone will accomplish little until the working environment and equipment of the mechanics can be upgraded.

c. Review of rate structure and operations of UCTU.

This task was accomplished in a series of reports prepared by the first transportation specialist, and a number of recommendations were made. Some of the recommendations have been implemented to date, but many more have not. It is impossible to state for certain why this lack of follow-through occurred.

d. Study selected transport problems.

The consultant has addressed several additional problem areas, most notably by analyzing the diverse salary and benefit structures at a large number of cooperative unions. These efforts have shed needed light on the basic operational characteristics of the Ugandan transport industry.

Discussion: The transport specialist has identified several thorny problems that cannot be resolved in this evaluation. These are discussed below, and recommendations are offered.

The UCTU is in many ways a natural home for the sort of training programs and transport maintenance rehabilitation identified as important activities for cooperatives in Uganda at this time. But further work with UCTU is unlikely to be rewarding at the current time. A number of possible alternatives have been identified, including the technical colleges (at Kampala and Mbale), a small number (2 or 3) of the larger district unions which could support training and maintenance programs, and UCCU. Although all concerned recognize the importance of locating an institutional base for the mechanical training, the correct choice is not obvious. In the meantime training is continuing on a somewhat makeshift basis, and the lack of continuing counterparts for the transportation specialist is endangering the long-term impact of his effort. Moreover, an unfortunate lack of tools, manuals, and equipment makes it difficult for trainees to implement the training that they receive. Also, AID's policy on Institutional Development (published in March 1983) notes that

"...the need for project-related skill training is directly related to inadequacies within existing education and training systems. It is the latter which must ultimately be made adequate and self-sustaining...."

Recommendation 3: AID, MCM, and ACDI should discontinue the transportation training seminars until a viable institutional base can be put in place. The presumption is that UCTU is the most suitable institution, and every effort should be made to build on this base before seeking alternatives. If it is judged necessary to assess alternatives to UCTU, an indicative scope of work for the assessment is attached as Appendix I.

Recommendation 4: Until the institutional analysis called for in Recommendation 3 is completed, the transportation specialist should develop, in conjunction with the Engineer/Sr. Mechanic, a program to provide essential manuals, technical bulletins, and perhaps tools to those cooperative organizations with transport fleets of their own.

4. Sales Management Specialist

This consultant was asked to: (a) assess Uganda cooperative infrastructure and methods of handling sales and distribution of inputs, and recommend necessary changes to UCCU; (b) assess UCCU's current sales staff level and make recommendations for improvement; and (c) design and assist in implementing an appropriate sales training program.

In response to these tasks, the consultant prepared a detailed and forward-looking examination of UCCU's commodity distribution operation. The report is oriented around the idea that UCCU should begin now to develop commercial sales and marketing links with client unions, in recognition of the fact that the current "seller's market" conditions will not remain forever. The detailed recommendations of the report cover the size and organization of a field representative force; establishment of reliable radio communications; and a training program for the field representatives and their supervisors. The plan seems thoroughly sound and has strong support from the UCCU management team. Given the great significance of UCCU to the AID/MCM commodity distribution effort and within the cooperative movement generally, and because the organization seems to be one of the more effective of the national-level cooperative unions, it would seem appropriate for AID, with the agreement and cooperation of MCM, to take steps to increase the level of support currently provided. One problem, according to MCM officials, is that this consultant departed Uganda without fully briefing senior MCM officials. In addition, more attention should be given to the question of rehabilitating the Farm Supply Shops.

Recommendation 5: AID and ACDI should, in conjunction

with MCM and the UCCU, work out a schedule according to which the sales management specialist can implement his plan, and should consider amending the project to make possible two or three short-term (3-4 months) consultancies at appropriate intervals. However, it should be borne in mind that the AID-financed technical assistance effort is already rather large and diverse. Special attention should be given to ensuring that all consultants fully brief senior MCM officials before departing, and the issue of Farm Supply Shops should be addressed.

5. Cooperative Education and Textbook Specialist
Cooperative Management Training Specialist
Management Development Specialist
Women in Development Specialist
Primary Training Specialist

The tasks of these members of the ACDI team relate exclusively to training and so are dealt with in Part IV below.

6. Credit Specialist

This technician has been in country for a very short period of time, and the evaluation team feels it would be inappropriate to comment on achievements to date. However, the Credit Specialist has thorough awareness of and insight into credit issues in Uganda cooperative development, and the team benefitted substantially from his input. Some observations on banking and credit issues are presented in Section V.

7. Banking Specialist

This specialist was asked to review the operations of the Cooperative Bank of Uganda and make recommendations for improvement. This was done in a careful and detailed report that was able to consolidate and build upon the conclusions reached in an earlier assessment by an AID-funded private firm, Deloitte, Haskins, and Sells. A number of this specialist's recommendations have been adopted by AID in its dealings with CBU.

8. Engineer/Senior Mechanic

This consultant has been asked to assist the transportation specialist in assessing equipment and training needs of the Uganda cooperative transport industry. He has assisted in preparation of the report cited in Section II.3.B. that addresses equipment and training needs, and has assisted in transport training seminars as well. However, it is too early to comment extensively on tasks accomplished.

9. Logistics Specialist

This consultant is expected to support long and short-term consultants with regard to obtaining housing, furniture, supplies, etc. This has apparently been done satisfactorily, but the short periods of time during which the consultant is in Uganda do not enable him to provide much support to the team leader with respect to logistics, especially housing.

Recommendation 6: AID and ACDI, with MCM concurrence, might consider contracting an Administrative Assistant locally to assume some of the everyday logistical burdens.

C. Logistics

It has already been pointed out that logistical support has absorbed a considerable amount of the time available to the ACDI Team Leader. Accounting responsibilities are also considerable, and made more difficult by the unresponsive local banking system. There are other areas too where logistical problems may have had a negative effect on the progress of the project. For instance, the team leader has had to schedule the timing and duration of technical assistance around temporary housing availabilities. The coordination and planning associated with such a large and varied technical assistance effort would be difficult in any case, and the necessity to work around housing availabilities is an additional constraint. Finally, the arrival of the credit advisor was delayed considerably because the house he was to occupy was taken over by an unauthorized person and was not recovered easily or soon.

Although there have been problems caused by the difficulty of acquiring many basic commodities other than housing, these do not seem to have had any great impact on the effectiveness of the project, primarily because the ACDI team has adapted extraordinarily well to current conditions in Uganda.

The housing problem is well recognized by AID, and plans are in motion to acquire additional facilities when and where available. However, the general shortage of suitable housing in Kampala will probably continue to be troublesome to AID and ACDI, and will probably influence the timing of future TA inputs. There is no obvious solution to this problem.

D. Progress Toward Project Objectives

Section II.B. above shows that nearly all objectives of the technical assistance have been attained, while one or two

have not (planning unit and activities, transport effort). However, the project as currently formulated still has a year to go, and there is no reason to think that progress will not continue to be made in both areas. In fact, given the difficulty of housing technical assistance personnel, as well as other problems of communication, coordination, and movement, it might be said that the technical assistance effort has made substantial progress in the face of significant difficulties.

III. Commodities

This section discusses the scheduling of AID-financed commodity deliveries, the distribution system through which commodities reach end-users, commodity pricing policies, and the use to which local currency generations are put. A final section comments on the progress made toward achieving project objectives for agricultural input distribution.

A. Scheduling of Deliveries

Commodity deliveries were delayed for about six months at the start of the project while the GOU was meeting conditions precedent, other delays have been experienced due to the need to comply with AID procedures in procuring bicycles, and further delays have been encountered due to the difficulty of supplying hoe dies and an electric kiln for UGMA's agricultural implement production line. This was due to the long time needed by the manufacturers to produce the dies and kiln once orders had been placed, and further delays experienced in shipping. Uganda Hoes also stopped production for a time while AID and the GOU corrected managerial flaws that had resulted in the misallocation of substantial numbers of hoes manufactured from CIP-funded steel, and failure to deposit local currency generations in the appropriate account. As a result of quick, firm action by USAID and MCM, new management has been put in place and the funds recovered (the status of commodity procurement actions as of October 1983 is summarized in Appendix J).

Despite these difficulties, the commodity import program seems to be substantially on track. Two issues, however, should be mentioned.

1. Quality of UGMA hoes. Lack of dies and the kiln have reduced the quality of the hoes produced by UGMA with AID-financed steel. Although the hoes produced are adequate for light work such as weeding, they split and bend easily when used to open up land at the beginning of the planting season. This was reported from three independent sources. One estimate, perhaps overly pessimistic, was that the UGMA hoes last about 3-4 weeks under such conditions.

Recommendation 1: AID and MCM should continue to attach a high priority to completing the rehabilitation of the UGMA production line, to ensure that farmers do not come to regard the AID-financed hoes as second-rate products.

2. Lumpiness of commodity deliveries. The cooperative input distribution system is being subjected to substantial strains

caused not by the absolute volume of commodities handled but rather by the lumpiness of delivery. At times the system "backs-up" with commodities, at other times the system is nearly dormant. To some extent this is unavoidable, because agricultural input delivery must respond to seasonal variations in demand. However, it seems likely that the lumpiness has been magnified because procurement decisions are not made from the bottom up (that is, cumulatively by retailers and wholesalers), but rather from the top down (principally by donors, in consultation with government organizations). Officials at the top levels of the system simply cannot provide the flexible and timely decision-making necessary to smooth out the flow of commodities and make the assortment of commodities provided fully responsive to farmer demand. Lack of donor coordination contributes to this.

Recommendation 2: AID and the MCM, who fully share this concern, should continue to work with other donors and other government agencies to give increased decision-making power to the UCCU and district unions regarding commodity procurement, and to bring about a more steady flow of imports.

Recommendation 3: AID should also consider assisting the UCCU to acquire equipment needed to improve their materials handling operation (a preliminary list of equipment required is attached as Appendix J).

B. The Distribution System

This section examines the distribution system in general terms, then offers detailed comments on procedures regarding hoes and bicycles.

AID-financed commodities flow through the system in this way: after being produced at Jinja and Lugazi (in the case of hoes) or after being imported (in the case of other commodities), the items are held by the Uganda Cooperative Central Union (UCCU). This union engages in a considerable amount of private trade (40% of their turnover is generated by the private sector, 60% by donor-financed activities). The organization seems to have a strong management staff and, although there have been rumors about misallocation of commodities and local currency generations in the past, it seems the organization is performing about as well as can be reasonably expected in Uganda today.

District unions are responsible for collecting the commodities at UCCU, and will generally use lorries that have been allocated to them to do so. Unions and primary societies work together to distribute the hoes to selected primary

societies, where (ideally) they are distributed to farmers on the day they arrive. Recipients sign their names (or fix thumbprints) to DCD forms designed for the purpose, and representatives of the primary society, the union, the DCD, local chiefs, and other staff are present to witness the operation. The whole distributive system is monitored by four roving monitor teams based in appropriate locations around the country. Each team tries to be present when distribution takes place, checks all forms for improprieties, and undertakes other actions to protect the integrity of the distribution system. Although very sound in design, the system has some weaknesses that are exposed in operation. These are discussed below.

1. Monitoring Teams

These teams must be 100% reliable to avoid mis-allocation of commodities at the union and society level. However, some of their reports have been inaccurate and inconsistent (minutes of Distribution Coordination Committee, December 8, 1982), there have been suggestions that operating funds are used improperly (minutes of Distribution Coordination Committee, January 5, 1983) and further suggestions that team vehicles are used for private purposes (minutes of Distribution Coordination Committee, January 31, 1983). The MCM makes an attempt to audit the activities of the auditing teams, but there is still some uncertainty about their current effectiveness. The evaluation team understands, however, that MCM plans to phase out the roving monitoring teams and assign their duties to one existing officer in each district. This plan has two attractive features: (a) the costs of monitoring will be reduced since supplemental travel and per diem will be largely eliminated; and (b) the commodity monitoring operation will be incorporated into existing lines of authority within the MCM, thereby becoming subject to normal channels of supervision and review.

Recommendation 4: The evaluation team does not believe that the monitoring system has allowed significant commodity diversions to take place. However, in light of the questions raised in official MCM memoranda, the evaluation team cannot vouch 100% for the reliability of the system. Hence, the team feels AID and MCM should consider undertaking a joint audit (perhaps done on a sample basis), and extending at least to the primary society level and perhaps to end-user level, to satisfy themselves on these points. The audit should also address the use of monitoring team vehicles and operating funds, and arrive at a careful estimate of the costs involved in supporting the monitoring effort adequately.

2. Allocation of Hoes

The allocation of hoes to various parts of the country is in principle done on the basis of population estimates generated by the 1980 census, but a number of factors complicate the allocation picture.

a. Some parts of the country require more hoes per capita than other parts, based on agricultural patterns and seasonality (see 1981 PP social analysis).

b. Both district unions and district cooperative officers have in the past re-allocated hoes on their own when MCM allocations did not suit them. It is difficult to say to what extent this has been done logically (e.g. to move commodities from areas of weak demand to areas of high demand) and to what extent, if any, such re-allocations have been done for personal gain or for political purposes.

c. In 1981, when the PP social analysis was performed, hoe distribution took place entirely within the context of the cooperative system. When allocating hoes, MCM officers took into account the capacity of unions and societies to distribute hoes without leakage, the size of the cooperative membership in various parts of the country, numbers of registered primary societies, and so forth. The evaluation team was directed by the mission to address the possibility of politicization of commodities, and the extent to which such considerations might influence distribution. The facts which emerged in the evaluation are these: some hoe allocations are recorded according to the numbers of hoes going into parliamentary constituencies. This was done at the express wish of the Cabinet, which is interested in how many hoes go to various constituencies. In addition, the MCM sends letters to MPs notifying them when commodity distribution takes place in their constituencies, so that they can attend the distribution if they wish. Records of the MCM indicate that some constituencies receive one hoe for every 14-16 residents, while others receive one hoe for every 30-40 residents. This raises the possibility that political considerations may be wrongly influencing the allocation of commodities, but on the other hand this may simply reflect the concern of parliamentarians that their constituencies be served to the extent possible. Hence, the evaluation team cannot be conclusive on this point.

Discussion: This section on hoe allocation raises a number of issues that will be difficult and perhaps even impossible to resolve. Some of the trade-offs involved are:

1. To ensure equitable distribution uninfluenced by extraneous considerations, AID and MCM would have to devote considerably more time and energy to detailed planning and monitoring of commodity distribution. This would be expensive and impractical, and by reducing the decision-making role of cooperative unions and societies, would conflict with the overall project purpose of strengthening Uganda's independent cooperative movement.

2. As previously noted, it is essential to place as much decision-making power as possible in the hand of the unions and societies, so that commodity flows meet farmer demand; but, on the other hand, this increases the likelihood that commodities will be misallocated (at least as long as they are both scarce and under-priced; a frequently-cited open-market price for hoes is 600-800/=, while AID-financed hoes are sold at 450/= and IFAD hoes at 270/=).

In sum, the hoe allocation program raises issues that are impossible to resolve in this evaluation, issues that in fact may not be susceptible to resolution at all. With this caveat, the team proposes the following recommendations:

Recommendation 5: AID and the MCM should undertake a joint in-depth study of union and society management and operations to get a better understanding of their effectiveness and capacity to play a more dynamic, decision-making role in the commodity distribution program. This will guide AID and MCM in deciding whether greater responsibility can be given to unions and societies in the distribution of commodities. The full parameters of this study, which could be funded out of non-project funds such as the PPC SIP program, are specified in Appendix K.

Recommendation 6: The results of the audit called for under Recommendation 4 will shed light on the questions of resource distribution. If the record proves good, this will indicate to AID and MCM that the monitoring effort has been effective. At that time, AID and MCM may wish to consider relaxing the monitoring effort in careful phases. If the record is poor, the audit team should be requested to make recommendations to improve the system.

Recommendation 7: Many of the problems discussed here stem from the fact that the distributed commodities are often scarce and priced below open-market rates. This is due primarily to the actions of other donors. Hence, AID and MCM should, in conjunction with other agencies and donors, continue their efforts to raise input prices and increase overall availabilities.

3. Allocation of Bicycles

In 1979 and 1980 when the Commodity Import Project was being implemented, it was decided by AID and the MCM that the imported bicycles should be allocated strategically to persons who required transport of this type in order to perform essential duties. Accordingly, bicycles were allocated to:

- Chairman and secretary-managers of all registered societies;
- Cooperative union committee members;
- Management teams at district unions;
- all Department of Cooperative Development staff
- all county and sub-county chiefs.

According to the distribution plan filed with AID and presented for perusal by the evaluation team at MCM headquarters, current plans for the allocation of bicycles to be imported under the Food Production Support Project continue in the same direction; those receiving bicycles are scheduled to be:

- Newly employed MCM staff who did not get bicycles earlier;
- Secretary-managers and other representatives of newly registered societies;
- "long-time-in-service cooperative and agriculture civil servants of all cadres"; and
- the six top farmers in each registered society.

It is doubtful whether there is a need to allocate bicycles so comprehensively, but the evaluation team understands that the most recent thinking of the MCM is to make the vast majority of the next shipment of bicycles available to ordinary farmers at market rates. This seems very appropriate.

Recommendation 8: The evaluation team endorses the most recent expression of MCM plans to direct the next batch of AID-financed bicycles to ordinary farmers.

C. Commodity Pricing

AID-financed inputs are currently made available to end-users at prices that are fixed in part by decisions made in the MCM. It is no secret that the process of price determination has many deficiencies, and the problems involved

cannot be resolved by the evaluation team. This will require joint action by a number of key ministries and donor agencies. Nevertheless, the process of price determination is summarized below, some key issues are outlined, and recommendations are made.

In fixing the retail price of commodities, the MCM takes into account

- the cost of the commodity ex-Kawempe or ex-hoe factory, as appropriate;
- the cost incurred by UCCU in handling;
- the cost incurred by MCM in monitoring, and;
- the cost incurred by unions and societies in transporting and/or assembling the commodities and distributing them to end-users.

Some indicative cost breakdowns are presented in the table below.

COMMODITY PRICING PRACTICES

Cost Factor	Commodity			
	AID Hoes	Chinese Hoes	Bicycles	Tomato Seeds (1)
Retail Price (2)	350/=	450/=	8000/=	360/=
Primary Society Markup (% of retail)	5/= (1.4%)	19/= (4.2%)	(3) (-)	None None
Union Markup (% of retail)	20/= (5.7%)	52/= (11.6%)	1500/= (18.8%)	43/10 (12.0%)
UCCU Markup (% of retail)	5/40 (1.5%)	15/= (3.3%)	345/= (4.3%)	14/40 (4.0%)
MCM Monitoring Markup (% of retail)	5/= (1.4%)	31/= (6.9%)	600/= (7.5%)	14/40 (4.0%)
UGMA Production (% of retail)	137/= (39.1%)	-- --	-- --	-- --

(1) Per 50 gram tin.

(2) These are past prices. AID hoes currently sell at 450/=.

(3) Includes primary society markup as well.

The price of the next batch of AID-financed bicycles is to be administered somewhat differently from the scheme above. The MCM is to get 10% of the ex-Kawempe price, societies are to get 5%, unions beyond 150 miles will get 20%, and unions closer than that will get 15%.

UCCU is apparently scheduled to play a role in the distribution through provision of warehouse facilities, but no markup for this service is mentioned in the distribution plan filed with AID and made available for the perusal of the evaluation team at MCM headquarters. Moreover, all funds associated with purchase of bicycles by unions will be handled by MCM, not UCCU. This is because MCM is worried that UCCU, based on past performance, might mishandle the funds involved. Nevertheless, UCCU is one of the strongest of the national-level cooperative organizations, and it is worth considering how and under what circumstances greater responsibility might be assigned to this organization. USAID is already having discussions with MCM concerning these matters, and anticipates a favorable resolution.

Before continuing, it is necessary to discuss the process of price administration in some detail, because it seems fundamentally inflexible and arbitrary, and is counter to published AID policy on these matters. Some specific comments:

---Retail prices are uniform around the country, disregarding variable transport costs;

---Distant unions are not compensated for additional expenses (the new bicycle scheme will rectify this, to a limited extent);

---It apparently is costing the MCM 4 times as much to monitor sales of Chinese hoes as it did to monitor AID hoes;

---MCM plans to assess fully 10% of the cost of the next batch of AID bicycles to cover monitoring charges;

---The commodities are generally priced somewhat below market rates, which increases diversionary pressures and makes it difficult to recapitalize the distribution system; and

---The unions and societies are given transport margins that, to all appearances and according to verbal reports, force them to operate without profit and perhaps even at a loss.

The most damaging aspects of the administered price system are:

---the MCM is forced to assume a price-fixing role they are

ill-equipped to undertake;

---the cooperative unions and societies are not allowed to earn a fair profit on the distribution tasks they perform. This weakens the movement, prevents the emergence of proper cost accounting, and keeps unions and societies from moving onto a sound business footing.

The evaluation team recognizes that the MCM fully supports existing GOU policies on input pricing, and recognizes further that many of the current difficulties stem from actions of other donors over which AID and MCM have limited control. Recommendations on these points, however, must be guided by current AID policies, as summarized below.

AID has published a policy statement on "Pricing, Subsidies, and Related Policies in Food and Agriculture" (November 1982) which reads in part:

"It is AID policy to encourage the freeing of... input prices...so that input prices are sufficient to support development of an effective input supply system."

"It is AID policy to encourage host governments to dismantle price and distribution controls on agricultural inputs. AID Missions should support alternative policies that help to develop and to support a competitive private input distribution system...(emphasis added)."

Recommendation 9: In accordance with established AID policy, the evaluation team suggests that AID and MCM should work with other concerned organizations to place input distribution on a commercial basis. This is fully in accord with current government policy and would immediately begin to re-capitalize the private cooperative movement. AID should not, however, wait for other organizations to act before initiating this important action.

Recommendation 10: To implement Recommendation 9, the MCM should continue to closely monitor prices and margins associated with input distribution, but should no longer set prices and margins. (Note: this recommendation does not address crop pricing, which is outside the scope of the evaluation. It is directed solely and exclusively at policies associated with the distribution of inputs such as those financed by AID under the CIP and FPSP.) Strong and immediate sanctions should be imposed when the MCM discovers proven cases

of profiteering.

Recommendation 11: AID and MCM should consider amending the current Food Production Support Project bicycle distribution plan to provide a more active role for UCCU. If MCM does not feel comfortable with UCCU operations, they should prepare recommendations for improvement to be considered by all parties concerned, which would give UCCU benchmarks against which to measure progress. To strengthen Uganda's cooperative movement it is important to give more responsibility, not less, to the national and district unions.

D. Special Account and "AIDS and Projects" Account

Proceeds from the sale of AID-financed commodities are deposited into three bank accounts that concern us here: the two jointly-controlled AID/MCM Special Accounts, and the MCM-controlled "AIDS and Projects" account. Each is dealt with separately below.

1. AID/MCM Special Account #1 (CIP)

Local currency generations from sales of AID-financed commodities imported under the 1979 CIP have been deposited into this account. The account is discussed here partly because it has not been evaluated elsewhere, and partly because an examination of this account may assist AID in considering the purposes to which local currency generated under the Food Production Support Project may be put.

Local currency generations are placed in this account after deducting the costs of production (in the case of hoes), the costs of distribution, and the costs of monitoring. The table below shows how much money had been paid into the account as of 30 September 1983:

PAYMENTS INTO AID/MCM SPECIAL ACCOUNT #1 (CIP)

<u>ITEM</u>	<u>DEPOSITS (SHS)</u>	<u>AMOUNT DUE</u>	<u>OWED BY</u>
Bicycles & Spares	84,770,361.68	- 0 -	---
Horticultural Seeds	1,627,971.6	- 0 -	---
Hoes (Uganda Hoes LTD.)	10,677,120.00	- 0 -	---
Hoes (UGMA)	4,145,932.00	Indeterminate	UGMA
TOTAL	101,221,385.28		

Payments out of the account have been made to meet the local costs of training primary society officials, to begin rehabilitation of some of the cooperative training wings, to fund an experimental pilot project to make charcoal briquettes out of coffee husks, and to meet some of the costs incurred by the MCM in monitoring the commodity distribution program. The status of payments to date is summarized in the table below.

PAYMENTS OUT OF AID/MCM SPECIAL ACCOUNT #1 (CIP)

Total Deposited to Date:	149,988,718/=*
Total Placed in Sub-Accounts:	91,021,800/=
Amount Uncommitted:	58,966,918/=

SUB ACCOUNTS:

Activity	Amount in Subaccount (USh)	Amount Withdrawn (Ush)	Amount Spent (USh)
Rehabilitation of Training Wings	50,674,200	7,330,000	5,235,925
Local Costs of Training	28,124,400	12,171,917	11,663,785
Ministerial Supervision	8,223,200	2,500,000	913,650
Charcoal Project	<u>4,000,000</u>	<u>2,414,170</u>	<u>2,414,170</u>
TOTAL	91,021,800	24,416,087	20,227,530

* This is larger than the figure for payments into the account as cited in the previous table, perhaps due to bookkeeping lags.

Brief comments on each sub-account activity are offered below.

a. Rehabilitation and Training

Ordinarily the local costs of training and rehabilitation would have been met by the MCM as a portion of the Government of Uganda counterpart contribution, but because funds were not approved in this year's MCM budget request, some of the local currency generations had to be put to these

purposes. However, the understanding between MCM and the Ministry of Finance is that a supplemental appropriation will be made available to the MCM to replace the funds taken from the AID/MCM account, and the MCM expects to receive funding for such purposes in next year's budget. Certainly the MCM and the Commissioner of Budget in Treasury seem committed to supporting the training program to the extent possible, although the general lack of domestic revenue will continue to place constraints upon the Treasury's ability to meet such requests in full. Two other factors complicate the picture: the MCM has not had much of a training program for several years past, and inflation has been very high. This makes it difficult for MCM or anyone else to adequately plan a budget to support the training.

Recommendation 12: MCM, with ACDI assistance, should complete their assessment of the recurrent costs associated with the training program to date, to assist in the preparation of a credible budget request. Care should be taken that the current vigor of the ACDI training program does not result in an inflated request wholly beyond the capacity of the Treasury to meet.

b. Ministerial Supervision

Costs of ministerial supervision are only now beginning to be met out of the AID/MCM special account. Rather, these costs have in the past been met and continue to be met from the funds generated through the MCM's monitoring mark-up on sales of commodities (these funds are deposited into the MCM account "AIDs and Projects").

The MCM monitoring mark-up may have been necessary in earlier phases of the program, when MCM had no other funds with which to undertake monitoring, but this complicates (and in part necessitates) the system of administered prices described above. There are at least two other more desirable options.

Option 1: The full costs of the monitoring operation could be met out of the AID/MCM Special Account. The costs of the monitoring operation should be estimated in the course of the audit called for in Recommendation 4 above. This option would impose a requirement on AID to monitor expenditures carefully, but would allow AID considerable control over the commodity monitoring system, at considerable administrative cost. This option would be relatively easy to implement over the short-to-medium term.

Option 2: The full costs of the monitoring operation could be met out of the MCM recurrent budget, provided that

Treasury responds favorably to a supplemental budget request for the funds required. Once again, the costs of the operation should be accurately estimated in the course of the audit. recommended above. This option would eliminate any direct role for AID in the monitoring operation, which would be administratively attractive, but would also reduce AID's level of knowledge about the performance of the monitoring system. This option should perhaps be regarded as a long-term objective, since it would be difficult to implement quickly.

Recommendation 13: MCM and AID should amend the project agreement to eliminate the monitoring markup, provided that it is possible to set in place one or the other of the two alternative procedures suggested above (or other alternatives that may occur to those concerned). MCM prefers the first option, which is indeed likely to prove most feasible over the short term.

Recommendation 14: If Option 1 is adopted, AID, MCM, and ACDI should consider whether the task of monitoring payments into and out of the AID/MCM Special Account should be done by the ACDI Administrative Assistant called for under Technical Assistance Recommendation 6. This would ease the burden of monitoring which would otherwise fall primarily on the ADO/Kampala.

c. Charcoal Project

This project, although still in a very early phase, shows considerable progress in a short period of time, and the MCM officers in charge appear to be well-qualified to manage the effort, having thorough knowledge of their project. Since this project is still in an early pilot phase, questions remain about the economic viability of the project, since to date labor costs and costs of raw materials have not been factored into the cost accounting, but a complete evaluation of the sub-project is apparently being separately scheduled and should be able to resolve these and other issues. In any case a number of technical details have still to be worked out.

2. AID/MCM Special Account #2 (FPSP)

This is the account into which is paid local currencies generated through sales of AID-financed commodities imported under the Food Production Support Project (FPSP). The table below summarizes payments into the account as of 30 September 1983.

PAYMENT INTO AID/MCM SPECIAL ACCOUNT #2 (FPSP)

<u>ITEM</u>	<u>DEPOSITS (SHS)</u>	<u>AMOUNT DUE</u>	<u>OWED BY</u>
Horticultural Seeds	46,061,605	8,549,048	UCCU
Stationery	-0-	8,326,425,60	UCA
Motorcycles & Spares	-0-	66,588,698	MCM
TOTAL	46,061,605	83,434,171.60	

There have been no expenditures from this account as yet.

3. "AIDs and Projects" Account

This is the MCM account into which are paid funds generated by the MCM's monitoring mark-up. Details regarding past payments into this account are summarized in the table below.

PAYMENTS INTO "AIDS AND PROJECTS" ACCOUNT (1)

USAID PROJECTS:

	<u>U. Shillings</u>	<u>Project Title</u>
1. USAID Office (advance) (2)	477,000.=	CIP
Bicycles	6,724,200.=	CIP
Uganda Hoes	2,186,875.=	CIP
Ugma Hoes	155,085.=	CIP
Maize Seed	3,200,000.=	CIP
Wheat Seed	550,000.=	CIP
Assorted Horticultural Seeds	1,154,070.=	CIP
Motorcycles	NIL	FPSP
Stationery (UCA)	<u>NIL</u>	FPSP
	<u>14,448,230.=</u>	
2. <u>UNDP PROJECT</u>		
UNDP Office	2,212,800.=	
UNDP Hoes	<u>7,750,000.=</u>	
	<u>9,962,800.=</u>	
3. <u>C.M.B. Avon Bicycles</u>	<u>3,648,200.=</u>	
TOTAL	<u>28,058,230.=</u>	

(1) Local currency generations are cycled through this account before being deposited into either AID/MCM Special Account 1 (CIP) or 2 (FPSP).

(2) This money was advanced by AID to MCM on 28 January 1981 to cover initial operating expenses of the monitoring effort before the MCM had begun to collect the MCM monitoring markup. Receipts accounting for expenditures are available at MCM.

Clearly the monitoring markup has generated considerable funds for the MCM. Some general indication of the uses to which these funds have been put is contained in the table below, which summarizes payments out of the "AIDs and Projects" account during the first six months of 1983.

Payments out of "AIDs and Projects" Account

<u>ITEM</u>	<u>AMOUNT</u>
Monitoring Allowances	3,391,388
Vehicles Maintenance & Repair	1,831,480
Head Office	304,750
Stationery	435,061
Statistics	99,950
Entertaining & Parties	40,345
Advances to MCM	496,750
Charcoal Project	753,495
Bicycle Distribution Expenses	44,220
Bicycle Sales Refunds	328,250
Advance to Wambizzi	31,000
TOTAL	<u>7,756,689</u>

The evaluation team had neither the expertise nor the opportunity to examine these expenditures in any detail. But some of the titles (entertainment, advances to MCM, advances to Wambizzi) do not seem directly related to the field monitoring effort. The evaluation team has no reason to think that improper expenditures have taken place, but in the absence of complete information of the sort an external audit might provide cannot vouch for this unconditionally. In addition, the expenditures should be examined in any case to assist in determining the full costs of the monitoring operation, an assessment that is needed if the MCM monitoring markup is to be replaced by other sources of funding as recommended above.

Recommendation 15: AID and MCM should undertake a joint audit of the "AIDs and Projects" account, primarily to arrive at full understanding of the complete costs of the monitoring operation, and secondarily to satisfy themselves that the funds have been used substantially in accordance with the original intent.

E. Progress Toward Project Objectives

The commodity distribution component of the Food Production Support Project has contributed substantially toward project objectives. There is no question that the vast majority of inputs are in the hands of the farmers for which they are meant. Bicycles, motorcycles, and other vehicles are improving the capacity of MCM employees to perform essential supervisory duties. Despite substantial difficulties, AID and the MCM are committed to the rehabilitation of the domestic

agricultural implement industry, which should be counted as a major service to Ugandan farmers. It is the team's assessment that the distribution scheme has been handled about as well as could have been expected, given the extraordinary diversionary pressures with which the MCM and AID must contend, and the great difficulty of coordination, communication, and movement in Uganda today.

Nevertheless, the impact of the program could be improved. The recommendations offered in Part III, taken as a whole, indicate how AID and the MCM can begin to transfer to the private cooperative movement greater control of the commodities distributed, and a greater share of the resources generated thereby. In this way AID and the MCM could put the commodities to a truly developmental purpose. Not only would the commodities be provided, but the process of distribution can be used to build up the capacity of the cooperative organizations upon which Uganda and her farmers depend.

IV. Training

This section assesses the progress made on the training aspect of the Food Production Support Project. Greatest attention is given to the U.S. training, the advanced management training, and the Training of Trainers seminars. Brief comments are also made on the wide range of technical training seminars conducted to date. The section closes with a summary assessment of progress made toward project objectives.

A. Phasing of U.S. Participants

The departing schedule for participant training in the U.S. has not had a negative impact on project goals and objectives. The majority of the participant training took place in the summer of 1983, which was the most opportune time for trainees to visit farm operations and cooperative unions in the U.S., and which provided U.S. personnel a greater opportunity to program trainees throughout the country. All training has now been completed with the exception of the Makerere University and Cooperative College lecturers. Although quite a few officers were absent from the MCM for an 8-16 weeks period, having many officers away from their duties for a short period of time was better than having fewer officers away over a longer period of time. If participants had been programmed near the end of the contract period they would have had little opportunity to have a positive influence on the project as a direct result of their U.S. training; with approximately one year remaining in the contract period, participants will now be able to contribute substantially to the overall goals and objectives of the project.

Nearly 2000 Ugandans have had the opportunity to participate in training programs since the beginning of the USAID/ACDI contract in August, 1982 (see below). All Ugandans interviewed were very appreciative of the opportunity to upgrade their areas of expertise. Evidence is just now beginning to surface indicating that the overall training program will have a beneficial effect on the cooperative movement. Difficult circumstances in Uganda regarding security, transportation, housing, communication, and unavoidably low funding from the MCM, has perhaps had a detrimental effect on the overall training program, but USAID, ACDI, and MCM should be commended for a well planned quality training program and the large number of people they have reached in the first year of the contract.

SUMMARY OF TRAINING

	<u>In Process or Completed</u>	<u>Planned in Future</u>
U.S. Training	57	3
Adv. Level Management	48	30
Mid Level Management	123	-
Training of Trainers	84	-
Content Training	41	22
Transportation & Mechanics	252	-
Society Secretary Managers and Committee Members	1774	6000
Women Management	20	-
	<u>1831</u>	<u>6055</u>

The following is a brief description of the various training programs that have started and those in the planning stages for the remainder of the contract period.

B. U.S. Training

Approximately ten years have elapsed since many Ugandans have had the opportunity to participate in retraining programs. It is impossible to understate the impact the AID/ACDI cooperative training program has had on the morale of the cooperative staff and members around the country.

Although just 48 participants were originally planned, 57 Ugandan executives, lecturers, and officials of various unions and the MCM were selected for short-term participant training in the U.S. Programs were designed so trainees could obtain information relevant to their own duties and responsibilities. Of the 57, three were senior executives selected for a special 10 week training course because of their responsibility for implementing agricultural policies for the cooperative movement. Five were participants selected from the Kigumba Cooperative College for nine months of training and will be responsible for planning and implementation of training at the Cooperative College upon their return. Their training is in the areas of economics, management, accountancy, communications, and rural education. Two lecturers from Makerere University were selected for 18 weeks of training; their responsibilities include developing a curriculum for cooperative education at Makerere University in the Department of Commerce and/or Agricultural Economics (see also Makerere University section). Two Members of Parliament (one from each

party) were also selected for 10 weeks of training on the basis of their influence and frequent contact with faculty in the cooperative college, and because of their relationship to the cooperative movement.

The other 45 participants were selected from the MCM and cooperative unions to participate in a variety of programs, workshops, and seminars on cross-cultural awareness, cooperative management, cooperative education, on-the-job training, agricultural tours, management communications, and visits to cooperative banks and farms. Thirty-nine were MCM officials from the headquarters staff and districts throughout Uganda, and others were from cooperative unions. Of these, 10 were selected for a 10-12 week program involving credit and audit, and 18 participated in a 8-10 week course of cooperative education and management.

The five participants from the cooperative college, three senior executives from the MCM and unions, two lecturers from Makerere University, and two Members of Parliament are still in the U.S. completing their programs. Plans are in process to send three more participants to the U.S. for training in 1984.

Fifteen participants were interviewed about their U.S. study tours, and a majority expressed high praise for the programs. The communication seminar received exceptionally high ratings as well as the management seminar. Participants did express concern that not enough time was allowed for the management seminar but all reported they benefitted from the seminar, and would not want any part eliminated; all asked that the amount of time devoted to the courses be increased. Five of the participants interviewed expressed concern that the communications seminar was held at the end of their program, becoming entangled in other activities such as the writing of end of tour reports, and preparation of final plans to return home.

A few participants expressed confusion about the U.S. cooperative credit system. This apparently occurred because, at the start of their U.S. tours, they met heads of various national-level credit institutions and were briefed on operations without sufficient background preparation. It would probably have been better to review the national institutions near the end of their tours.

Many of the participants were programmed to live with farm families who were members of U.S. cooperatives. Apparently this was not fully realized as several of those interviewed reported they did not have the opportunity to live

on an American farm.

A number of participants expressed a desire for more time at the end of their study tour to finalize arrangements, especially when reports were expected before departure from the U.S. Although each participant was instructed to write reports on each segment of their experience throughout the program, it was difficult to summarize findings until the training process was completed.

All persons interviewed and end of tour reports rated the U.S. training high. The goals and objectives of this phase of training have been fully realized.

The ACDI/MCM team is in the process of planning a follow-up seminar in early December for all participants receiving U.S. training. The participants will evaluate their respective programs and plan programs within the MCM and the cooperative movement using their U.S. training as background. This seminar should be valuable for further programs and help to ensure that the U.S. training will have broad impact within Uganda.

Recommendation 1: The review of national level U.S. credit institutions should take place near the end of future U.S. study tours.

Recommendation 2: Consideration should be given to extending the U.S. participants's end of tour period by at least one and preferably more days to facilitate write-up of their reports, which serve an invaluable function in enabling ACDI to evaluate the training programs.

Recommendation 3: Every effort should be made to ensure that participants live with farm families when this training is requested by the USAID mission and ACDI country team.

Recommendation 4: Apart from the 3 participants currently planned, no further short-term U.S. training should be necessary to realize the rehabilitation of the cooperative movement and the objectives of this project. It may be necessary to provide additional U.S. training in specialized areas or for special projects.

C. Advanced Management Training

Before implementing this training, a needs assessment was conducted. Two methods were employed to obtain the opinions of union and MCM officials regarding training needs.

---Thirty-eight officials were surveyed from cooperative unions, MCM, USAID, and IPA; and

---Organizational Diagnosis for Manpower Development seminars (2 1/2 days each) were held.

The survey and the diagnostic seminars were used together to determine the content of the advanced management seminars.

Based on these findings, two seminars were conducted by four ACDI personnel: one at Chobe Lodge in Northern Uganda and one at Mweya Lodge in Western Uganda, with 27 and 22 officials attending respectively. Of the 49 officials attending the two seminars, 15 were MCM officials, 33 represented national and district unions (these were General Managers and Secretary Managers), and one was from the Coffee Marketing Board. A deliberate attempt was made to take these officials away from their offices and work places to avoid work interruptions. Both areas are remote and allowed for close interaction among and association with participants.

The seminar itself dealt with planning, time management, personnel management, training needs and assessment, and project implementation. Participants gave high ratings to the ACDI team at the close of the seminars, ranging from 4.2 to 4.7 on a 5 point scale.

For the purpose of this evaluation eleven interviews were held to assess the strengths and weaknesses of the seminars, and the extent to which the management and training techniques have been put into actual practice.

In addition to the management and training taught as part of the course, techniques were used to involve the participants in the seminar, and each participant was expected to plan a "back home" project which could be implemented upon returning to their respective job situations.

Evidence indicates that many of these projects were implemented. The following are projects discussed by the participants which have been fully or partially implemented.

1. One official gave a complete step by step procedure for ordering equipment and supplies for the ministry. He started by collecting data necessary for the equipment and supplies needed, then wrote a justification for the project, obtained market prices and prepared his budget, allowed time for review, reviewed bids and supplied the Treasury and others with proper documentation for shipment. He then organized the personnel

needed to store, handle and distribute the commodities. He stated this project plan was a direct result of the management seminar.

2. One participant designed a project on the proper method to write and publish newsletters. He included estimates and has distributed his plan to cooperative unions for their use.

3. One officer formulated plans for improving the reporting systems for cooperative unions which would allow for proper feedback and afford better planning. This officer went on U.S. training and has had little time to implement his plan.

4. Another officer planned a program to follow the flow of paper and reports in the personnel section, trying to determine areas where inefficiency and delays occur. The officer has not implemented his plan, but expects to do so immediately.

5. One officer has revitalized the education section of the union by sending his education officers to the Training of Trainers seminar. The educational officer has since conducted four seminars for society members and has three more in the planning stage.

6. A number of officials discussed partial plans for time management; one exhibited a complete daily log of his planned and completed activities. Several discussed their personnel management work and were beginning to involve their staff more in the planning and implementation of their operations. One stated he was giving more authority to his subordinates to go along with their responsibility to complete assigned tasks.

All participants interviewed spoke well of the training received and the method by which it was conducted, however, most were of the opinion that more time could have been allocated to the seminar.

Recommendation 5: Continue management training at this level, but plan for specialized segments of training. Individual seminars could be held for planning, personnel improvement and management, and time management. Overall, this training appears to have had a positive effect on the cooperative movement and the MCM, and should be offered again from time to time as new managers enter the system.

D. Training of Trainers Seminars

This seminar provided for instruction and practice in a learning process which developed methods and techniques in adult learning for MCM officials and cooperative union

personnel. Many of the participants had not been provided an opportunity to participate in retraining for many years.

This seminar was the means whereby Ugandans were trained to participate in and conduct their own retraining programs. The concept of training Ugandans to do further training is a sound educational approach. It will help to ensure the continuation of training within the cooperative movement after the ADCI project is completed.

A total of 83 Ugandans participated in this training, with representation from many cooperative organizations. Twenty-one participants were from cooperative unions, two from the Institute for Public Administration (IPA), four from the Management Training Advisory Center (MTAC), one from MAF, one from the Uganda Cooperative Alliance, and forty-nine from the MCM, including officers from headquarters to district level.

Participants were organized into teams and taught to carry out educational programs at the primary society level. Topics included needs assessment methodology, setting goals and objectives, sequencing of programs, content, and in addition participants actually planned and conducted a one-day seminar.

The 82 participants were organized into two seminars. The first was conducted by four ADCI trainers. The second was conducted by Ugandans trained at the first seminar and one ADCI trainer. The fact that the Ugandans were confident enough to teach the second seminar speaks well of the training they received from the U.S. consultants. Virtually all of these trainers are now in the field, training cooperative secretary managers, accountants, committee members, and members, and this is another indication of a successful training seminar.

Selected participants from the seminar were also given the task of completing teaching manuals for several courses including Uganda Cooperative Training, Uganda Cooperative Production, Factory Managers, Accountants, and context manuals as well. These are now completed and are being used in the next step of the training process.

Recommendation 6: This training is of exceptional value. Although all the trainers are still in the field it can be assumed that some will eventually be transferred to higher level positions. Therefore the Training of Trainers should continue to take place from time to time as needed.

E. Mid-Level Training

Twelve Ugandans from IPA, MTAC and the cooperative

movement, who participated in the Training of Trainers seminar, also conducted the mid-level management training (for accountants and production managers) with an ACDI counterpart. Prior to the training seminar, needs assessments were conducted and training materials were developed.

Two week seminars were held for various groups, including accountants (without degrees), accountants (with degrees), and three manager's seminars (one for production managers, one for factory managers, and one for ginnery managers).

A total of 123 people participated in these seminars, and the participants interviewed rated the seminars high.

Recommendation 7: This training should be continued by Ugandans, with periodic ACDI supervision if necessary. Other topics may be added as new and different needs are identified.

F. Content Material Training

A content manual was prepared by Ugandan participants in the first Training of Trainers seminar, aimed at the needs of secretary managers and society members. Following the second Training of Trainers seminar, content courses were held for the training teams expecting to participate in society-level training. This course assisted trainers in becoming more knowledgeable about the actual material which is now being presented to the societies.

Forty-one trainers have participated in two courses in the Northern and Western regions. One more Training of Trainers course will take place in the Eastern region before society training can begin.

Recommendation 8: The Training of Trainers approach is vital to the training process and should be continued from time to time as the need for new trainers arises.

G. Cooperative Society Training

During September, two different types of society-level training were organized by an ACDI consultant in conjunction with Ugandan trainers. One week of residential training is being held for secretary-managers at rehabilitated cooperative training wings, and a non-residential one week course for committee members is being conducted at places that can be made available on a daily basis. Because of MCM budgetary constraints, the committee member training is conducted over a five-day period with the participants travelling to the chosen

location each day. The secretary-managers participate in groups of 30 each from four contiguous societies, and the committee members in groups of 36 each.

The country has been divided into three regions (West, North, and East) for training purposes, and it is anticipated that 10,770 secretary-managers and committee members will have been trained by June 1984. In the Western region, 1774 have effectively been trained by 10 teams, each composed of 2-3 Ugandan trainers. Training is now taking place in the Northern region, where approximately 3500 people will be trained, and an additional 2500 will receive training in the Eastern region.

The primary trainer is playing a vital role in this training by coaching teams, helping with needs assessment, and organizing trainee groups. It is too early in the program to obtain any results from the training effort but the society people are eager to attend the courses.

Recommendation 9: Extend the contract of the Primary Trainer for an additional year to allow him to follow-up with societies, to plan more programs for regular members, and to assess the overall success of the training program.

H. Other Technical Training Activities

1. Transportation Training

Two ACDI consultants have provided training for transport managers and maintenance managers representing national union, district union, and primary society personnel. The training itself has concentrated on transport methods, hire/lease decision making, economics, vehicle selection, disposition, and maintenance, cost records, budgeting, driver programs, safety, and dispatching.

Two one-week seminars have been held, one for transport managers with 20 participants and one for maintenance managers with 21 participants attending.

One week of follow-up training is scheduled for transport managers before the departure of the transportation consultants.

Although participants rated this training high, there were some communication problems at the beginning of the training program. In retrospect the manager training would have been more effective had several Ugandans been utilized as leaders of the training sessions. As the training developed the communication problem was recognized and interpreters were

employed to explain part of the material, especially in the technical areas. The difference in terminology between U.S. and Ugandan English was also a limiting factor. The trainer of trainees approach may have increased the effectiveness of this program.

As experience was gained and needs became more apparent, the consultants conducted six 1/2 day seminars for mechanics. A total of 211 people participated from the district unions, UCCU, and USAID.

Several weeks after the first transport managers seminar, the two consultants revisited the managers to ascertain (insofar as possible) the effect of their training effort and to prepare for the second week of training. The consultants reported that some evidence of their effort could be seen, that is, housekeeping and bookkeeping procedures were being used. Difficulty existed however with this training program, because UCTU, which is the logical administrative unit to organize and supervise the effort, is not assuming its role at the district union level, and was not receptive to the consultants's recommendations.

The consultants have explored other means by which training, supervision and maintenance can be accomplished within the cooperative movement. These suggestions, however, need further study.

Lack of manuals for transport equipment, spares and tools is also limiting the impact of the training.

Recommendation 10: Training for transportation personnel in the union movement should not be continued until these problems have been resolved. It is therefore recommended that a study be undertaken to ascertain where and how USAID/ACDI should continue their involvement in cooperative sector transportation training and development (see also Section II.B.3 above).

2. Distribution and Warehousing Training

This consultant began a long-term stay in Uganda in August, 1983 and is presently conducting a needs assessment. He will organize and conduct a training program thereafter.

3. Cooperative Credit Training

The cooperative credit consultant arrived in Uganda August 1983 and has not yet finalized a training program, however, the consultant expects to use the personnel in place

to organize training.

4. Sales Management Training

Early in the contract period a technical assistance consultant studied the sales situation for cooperatives and has recommended four weeks of basic sales management training for Ugandans in cooperative sales positions.

Recommendation 11: The distribution and warehousing consultants, cooperative credit consultant, and sales management consultant should use the training of trainers technique in their educational programs. These trainers will then be the nucleus for future training needs.

5. Women in Development Training

The women's development consultant was to assist in the development of a training program for 33 ACO's who will be in charge of women's programs in the cooperative movement.

The consultant and two women who had participated in the first Training of Trainers seminar formulated plans for a women's seminar. A needs assessment was conducted prior to the seminar for women in the Western region. Notices were sent to DCO's in the region requesting that they select and send participants to the seminar who would return to their districts and conduct women's development programs. Unfortunately a few women attended the course who were not aware of the goals and objectives of the project. One DCO sent his secretary who was unable to devote the time necessary to women's development activities upon her return.

Twenty women attended the seminar and discussed ideas for development, with each participant developing a "back home" plan for their district. The consultant and the two Ugandan trainers are now in the process of following up on activities carried out by the women in their districts.

A second seminar is planned for the Northern and Eastern regions in January 1984 for 30 women. The needs assessment will be conducted in conjunction with the recruitment of the participants. Direct recruitment will help to ensure that women attending the seminar will in fact be responsible for, and capable of, implementing programs in their districts.

Recommendation 12: The time for this consultant should be extended three months to help with follow up from the first seminar, advise on needs assessment and recruitment, assist in conducting the Northern and Eastern region seminars, and follow

up with participants, provided these plans are approved by MCM counterparts.

6. Kigumba Cooperative College

The cooperative college will be considered in this report because five lecturers there have been selected for two 18-week courses in the U.S. When their programs are completed they will return to the cooperative college to improve the quality of training and participate in the rehabilitation process. However, before curriculum revision begins and other materials, equipment and supplies are ordered, a decision must be forthcoming on the future role of the college in training MCM and district union staff. Although all agree that this college will play a role in the cooperative movement, that position seems somewhat unclear.

Discussions are underway between the MCM and Makerere University to determine what role Makerere University will have in the overall training scheme. Two Makerere participants are presently studying in the U.S. and are expected to make recommendations for a Makerere program. Therefore decisions concerning any training program should involve both Makerere University and the Cooperative College to avoid duplication of effort, and to ensure that relevant training needs are not overlooked.

Consideration should also be given to the number of ACOs and AOs now being trained at the cooperative college. Graduates from this college have a functional responsibility in the MCM to provide supervision for the primary societies. Present records show that there are 4325 societies in operation in Uganda and 1271 ACOs and COs employed in the ministry. This gives a ratio of one ministry officer to each 3.4 primary societies. It must however be assumed that some will not be assigned to the primary societies but to headquarters, zonal, and district offices, thus reducing the number available for primary society supervision. With one officer for each 3.4 primary societies, however, it would be advantageous to study their roles and workloads to determine the exact number of officers necessary to provide adequate supervision. Retirement, annual attrition to other jobs, and workload should be assessed for a clear understanding of the cooperative movement manpower needs. Only then can it be determined how many officers the cooperative college or Makerere University should produce.

Recommendation 13: Consideration should be given to whether the number of students sitting for certificates and diplomas be reduced at the college and perhaps eliminated

completely if a program at Makerere University can meet the Ministry's needs. Further consideration should be given to whether the cooperative college can then become a center for continuing education, placing emphasis on short courses, seminars, and in-service training for district and national unions and primary societies.

Recommendation 14: A manpower needs assessment should be undertaken to determine the manpower needs of the cooperative movement and the job responsibilities and workload of officers working with primary societies.

7. Makerere University

Two lecturers, one from the commerce department and one from the agricultural economics department at Makerere University, are presently receiving training in the U.S. with the responsibility to study and recommend a curriculum at Makerere University to address training needs of the MCM and the cooperative movement.

Makerere University has a long and distinguished past in providing excellent education for Uganda and other African nations. It seems logical to build on this reputation and for them to lead the way to new and innovative methodology and programs. While the two participants are studying the curriculum for the cooperative movement, consideration should be given to meeting MCM training needs at Makerere University, and discontinuing diploma level training at Kigumba Cooperative College. The reasons for this are given below.

Two circumstances are affecting the development and upgrading of personnel in the MCM. First, the MCM has a policy of not allowing officers holding diplomas to advance in the ministry system without further academic qualifications, e.g., a university degree; but (this is the second circumstance) Makerere University is very reluctant to accept mature entry students (that is, officers with field experience who do not have a BSc. degree). The commerce department this past year has reserved only two places for mature entry in a class of 50. Thus, experienced officers can neither obtain the degree nor advance without it. This is demoralizing. Both Makerere University and the MCM should seriously review these policies with consideration given to what is best for Uganda and in particular the Ugandan cooperative movement.

Recommendation 15: The Department of Commerce, in conjunction with the Department of Agricultural Economics at Makerere University, should implement training that will provide the MCM and apex union officers high quality training

to meet their respective needs. MCM and Makerere should give this program continued support.

8. Institute of Public Administration (IPA)

The IPA is a training, research, and consultant institute concerned primarily with the needs of government workers in Uganda. The Institute is divided into five sections and has twenty-one lecturers. Post-graduate training is given in three major sections, Public Enterprise Management, Public Administration, and Local Government. Two sections which complement the teaching sections are Library and Communication and the Learning Resource Development Unit. The Institute has a residency capacity of 140 and classroom and dining capacity for 250.

Nine months of post-graduate training constitutes the majority of the training at the Institute. Presently a few non-degree holding cooperative officers have been allowed to enter these courses, which is a welcome departure from the past.

Several of the IPA lecturers participated in the MCM and cooperative training programs, making a valuable contribution to the overall MCM/ACDI training effort. The MCM should take every opportunity to place their officers in training programs at IPA, including those officers holding less than a BSc degree.

9. Textbooks

The ACDI Cooperative Agreement stipulated the sum of \$50,000 for the purchase of textbooks and journals to begin the rehabilitation of the cooperative college at Kigumba. This college is presently the training institution for MCM personnel at the certificate and diploma levels. The college itself has been looted of all teaching materials, equipment, etc. and thus is presently unable to provide adequate training. The five participants sent to the U.S. for retraining, and the purchase of textbooks, are the first attempts to improve quality of training.

Twenty-five percent of the textbooks have arrived and the remaining supplies have been ordered; shipments are being received periodically.

Recommendation 16: Existing funds should be expended on procurement of Kigumba teaching materials and equipment as planned, but no further plans for purchase of books and other curriculum-related materials should be made until a decision has been made by the MCM concerning the future training program to be held at the cooperative college (see section under

Cooperative College). Rehabilitation and replacement of general-purpose teaching supplies could continue as appropriate, since this would have to be done no matter what role Kigumba is given in future.

I. Progress Toward Project Objectives

The training effort is aimed at rebuilding Uganda's cooperative movement, and has made a very impressive beginning. Literally thousands of Uganda cooperators are receiving training for the first time in many years. It is impossible to underestimate the favorable impact such training has on the morale and capability of cooperative staff and members. In the short space of one year the MCM/ACDI team has put in place an effective training system that has accomplished more than would have seemed possible, given the general difficulty of communication and movement in the country. AID and MCM have also acted effectively in support of the program, stepping in with local currency generations to meet training needs until the Treasury can respond to MCM's legitimate needs. The evaluation team wishes to compliment ACDI, AID, MCM and the cooperative union counterparts on the substantial progress achieved so far.

V. Domestic Support of Cooperative Development

A major purpose of this project is to assist Uganda to rehabilitate its cooperative system. In this section attention is given to those factors considered vital to the development of a sound system of agricultural cooperatives. These factors will be outlined and evaluated in the following subsections beginning with government policy and actions relative to agricultural cooperatives. Subsequent sections examine the extent to which Uganda cooperatives may be considered free enterprises, and some key programs such as credit. A final section offers findings and recommendations.

A. Government Policy and Actions

There is much enthusiasm for the development of cooperatives in Uganda, beginning with government at the highest levels and continuing down to and including farmers. The climate for development is, on the surface at least, favorable. In this section attention is given to the general climate for cooperative development in Uganda, the extent to which government is involved in operational management of cooperative organizations, the implications of the cooperative law, the implications of recent rapid growth of primary societies, and other concerns.

1. General Climate

Actions taken by government to develop cooperatives are positive, if not always sound. Some indicators of positive support include finance and other services, and current efforts to revise the cooperative law.

a. Government provides financing to cooperatives, although funds for this purpose are very limited at this time. The Ministry of Cooperatives and Marketing (MCM) also provides a variety of other programs in support of cooperative development that include: marketing, technical assistance, and overall supervision. These programs, the most important of which will be examined below in more detail, are provided through the Department of Cooperative Development and the Marketing Boards, both under the MCM.

b. One indicator of the overall climate for cooperative development is the current financial status of district unions. In this regard, the evaluation team notes with concern that 21 of the 34 district unions, or nearly two-thirds (62%), are experiencing operating problems and at this time are rated by the audit section as not financially viable. This situation is noted here in order to provide a "bench mark" for future

evaluations of this project.

c. Another indicator of the overall climate is provided by a study of DCD staffing patterns. This study indicates that there are 1703 approved positions for cooperative department field staff, with 1271 being filled. The same report lists the number of registered cooperatives as being 4325. This means there is about one DCD employee for each 3.4 registered cooperatives. Taking into account that over 90% of these societies operate on a seasonal basis, a half year or less, the number of DCD employees seems excessive. The salaries of these employees are paid from funds out of the Treasury and it should be remembered that the major contributors to the Treasury funds are the farmers in Uganda. Consideration should therefore be given to a manpower assessment for MCM that would address questions of the cost-efficiency of current staffing patterns.

d. Cooperative Act: Certain activities and legal requirements of the MCM result in considerable government control over cooperatives in Uganda. It should be noted that the legal basis for much of this control is contained in the Cooperative Societies Act of 1970, and that a new act is in draft form and being circulated to cooperative leaders in government and the cooperative movement for their comments and recommendations. The draft provided the evaluation team, however, contains some potentially troublesome features as will be discussed herein. The evaluation team wishes to emphasize that, whether or not the MCM takes advantage of the provisions of the 1970 Act to control actions taken by cooperative organizations, the mere fact that the provisions exist may inhibit independent action by cooperative organizations. The prospects for passage of a new Act are considered very favorable by the highest officials in the Cooperative Department.

2. Government Management of Cooperative Unions

In 1979 (as cited in the report titled "The Reorganization of the Marketing and Processing of Crops in Uganda" by Bates, Hahn, and Kreag dated November 1981), some 66% of district cooperative unions were managed by MCM staff. This high figure obviously cast doubt at that time on the independent nature of the Ugandan cooperative movement. To explore the current situation, the evaluation team independently asked representatives from two different DCD divisions the question, "in what districts do DCD staff currently manage cooperative unions?" In each case the answer consisted of a list of districts where cooperative union managers were identified as DCD staff, and in each case the lists were identical, showing that 15 of the 33 active unions

(or 45% of the total) were being managed by DCD staff. In one case, a detailed subsequent discussion was held about the consequences of excessive government involvement in cooperative management. However, the evaluation team has since been assured by senior MCM and DCD officials that only three to five unions are actually managed by MCM staff. The team accepts this latter information as being definitive on the point, and notes that considerable progress seems to have been made in reducing direct government management of cooperative organizations.

3. The Cooperative Law and Draft Revision

The authority for the control of the DCD over cooperatives is contained in the aforementioned Cooperative Act of 1970. In this section some of the specific sections of the Act and summary of language in these sections will be cited to illustrate the nature and degree of control:

Sec. 23(1): Every registered society is required to submit its annual budget to the Minister of Cooperatives and Marketing (hereafter referred to as the Minister).

Sec. 23(3): No expenditures on any item can be made by the Cooperative until its final estimates have been approved in writing by the minister (In actual practice this is not always done. In the case of smaller primary societies the assistant cooperative officer (ACO) may approve the budgets).

Sec. 23(4): Minister states in writing what budget he approves and his decision is binding upon the cooperative.

Sec. 26(9): Registrar can dissolve existing society and register a new one in its place if in his opinion a resolution passed by two thirds of the Board of the existing society to the contrary is not material (not justified).

Sec. 27(12): Minister can amalgamate two or more societies if he is satisfied that: (a) it is in public interest; or (b) it is in interest of the Cooperative movement; or (c) it is for the purpose of securing proper management of any society.

Sec. 46(1): States "no registered society shall pay a dividend or bonus or distribute any part of its accumulated funds without the prior consent of the Registrar...."

Sec. 52(1): Minister may on his own motion hold an inquiry of a cooperative and if in his opinion the working or financial conditions of the Cooperative are unfavorable may, by writing, appoint a person (a supervising manager) to manage and

administer the affairs of such registered society (emphasis added).

Sec. 52(5): Provides that the supervising manager is not bound to act in conformity with any advice which may be presented by the board of the cooperative.

Sec. 53(1): States that if the minister is convinced an inquiry is not needed, he can dispense with the inquiry provided for in Sec. 51(1) of the Chapter titled "Supervision and Inspection of Affairs".

Sec. 86: States "the minister may, by statutory order, appoint for any society or cooperative union registered under this act,

- (a) a secretary/manager;
- (b) a factory manager;
- (c) an accountant, and
- (d) any other officer whom may be thought fit to

appoint."

These sections were selected to show the unusual degree of authority of government as exercised through the minister over cooperatives, and do not constitute a comprehensive review of the Act. It must be remembered that this act is the legal basis for the regulations of the cooperative department. The act and the regulations based on it seem somewhat inconsistent with the most basic of the cooperative principles: that a society should be owned and controlled on a democratic basis by its members.

It is encouraging that the MCM is at this time giving attention to repealing the Cooperative Society Act of 1970 and passage of a new act. This exercise has been underway for some months now and a draft act has been circulated to the managers of the unions, apex societies, and others for comment. A copy of the draft act was provided to the evaluation team for comparison with the existing act, particularly with respect to those sections and subsections that seemed to depart from accepted cooperative principles and practices. Based on this evaluation, the evaluation team has concluded that the draft act, although an improvement in some respects, does not fully address the issues noted above. The same sections using very similar language are contained in the draft act, with one exception, Section 86 of the Act of 1970, which gives the Minister statutory authority to appoint any officer in a society. The draft act in Part XIII-103(1) provides for an appointment board for the purpose of hiring employees of cooperative societies. What is important is that the board would be comprised of two representatives from the society

needing the senior employee, two representatives from the Cooperative Development Department, and two professional experts in the fields of the vacant post. A quorum of five is required and decisions of the board shall be subject to the approval of the registrar. Further, if the committee of a society wishes to dismiss an employee, it must do so through the appointments board whose decision must then be approved by the registrar. This is likely to prove very cumbersome in operation.

The draft act could do more to improve the sections in the Act of 1970 noted above. Also, the new section establishing an appointments board seems at odds with the principle of democratic control by members of a society through a board of their own choosing. Consideration might be given to revising Part XIII and the other sections cited as taking too much authority away from the societies themselves. This would be fully in accord with statements by top officials in the DCD, which indicate a desire to move away from government control of the cooperative movement.

The evaluation team recognizes that the circumstances in Uganda are different from circumstances in the U.S., and that the role to be played by government must necessarily be greater due to inevitable weaknesses at the district and society level. Judgements about what degree of government control is appropriate in particular circumstances will differ among observers. However, the team believes that the 1970 Act and planned revisions appear to give to government powers that go substantially beyond what is needed in Uganda today. The experiences of numerous other countries in Sub-Saharan Africa suggests that when the primary control is not with farmers, their commitment may decline, and the cooperative structure rapidly deteriorates.

4. Rapid Growth in Primary Societies

A rapid increase in the number of cooperative societies being registered by the DCD has taken place since the AID Commodity Import and Food Production Support Projects have been in operation. Many of the new societies have been referred to as "family cooperatives" because they barely meet the requirement of the cooperative act for a minimum of ten members and because these are often in one family. The rapid growth of societies is shown in the following tabulation:

Growth in Primary Societies

	<u>YEAR</u>	<u>NO. REG. COOP.</u>	<u>INCREASE</u>	<u>% INCREASE</u>
	1977	2852		
	1978	2905	53	2
CIP begins	1979	2941	36	1
	1980	3136	195	7
FPSP begins	1981	3434	298	10
(31 Dec. '82)	1982	3949	364	10
(July '83)	1983	4325	376	10

It is evident that an increase in registration began at the time news of the CIP began to circulate. Over 1300 new societies have been registered since 1979. From one perspective this seems a very encouraging development; the cooperative movement has emerged as one of Uganda's leading development institutions in the post-War period and rural people recognize this in their desire to form new primary societies. Also, government has encouraged the formation of new primary societies so that farmers are served by societies in their own communities, near to their homes. However, experience elsewhere suggests that such a great surge in cooperative growth brings with it problems of its own. The rate of growth increased ten-fold within the space of just a few months in 1979-80, and early figures for 1983 show that the rate of growth, already high, has doubled again (10% growth in the first six months of the year). Given the best will in the world, and even with existing high rates of professional performance, it seems unlikely to the evaluation team that all these new primary societies bring with them the qualities that are needed to form a firm basis for sound cooperative growth in the future. In situations of this kind, it is necessary to enforce requirements of the Cooperative Act with even more care than is ordinarily done, particularly with respect to the requirement that the prospective members and potential board members organize educational meetings and study circles. Also it may prove difficult for many of these new societies to meet the test of economic feasibility. This problem is recognized by the DCD, which has responded by requiring new societies to have a minimum of 30 members, and the draft cooperative act requires at least 30 members before a society can be registered. This will help, but there is also a need for great attention to be paid to the registration requirements in the cooperative act concerning training, understanding of cooperative objectives, and serving an economic need.

5. Other Concerns

There are other factors that affect the sound development of cooperatives that can be traced to government policy. The first of these is the level of minimum prices set by the government for export crops. It is generally conceded that these prices are too low to bring forth the volume of production desirable. Prices have been raised following devaluation and the situation has improved; the Government of Uganda is aware of this situation and positive action is being taken to improve producer prices to the extent feasible and desirable.

A major problem in establishing fair market minimum prices is the lack of reliable cost data. This situation is being remedied by an in-depth study of costs to produce, process, and market export crops. This information should enable the Agricultural Policy Committee (APC) and the Agricultural Secretariat (AS) to develop a more realistic pricing policy for export crops. This will aid greatly in the process of establishing minimum prices. It should be noted that the subject of agricultural prices came up during most of the meetings held with cooperative leaders by the evaluation team. It is an urgent problem.

Another issue is the inability of cooperatives to pay farmers for their crops at time of delivery. Partly this is because export boards do not get the money turned over to the cooperatives in time, although some unions also owe money to the boards. As a result of slow pay, farmers are often forced to sell to dealers who pay them less than the minimum price. In some instances it was reported that the cooperative managers and board members used the money provided to purchase crops from members as dealers at less than the minimum price, and then delivered to the export board at the minimum price. Because this situation was mentioned several times by different people interviewed it is reported.

B. Extent that Cooperative Societies in Uganda Operate as Free Enterprises

Major characteristics of a free enterprise system are that firms are market oriented, prices are set by market forces (competition), firms are free to enter and leave this market system, and there is a minimum of government control of the firms in the system. An evaluation of the cooperatives in Uganda on this basis shows they may not meet the test for the following reasons:

1. Most (about 90%) of the cooperatives are coffee or cotton

cooperatives, or a combination. As such they are primarily collection agencies for the export marketing boards. They are paid a price to collect the crops. For the most part they do not market these crops, but turn them over to the marketing boards who perform the major marketing functions. However, the cotton sector has been recently freed to allow the Lint Marketing Board, domestic textile mills, and domestic oil/soap factories to buy lint and cotton seeds competitively. This is an important development, which needs to be monitored closely by AID, because greater competition in the cooperative sector has the potential to strengthen cooperatives enormously.

2. In a system dominated by monopolies there is a minimum of free enterprise. In Uganda cotton cooperatives have a complete monopoly at the cotton gin level; all cotton must be ginned in a cooperative gin (there are no prohibitions against the entry of non-cooperative gins, but the weak state of the cotton sector makes it unlikely investors would put their money into such processing enterprises). Furthermore, a cotton producer must deliver his crop to a gin in his production area as designated by the Lint Marketing Board (LMB). A private dealer may buy cotton from farmers and deliver to the cooperative gin in the area the cotton is produced in, but this seems to happen infrequently. Moreover, several cotton cooperatives are not financially viable and should be allowed to undergo liquidation. To the extent firms are not allowed to liquidate, these firms are not free to leave the system. The situation with respect to coffee is less rigid. A number of private mills are allowed to operate and some coffee is purchased by private dealers. Still, coffee cooperatives, like cotton organizations, are not allowed to liquidate when failing, which encourages inefficient operations.

3. Based on the information presented in the earlier section on government policy, it seems that cooperatives in Uganda are subject to considerable government control. This is indicated primarily by the broad powers given to the Minister of Cooperatives to intervene in the affairs of these societies (see section on Cooperative Act), and to some extent by the price-setting role of government with regard to crops, inputs, and margins. However, top officials in MCM are aware of the dangers inherent in government control, and seem to prefer that the balance should be on the side of free enterprise. They are taking actions to relax controls and to bring about a cooperative system that is more owned and controlled by the farmers themselves. This is most evidenced by the fact that they have, with help from USAID, launched an extensive training program to acquaint the entire cooperative sector in Uganda with a better understanding of the nature, purpose, and operations of a cooperative system. As farmers become more

knowledgeable about their cooperatives they will realize and exercise the bargaining power potential of the cooperative movement. This power will be used to modify the marketing system to favor the farmer more than at present. Ideally, cooperatives will take over more and more of the functions now performed by the marketing boards.

C. Assessment of other Key Cooperative Programs

The scope of work as outlined in the Technical Assistance section of the Terms of Reference and Scope of Work directive was enlarged after arrival in country in order to identify other possible constraints to the success of the project. These are cooperative credit, distribution of farm supplies, and transportation.

1. Cooperative Credit: Interviews were held with the manager of the Cooperative Bank of Uganda (CBU), head of the Credit Section in the Department of Cooperative Development (DCD), the Planning Section in DCD, ACIDI Credit Advisor, and USAID officials in country. Also the subject of credit was discussed in numerous sessions with Uganda cooperative officials and leaders. Available reports on the subject, and these are numerous, were studied. Based on these sources of information the situation is as follows:

a. CBU has serious financial problems and is, in fact, insolvent. A reliable estimate of additional capital required to restore CBU to financial soundness is US\$1.2 billion. This estimate is based on the Deloitte, Haskins, & Sells report (a highly respected consulting firm brought in by AID to examine CBU and to make recommendations as to its future). Since this report and several others are well known to USAID their findings will not be detailed in this report. From information obtained in interviews with DCD officials, secretary-managers, and key union employees, cooperatives will not support the rehabilitation of the CBU or the establishment of a new bank unless they can be assured it will serve their needs and not those of the general public, as is the case now.

b. In the short-run (2-3 years) credit for agricultural production poses problems. Some credit of this type is available in the country, most of it being provided by the cooperative unions and supervised by DCD employees. For example, the credit section in DCD provided some information on the credit situation based on a study of societies selected from six districts. Information was obtained from 8 societies. This study was on a sample basis indicating or implying that additional unions were also providing some credit

to primary society members. Preliminary results are summarized in the tabulation below.

SAMPLE OF SOCIETIES USING OWN FUNDS FOR PRODUCTION CREDIT

<u>SOCIETY</u>	<u>DISTRICT</u>	<u>AMOUNT</u>	<u>#MEMBERS</u>	<u>AVG/MEMBER</u>
1. Kyabandara G.C.S. Ltd	Bushenyi	791,700/=	300	2,639/=
2. Bukuku Kwekamba S&C Society for Farmers	F/Portal	500,000/=	200	2,500/=
3. Barinyanga G.C.S. Ltd	Tororo	800,000/=	300	2,667/=
4. Tugezyeku Petete G.S.C. Ltd.	Tororo	400,000/=	100	4,000/=
5. Byuala G.C.S. Ltd.	Jinja	600,000/=	300	2,000/=
6. Virika Diocesan S&C Society	F/Portal	250,000/=	200	1,250/=
7. Kigezi Diocesan Workers	Kigezi	3,000,000/=	200	15,000/=
8. Breira G.C.S. Ltd.	Kasese	Provides tractor services on Credit and recovers after sales.		

This study also showed that for fiscal year 1982/83 Busoga Growers Cooperative Union, Ltd. loaned out US\$4,800,000 to 50 societies for the benefit of 630 farmer members, an average of US\$7,619 per farmer. In 1983/84 it has earmarked US\$10,200,000 for 68 societies to benefit 1800 farmer members, an average of US\$5,667 per farmer member. Other unions were also mentioned as providing funds. According to the pilot survey of the Credit Section, US\$31,754,200 is circulating in the cooperative movement. In U.S. dollars at window II rates this is about \$114,223, an insignificant amount in terms of needs--but nevertheless an impressive beginning.

In discussions with DCD employees in the Credit and Planning sections, considerable interest in production credit schemes was evident. Plans are being drawn up and circulated for discussion. Some of the enthusiasm has been generated as a result of some of these staff members having recently returned from the U.S.A. where they had a look at the Agricultural Cooperative System. A word of caution seems in order, i.e., the Agricultural Cooperative System in the U.S.A. serves the larger more financially solvent farmers. For this reason alone it will prove difficult to apply it to solve the credit needs of small farmers in Uganda. Certain features of it may however, be applicable. A highly capable technical advisor has been provided through ACDI to assist in development of the DCD production credit scheme. The lack of credit funds will likely

prove more of a constraint than the development of a program. Whatever the program, it should be advised not to move too fast. Experience in other countries has shown that crash programs of this type have not been successful. Also it is noted that the Agricultural Credit scheme began in the early 1960's on a small scale. Further, conditions pertaining to production, inflation, etc. are less favorable now than in the 1960's. A pilot program seems in order as a starter.

2. **Cooperative Distribution:** A viable cooperative distribution system is in operation in Uganda. At the apex is the Uganda Cooperative Central Union Ltd. (UCCU). Its members are the 34 union societies located all over Uganda. In addition it operates a cooperative farm supply shop in Kampala and three more in locations outside Kampala. A pressing problem is to improve its warehousing system. An ACIDI technician is here for one year to help UCCU with this task. This is much appreciated by the management of UCCU and his recommendations are being implemented. His work is considered successful. At a later date he will be conducting training programs for warehouse employees.

UCCU realizes the need for a more aggressive sales program. Another ACIDI technician was here for three months and conducted a study to decide if such a program would be justified and if so how it should be developed. The findings were positive and this technician may, with the agreement of MCM, be returning to help UCCU in establishing a sales program.

UCCU suffers from a lack of a communications system that would enable them to maintain constant contact with cooperative unions field supply shops. Because of a breakdown of telephones, a radio communication system network would serve the purpose at this time. However, the Farm Supply Shops network itself is also in need of rehabilitation and it has been suggested deserves a higher priority than the communication network. AID and ACIDI, in conjunction with UCCU, should continue to consult with MCM counterparts to determine the sequence according to which the UCCU sales service might best be rehabilitated.

3. **Transportation**

Two ACIDI transportation experts in country for short-term consultancies completed an assessment of the transport situation as it relates to the cooperative system. Their appraisal is professional and revealing. The following assessment is taken out of their report dated October 15, 1983:

Lack of Transport

"On the surface it would appear there is not an adequate number of vehicles available. To the contrary, there are too many vehicles available, which leads to inefficiencies. For example, UCTU operates at less than 30% of capacity due to lack of spares or lack of business.

"Another example is quite visible down at the Coffee Go-Down: We have counted as many as 115 vehicles waiting to be loaded. The Coffee Go-Down averages about 12 loadouts per day. This means there is a 9 1/2 day supply of vehicles waiting in line which are not being utilized.

"Also, there is improper dispatching of vehicles. Very many go empty one way instead of moving products in each direction. The maintenance managers stated that if they had proper tools and spares, they could have all their units operating, eliminating lack of transport.

"With proper planning the existing supply of vehicles would be more than adequate.

Lack of Spares

"When the Transport Managers' Workshop was conducted many complaints were made that spares are not available. We had the participants list the spares they lacked and received a list of some 40 items that managers said were not available.

"During the following week visits were made to the various suppliers and found that all items listed were available, with a few exceptions. For the most part all spares can be ordered direct from the factory with 12 weeks delivery from date of the first inquiry. A 50% deposit is required and payment can be made in Ugandan shillings. It is our opinion that lack of spares is no longer a problem, but an excuse, perhaps due to lack of funds.

"When the Maintenance Managers were in last week for the seminar, we heard the same complaint: "Lack of spares". When it was explained that adequate spares had been located, the excuse was that the price was too high when purchased through the dealer. After a little digging, we found that the managers were buying parts on the magendo market (black market) and were paying less than half the price of an established legitimate firm. Needless to say, spares are available.

Lack of Tools

"Here again it was found that both the Transport managers and the Maintenance Managers said hand tools were not available. To disprove this problem, we had Uganda Central Cooperative Union bring their complete line of hand tools to the meeting. We met some resistance by the Maintenance Managers regarding the purchasing of hand tools because the drivers would steal the tools. The supply of tools was found to be adequate.

Lack of Fuel

"Many times it was found that there was a lack of fuel because someone forgot to order it. Another area of concern is that the fuel the cooperatives are receiving is not up to industry standards. Managers were asked to find out what the Cetane rating is on diesel fuel and the Octane rating on gasoline.

"We also find that many engines are not properly tuned. When you see a vehicle bellowing out huge amounts of black smoke, it is really unburned fuel due to either improper tuning or improper fuel, both very damaging to the engine.

"Now that we have been convinced that the word lack is no longer justified in the Ugandan language, let us move on."

The evaluation team accepts this ACDI finding, which suggests that in the transport sector, development issues are related less to resource constraints than to management and administration. It thus seems crucial to move ahead with the planned training program as expeditiously as possible, and to develop a firm organizational base from which the training may be undertaken and continued.

D. Findings and Recommendations

Here are presented findings and recommendations with regard to the main issues examined in this system: Government of Uganda policy and actions relative to cooperative development; the extent that cooperatives in Uganda operate as free enterprises; and other key programs such as credit.

1. Government of Uganda Policy Relative to Cooperative Development

Findings: The basic policy framework laid out in the 1970 Cooperative Act may be overly protective of cooperatives, and might therefore slow the development of cooperatives in this country. Secondary concerns relate to the recent rapid growth in formation of primary societies, and the numbers of

DCD staff in the field in comparison to numbers of primary societies.

Recommendation 1: The new draft cooperative act under review in the DCD should undergo further review to modify those sections listed earlier in this report so that they may increase farmer control of cooperative societies. This pertains especially to Part XIII of the draft act which provides for establishment of an Appointments Board to select senior employees for the cooperatives. It is recognized that both the 1970 Act and the current revision must be considered by many organizations besides the DCD, and that the ultimate decisions are made through the parliamentary process. Hence the evaluation team presents these ideas as objectives toward which it would be desirable to work, not as an action to be taken by DCD. However DCD has obviously a key role to play in this matter.

Recommendation 2: The training efforts now underway should make a special effort to acquaint all levels of the cooperative movement with basic principles of cooperation, and the nature and purpose of cooperatives.

2. The Extent that Cooperatives in Uganda Operate as Free Enterprises

Findings: Most cooperatives are not free enterprises based on the generally accepted criteria that they operate in a market economy where prices are determined primarily by competition, that there be sufficient freedom of entry and exit for firms, and that firms be subject to a minimum of government control. These free enterprise conditions do not currently exist in Uganda to a degree that would justify most cooperatives being characterized as free enterprise firms. However, there are encouraging policies and actions, including the DCD's evident commitment to fostering the development of a strong, independent cooperative movement, that will perhaps eventually change current circumstances in a positive way.

Recommendation 3: The DCD should continue to actively seek ways to give farmers, through their cooperatives and boards of directors, more control of their societies in the areas of personnel and marketing.

Recommendation 4: Current AID, GOU, and MCM efforts to develop a more realistic and fair system of setting minimum prices for export crops should be continued.

Recommendation 5: DCD with AID assistance should undertake an in-depth study of Ugandan agricultural cooperatives. The purpose would be to determine their effectiveness in serving the farmers in this country and to improve their operations (see Appendix K).

3. Assessment of Other Key Cooperative Sectors

Findings on UCCU: The cooperative wholesale distribution system is making good progress. It is using the technical assistance provided through the project to improve its warehousing system and to develop a more aggressive sales program. Needs relate to rehabilitation of the Farm Supply Shops and development of effective communications.

Recommendation 6: The technical assistance effort should continue and consideration should be given to helping UCCU with rehabilitation of the Farm Supply Shops and establishment of a radio communications network.

Findings on Credit: CBU has serious financial problems, is in fact broke, but continues to operate on government funds provided through the Bank of Uganda. Discussions are reported to be taking place at top levels of government to rehabilitate it. The cooperative sector is upset with the CBU because it serves the general public through its commercial operations to a greater extent than it does cooperatives. To become credible to the cooperative community it will have to cease or effect a major decrease in its operations with the general public. There is interest on the part of cooperatives that CBU or a new bank be organized to serve them. This is considered important to the development of cooperatives, but not critical at this time.

Some production credit (estimated in DCD studies and files at U.Shs.31,754,200) is being made available to farmers, primarily by the unions. The credit section of the DCD is providing assistance to monitor and collect the loans. The DCD is presently developing a plan for a credit system based on the agricultural cooperative credit system that operates in the USA. More funds are needed, but not until a workable system to dispense and collect them is devised and tested. A highly capable technical advisor is in country for one year to work with MCM on establishment of a production credit system, and to advise on the Cooperative Bank.

Recommendation 7: Efforts now underway to rehabilitate CBU should continue, with particular attention given to restoring its credibility with the cooperative community.

Recommendation 8: Work now underway to develop a sound plan to make agricultural production credit available to farmers should continue with care exercised that it does not result in a crash program. Such activities as are developed should be initiated on a pilot basis.

Findings on Cooperative Transport Situation: The cooperative transport situation can be improved, but is not in critical condition (see findings of transport consultants contained in the body of the report).

E. Progress Toward Project Objectives

This section, to a very large degree, has examined factors that influence the impact of the Food Production Support Project, rather than achievements of the project itself. The government policy framework is, on the surface, very highly supportive of cooperative development, but the team finds that implementation of policy has generated conditions that may undermine the viability of an independent Ugandan cooperative movement. Specific reference has been made to issues related to price structures, to competition, to allowing the dissolution of non-viable cooperative organizations, to the Cooperative Act and draft revision, and to rapid growth of primary societies. These factors, taken together, may make it difficult to fully meet the project purpose of rehabilitating the Ugandan cooperative movement.

The Food Production Support Project is nevertheless strengthening the cooperative movement, through technical assistance and through training.

The technical assistance can help to build the capacity of independent cooperative unions and societies. The training can give cooperative staff, employees, and members at all levels greater understanding of the purpose of cooperatives and the goals of cooperative development. The evaluation team feels the ACDI team has contributed solidly, through both technical assistance and training, to these objectives. Hence progress toward achieving project objectives must be judged satisfactory. Improvement of the environment for cooperative development in Uganda will only happen slowly, and over the long term, through continued inputs of the type being currently delivered by the ACDI team.

VI. General Review

In this section some final comments are offered regarding progress made toward achieving project objectives, purposes, and goals. A concluding section presents recommendations regarding the next phase of project activity.

A. Progress toward Project Objectives

1. **Technical Assistance.** Nearly all objectives of the technical assistance effort have been attained, while one or two have not (planning unit and activities, transport effort). However, the project as currently formulated still has a year to go, and there is no reason to think that progress will not continue to be made in both these areas. In fact, given the difficulty of housing technical assistance personnel, as well as other problems of communication, coordination, and movement, it might be said that progress has been substantial in the face of significant difficulties.

2. **Commodities.** The commodity distribution component of the Food Production Support Project has contributed substantially toward project objectives by placing significant quantities of inputs in the hands of staff and members of the cooperative movement. Farmer production has undoubtedly been facilitated, and MCM employees with bicycles, motorcycles, and other vehicles can perform their duties better. Rehabilitation of the hoe industry must be counted a major service to the farmers of Uganda. However, the impact of the program could be improved if the recommendations offered in Part III and Part IV of this report are implemented. Taken together, these actions would allow for the restoration of a private cooperative movement that would take up a greater decision-making role in the provision of inputs and services to farmers, and would allow these organizations to begin to re-capitalize their operations. In this way the commodity import program would serve a truly developmental purpose--that is, not only would the commodities be provided, but the process of distribution would be used to build up the capacity and resources of the cooperative organizations upon which Uganda and her farmers depend.

3. **Training.** The training effort has made a very impressive beginning. It is impossible to underestimate the favorable impact this training has had on the morale and capability of cooperative staff and members. In the opinion of the evaluation team, the training effort speaks very well of the work done by ACDI, MCM, and AID and must be considered to have fulfilled project objectives.

4. Domestic Support of Cooperative Development. As things stand now, the policy framework is not as conducive as it might be to sound cooperative development. This is however not an area the Food Production Support Project could address directly, except insofar as the technical assistance and training provided are able to build within the Uganda cooperative movement increased awareness of the requirements for successful cooperative development.

Given the general success of the technical assistance and training efforts, together with the commodity import program, the project must be judged to have contributed solidly to Ugandan cooperative development. Recommendations presented within the body of this report suggest how further progress may be made in future.

B. Progress toward Project Goal and Purposes

The Food Production Support Project has as a goal the rehabilitation of the agricultural sector of Uganda so that farmers may increase both production and income. This goal is to be addressed by accomplishing two purposes: supplying farmers with needed inputs, and rehabilitation of the cooperative movement so it can resume the provision of essential services to the agricultural sector.

The evaluation team concludes that substantial progress has been made toward both purposes and goal. The domestic hoe industry is in the process of being rehabilitated, large quantities of inputs have been made available to Ugandan farmers, and a program of technical assistance and training is well-established within the movement for the first time in a decade. In short, the project has accomplished about all a project can be expected to accomplish with regard to purposes and goals.

Nevertheless it is necessary to point to circumstances that may undercut the accomplishments of the project. Domestic policies and actions have the effect of reducing the independent decision-making authority of cooperative organizations, and also work to keep these organizations under-financed and dependent upon governmental assistance. Moreover, the importance of coffee and cotton exports to government makes it difficult for government to allow the cooperative organizations much in the way of independent action. As a consequence, the MCM steps in quickly to prop up weak cooperatives, instead of allowing them to fail as would be indicated by basic principles of cooperative development. Such short-term solutions endanger the fuller development of cooperatives in Uganda, and may prevent cooperatives from

making their full contribution to national development.

Finally, however, the evaluation team notes that the training and technical assistance provided will, over the long term, contribute to the rehabilitation of the cooperative movement very directly--by increasing the knowledge and understanding of Ugandan cooperators at all levels of the movement from MCM to the primary societies.

C. The Next Phases of Project Activity

Based upon this review of progress made to date, the evaluation team recommends that:

Recommendation 1: To consolidate the gains achieved to date, and to generate information needed for sound design of a follow-on project, the mission should extend the FPSP for 12-18 months beyond the current termination date of September 1984. This would allow time to implement the following actions:

A. On Technical Assistance:

-- prepare a long-term cooperative development plan; this will certainly require the recruitment of a Ugandan Cooperative Development Specialist/Agricultural Economist to the planning staff and may require the recruitment of an additional ACIDI technical assistance person as well (Recommendation 1, p.4 and p.19).

-- resolve current uncertainties about an institutional base for transportation-related technical assistance (Recommendation 3, p.5 and p.21).

-- arrange for the sales management specialist to complete work on the UCCU field sales force and (possibly) Farm Supply Shops (Recommendation 5, p.5 and p.23).

B. On Commodities:

-- procure UCCU warehousing equipment (Recommendation 3, p.6 and p.27).

-- audit the commodity distribution system to measure costs and effectiveness (Recommendation 4, p.7 and p.28; Recommendation 15, p. 10 and p.41).

-- eliminate the MCM monitoring markup and shift funding to the AID/MCM Special Account and/or Treasury funds as appropriate (Recommendation 13, p.9 and p.38)

-- implement the study of union and society management and operations (Recommendation 5, p.7 and p.30).

C. On Training:

-- extend the contract of the training specialist one year so this person may complete ongoing union/primary-level training activities (Recommendation 9, p.11 and p.51).

-- extend the contract of the women-in-development consultant for three months so this person may complete current work (Recommendation 12, p.12 and p.53).

-- complete currently planned acquisitions for Kigumba College (Recommendation 16, p.12 and p.56).

-- implement the cooperative movement manpower needs assessment (Recommendation 14, p.12 and p.55).

In addition, the 12-18 month extension will allow more time for planned commodity procurement and delivery actions to be completed and the funds set aside for this purpose to be fully utilized.

Recommendation 2: The Cooperative Agreement should be amended to allow the recruitment and extension of technical assistance personnel as detailed in the body of this report, with the concurrence of MCM and other concerned organizations.

Recommendation 3: AID and MCM should consider whether a new project should be designed during CY 1984 to build upon and expand the accomplishments of the Food Production Support Project. The evaluation team feels that the Food Production Support Project will have achieved its purposes and contributed to the project goal to a very considerable extent by that time, and it may well be appropriate then to take a fresh look at problems of cooperative and agricultural development in Uganda. Some potential areas of emphasis include:

A. On Technical Assistance:

-- work is just beginning on the credit program. This is an extremely important area of activity that will likely require sustained support for several years to come.

-- the planning unit is key to the long-term effectiveness of MCM as it competes with other government agencies for budget and impact on policy issues. The work of establishing this Unit has just begun and needs to be carried forward.

-- it is important to continue current attempts to strengthen national cooperative unions such as UCCU and UCTU. Over time this will contribute to a sturdy, independent cooperative movement.

B. On Commodities:

-- inputs are flowing once again through the cooperative structure, but considerable work remains to be done before unions and societies are fully capable of managing commercially-oriented input delivery. This will require further analysis of economic and institutional questions, as well as continued training. Ideally, direct AID/MCM involvement in procurement may be reduced as time goes on.

C. On Training:

-- a high-quality in-service training program has been initiated, but additional work will be required to fully institutionalize the program, to adapt it as well as possible to the needs of the cooperative movement, and to work out the most cost-effective approaches.

-- pre-service training institutions might justify some strengthening and support in sorting out relationships and responsibilities as the cooperative movement evolves.

-- continuing education programs for cooperative society members, managers, committeemen, and employees need to be addressed. A well-informed membership is key to the long-term health of the cooperative movement.

In sum, FPSP has set in place important concrete accomplishments, but the work begun cannot be considered complete. Future AID support might proceed in two stages:

-- a 12-18 month extension of FPSP to consolidate gains and generate information needed for design of a new project; and

-- preparation of a follow-on project that would continue the important work begun under FPSP but shift the emphasis away from rehabilitation and toward long-range development objectives.