A.I.D. EVALUATION SUMMARY - PART 1

PD-ABN-428

IDENTIFICATION DATA

XD

A. Reporting A.I.D. Unit	B. Was Evaluation Scheduled in Current FY Annual Evaluation Plan?	C. Evaluation Timing
USAID/Kampala Mission or AID/W Office_ (ES_)	Yes [X] Slipped [ ] Ad Hoc [ ] Evaluation Plan Submission Date: FY 94 Q_	Interim [X] Final [ ] Ex Post [ ] Other [ ]

D. Activity or Activities Evaluated

(List the following information for project(s) or program(s) evaluated: if not applicable, list title and date of the evaluation report)

Project No.	Project/Program Title	First PROAG or Equivalent (FY)	Most Recent PACD (Mo/Yr)	Planned LOP Cost (000)	Amount Obligated to Date (000)
None NPA	PL480 Title II, Monetization	1992	9/94		11,460 MT

ACTIONS

E. Action Decisions Approved By Mission or AID/W Office Director

Action(s) Required	Name of Officer Responsible for Action	Date Action to be Completed
1. The reduction of PL480 Commodity levels for FY95-96 by BHR/FFP/W be rescinded and restored to 8,000 MT originally requested.	BHR/FFP	Dec. 31, 1994 for FY95 and May 15, 1995 for FY96.
2. ACDI should unify authority over CAAS and PL480 and re define staff roles, staff responsibilities, channels of authority, and reporting requirements.	ACDI	Dec. 31, 1994
3. The CAAS Core Committee and PL480 review Committee should be combined into a single PL480 Program Committee, with the mandate, roles and memberships, redefined. The Committee should take on the role of a "board of directors", and the PL480 Title II Program Manager should be Executive Director to the Committee.	USAID, UCA, MTI, ACDI	Dec. 1, 1994
4. a) The FY95-96 MYOP strategy should be revised to include concrete plans for achieving a sustainable increase in edible oil production by small/medium scale oil millers.	ACDI, UOPA	1/31/95
b) The FY95-96 MYOP should be revised to reflect the new strategy.	ACDI, UCA, USAID	4/30/95
5. ACDI to revise the monitoring and evaluation plan to assure the measurement of impact can be accomplished through reliance on information which includes easily collectable indicators.	ACDI	1/31/95

APPROVALS

F. Date of Mission or AID/W Office Review of Evaluation: (Month) October (Day) 13 (Year) 1994

G. Approvals of Evaluation Summary And Action Decisions:

	Project/Program Officer	Representatives of Borrower/Grantee	Evaluation Officer	Mission or AID/W Office Director
Name (Typed)	Duane Eriksmoen	Bernie Runnebaum	Louanne Douris	Donald B. Clark
Signature	Duane Eriksmoen	Bernie Runnebaum	Louanne Douris	Donald Clark
Date	11-14-94	Nov 15-1994	Feb 15 1995	2/5/95

ABSTRACT

H. Evaluation Abstract (Do not exceed the space provided)

This PL480 Title II program, which is a fully monetized program, imports US refined vegetable oil for sale exclusively through the private sector to generate local currency to fund the development of a well planned program of 1) rural/farm credit and loans, and 2) out-right grants for development of rural/farm projects and training programs largely but not entirely within the Cooperative movement. The program is being managed by a PVO - Agricultural Cooperative Development International (ACDI). This evaluation which was planned to occur at the end of Phase II (FY92-94), was conducted by a team employed by ACDI and with invitational travel provided by the Mission. The purpose of this evaluation was to measure the effectiveness of the program in meeting its designed objectives and the efficiency of ACDI in carrying out the program. It was to examine the procedures and methods employed in the implementation of the program, the effect the program had on recipients of loans and grants, and the impact the program has had on food security in terms of increased availability of food and increased income to purchase food. The major findings and conclusions were:

- The program in Uganda has had significant positive impact on family incomes and food security.
- The CAAS and PL480 projects do not include a set of related/integrated activities to constitute a strategy for achieving sustainable impact.
- Project management divides authority over CAAS and PL480.
- An adequate plan for a stated sustainable increase in production and sales of edible oil does not exist.
- Although proposed indicators for measuring increased income are sound conceptually, field observation suggests practical difficulties in measurement.
- The impact of some Matching Grants has been limited because grantees have lacked assess to working capital.
- With the ending of many CAAS activities, PL480 has become the principal source of USAID assistance to the Cooperative movement requiring a re-formulation of the CAAS Core Committee to manage grant funding.

COSTS

I.Evaluation Costs

1.Evaluation Team Name	Affiliation	**Contract Number OR TDY Person Days**	**Contract Cost OR TDY Cost (U.S.$)**	**Source of Funds**
James M. Pines - Team Leader & Monetization Specialist			7,000	ACDI (202e)
		20 days	8,000	USAID
Janet Lowenthal - Social Economist			7,000	ACDI(202e)
		20 days	8,000	USAID

2. Mission/Office Professional Staff Person-Days (Estimate) 3

3.Borrower/Grantee Professional Staff Person-Days (Estimate) 8

2

SUMMARY

J.Summary of Evaluation Findings, Conclusions and Recommendations (Try not to exceed the three (3)pages provided Address the following Items:
- *Purpose of evaluation and methodology used
- *Purpose of activity(ies) evaluated
- *Findings and conclusions (relate to questions)
- *Principal recommendations
- *Lessons learned

Mission or Office USAID/Kampala	Date This Summary Prepared: October 27, 1994	Title And Of Full Evaluation Report: Final Report, Evaluation of the Uganda PL 480 Monetization Project (Phase II) October 14, 1994

This evaluation and impact assessment is of "Phase II" of the PL480 Monetization Program in Uganda, which is managed for the AID Mission (USAID) by Agricultural Cooperative Development International (ACDI) in collaboration with the Uganda Cooperative Alliance (UCA). The evaluation was carried out from September 27 - October 13, 1994, by two ACDI consultants who had also evaluated Phase I during October, 1991.

Purpose:
Phase II was a three-year extension of the Monetization Program's Phase I, which began in FY 89 and involved the sale of 10,500 metric tons of vegetable oil during the next two fiscal years. During Phase I, sales proceeds available for program use totalled the local currency equivalent of approximately $11,000,000. During Phase II, sales proceeds available for program use totalled the equivalent of $12,000,000.

In addition to reviewing the achievements and performance of Phase II, this report takes a broader look at how far the Program has come, and what it would now take to achieve its central goals which are:
- revitalizing Uganda's edible oil industry on a self-sustaining basis, and
- leaving in place a Cooperative Bank that can compete successfully with commercial banks, providing both services and a source of income to the nation's cooperative movement.

Within this context, the evaluation addresses the desirability of further monetization and, if approved, ways to improve its efficiency and impact.

METHODOLOGY:

The team reviewed all project documents including the FY92-94 Multi-Year Operational Plan (MYOP) and its updates, the Individual Country Agreement and its amendments, the Program Quarterly and Annual reports and other relevant evaluations. They interviewed ACDI monetization personnel, as well as UCA, MTI, Coop Bank and USAID officials. They reviewed various local currency funded projects and interviewed a sample of other recipients and beneficiaries of the program.

FINDINGS AND RECOMMENDATIONS:

A. MONETIZATION SALES

FINDING:

The PL480 Monetization Program in Uganda has had significant positive impact on family incomes and food security, both because of what has been sold and how it has been sold. Consequently, abrupt termination of sales would damage food security.

RECOMMENDATIONS:

1. Reduction of PL480 edible oil sales should be avoided, and the proposed reduction to 3,000 tons annually rescinded if possible.

2. Identifiable increases in the production of edible oil, related to Project activities and in excess of the need to replace PL480 shipments, should be the first priority goal of PL480 programming.

B. STRATEGY

FINDING: The CAAS and PL480 projects do not include a set of related and integrated activities sufficient to constitute a strategy for achieving specific sustainable impact in relation to priority Program goals.

RECOMMENDATIONS:

3. The CAAS and PL480 Monetization projects should be replanned, to present a set of integrated activities that constitute a program strategy, including increased clarity about the relation of discretionary grants to priority Program objectives.

MANAGEMENT OF THE PROJECT

FINDING: Current Project management divides authority over CAAS and PL480, producing confusion about authority, responsibilities, and procedures.

RECOMMENDATIONS:

4. ACDI should unify authority over CAAS and PL480, by naming a single person at Uganda, regional or Headquarters level, who will report to a single vice-president and have undivided responsibility -- and related authority -- for planning, implementation, and evaluation of both projects.

5. USAID should encourage ACDI and UCA to modify the MYOP, insisting that they include more specificity about a) project strategy and related activities, b) project management, and c) content and procedures for meeting PL480 information requirements.

6. The CAAS Core Committee and the PL480 Review Committee should be combined into a single PL480 Program Committee, with composition identical to that of the present CAAS Core Committee.

D. REHABILITATION OF THE EDIBLE OIL INDUSTRY

FINDINGS: Adequate plans for a stated sustainable increase in production and sales of edible oil do not now exist.

RECOMMENDATIONS:

7. The MYOP should be revised to include concrete plans for achieving a stated sustainable increase in edible oil production by small millers, including;

a) A plan for institutionalizing commercial distribution of improved edible oil seeds and soybean inoculant, through the Uganda Oil Seed Processors Association and others,

b) A plan for channelling working capital credit to small millers, through the Cooperative Bank, the cooperative movement and the Processors Association,

c) A plan for reallocating the Women's Loan Guarantee Fund, and other discretionary line item allocations, to provision of short-term credit to small oil processors.

8. All currently proposed Project activities should be reviewed and goals modified, wherever possible to maximize their contribution to sustainable increase in edible oil production.

E. IMPACT ON BENEFICIARIES

FINDING: Although proposed indicators for measuring increased income are sound conceptually, field observation suggests formidable practical difficulties in measuring them.

RECOMMENDATIONS:

9. Measurement of increased income should be accomplished through reliance on information about easily collected indicators, such as a) additional cooperative share purchases, b) savings accounts opened or added to and c) increased consumption, such as payment of school fees and buying bicycles or radios.

LESSONS LEARNED

How Oil is Sold Makes a Difference

ACDI's policies and procedures for selling PL480 edible oil improved the Monetization Project's impact on incomes and food security dramatically. Unlike monetization sales in many other countries, where a negotiated sale to a large parastatal or commercial processor does little to keep prices down or to increase access of the poor to more food, the Uganda method of selling and distributing oil to multiple small traders through public tender a) reduce price fluctuations, b) increase competition among oil traders, and c) make an orderly flow of additional edible oil available to consumers. By viewing the PL480 oil as both a source of revenue and a programming tool for improving food security, ACDI has produced institutional changes in oil marketing that may continue to yield positive impact long after the Project ends. The Uganda experience illustrates some of the advantages of monetization over a simple grant of funds.

The Importance of Strategic Planning

The Uganda PL480 experience confirms what the evaluators have found in some other PL480 monetization programs. When the proceeds of monetization are placed for disposition by a committee to "approved projects," that committee will too often adopt a project-by-project approach that fragments program and detracts from impact.

A little more guidance to the Committee about some specific goals, to which the "projects" are to be addressed, along with a tentative strategy for achieving them, will make it easier to fund a combination of projects that is likely to result in direct benefits to specific people. The Committee can then take the initiative in soliciting projects addressed to key constraints that will otherwise limit impact on beneficiaries.

The Importance of Sustainability

The PL480 Monetization Project dramatizes the importance of sustainability. With Phase III likely to be the last PL480 assistance, the danger that much of the Project's impact will not last becomes more vivid. The need for sustainability makes it especially important that Phase III focus on orderly transition, and include activities, institutions, and impacts that will continue at satisfactory levels without further USAID support.

ATTACHMENTS

K.Attachments (List attachments submitted with this Evaluation Summary:always attach copy of full evaluation report, even if one was submitted earlier;attach studies,surveys,etc.from "on-going" evaluation, if relevant to the evaluation report)

Final Report, Evaluation of the Uganda PL480 Monetization Project, (Phase II) October 14, 1994.

COMMENTS

The Mission is of the view that the evaluation report is comprehensive and has identified both accomplishments and weaknesses of the PL-480 Title II project. The Mission makes the following specific comments.

L.Comments By Mission, AID/W Office and Borrower/Grantee On Full Report

1. The evaluation points out the need for insuring the sustainability of the seed multiplication project and notes that the requirements for sustainability need to be reviewed along with anticipated private sector responses so that planning for sustainability can be more effective. This is a task which needs to be discussed with the Uganda Oil Seed Processors Association and the advisor to this association.

2. Page 29. The evaluation suggests that a more detailed plan of action be developed in subsequent MYOPs, thereby reducing discretion of the CAAS Core Committee. The Mission agrees with this recommendation.

3. Page 29. The Mission concurs with the proposed renaming of CAAS Core Committee to the Pl-480 Monetization Program Committee, and with the recommendation that the PL-480 manager assume the role of Executive Director in presenting specific projects to the committee. Using this methodology, it is understood that all applications for future funding will be submitted to the PL-480 Program Manager for an initial review and ultimate submission to the committee for approval/disapproval.

XD-ABN-428-A

FINAL REPORT

EVALUATION
OF THE
UGANDA PL480 MONETIZATION PROJECT
(PHASE II)

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October 14,1994

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ACKNOWLEDGEMENTS

The team received courteous and outstanding help from everyone called upon during the evaluation. However, special thanks go to Bernard F. Runnebaum and Stanley Maniragaba of ACDI's PL480 Monetization Office in Kampala, Todd King of ACDI in Washington, and Duane Eriksmoen and Controller Kathleen G. LeBlanc of the USAID. They handled the many arrangements, without which the team could not have done its work. The team also wishes to thank VOCA Director David Heemsbergen and his staff, for the generous use of their office facilities.

LIST OF ACRONYMS

ACDI - Agricultural Cooperative Development International
AID - Agency for International Development
CAAS - Cooperative Agriculture and Agribusiness Support Project
CCS - Cooperative Credit Scheme
EEC - European Economic Community
HPI - Heifer Project International
MIT - Ministry of Industry and Trade
MYOP - Multi-year Operating Plan (for PL480 Monetization Program)
OFPEP- On-Farm Productivity Enhancement Program
PL480- Public Law 480 (statutory basis for monetization program)
UCA - Uganda Cooperative Alliance
UNEX - Union Export Services
UOSPA- Uganda Oil Seed Processors Association
USAID- The AID Mission and Program in Uganda
USDA - United States Department of Agriculture
USh - Uganda Shillings
VOCA - Volunteers in Overseas Cooperative Assistance

EXECUTIVE SUMMARY

This is an evaluation and impact assessment of Phase II of the PL480 Monetization Program in Uganda, managed for the AID Mission (USAID) by Agricultural Cooperative Development International (ACDI) in collaboration with the Uganda Cooperative Alliance (UCA). Phase II involved use of local currency proceeds from the sale of 11,460 tons of PL480 vegetable oil during fiscal years 1992, 1993 and 1994. After deductions for a levy by the Government of Uganda, and for operating expenses, there remained available for program expenditures USh 10,506,000,000 (Uganda Shillings), with an estimated dollar value of $10,500,000.

During Phase II, the PL480 Monetization Program served primarily as a source of local currency for the Cooperative Agriculture and Agribusiness Support Project (CAAS), so that "impact of the PL480 Monetization" refers to the combined impact of CAAS and PL480. This evaluation complements the work of a USDA evaluation team, that completed review of the CAAS Project a few days before the team's arrival.

The present Evaluation corroborates the generally positive findings and impact assessments of the USDA report. In addition, the following review of the particular activities characterized as "PL480 Monetization," also produced generally positive conclusions.

A proposed ACDI Phase III PL480 Monetization Program, seeking to sell 8,000 additional tons of vegetable oil during FY95 and FY96, currently awaits AID approval. Although the FY 95 request has been reduced from 4,000 to 3,000 tons, of which 1,000 tons have been approved, approval of the remainder has been delayed pending the outcome of this evaluation.

The objectives of Phase II have been 1) increasing the production and incomes of small farmers, with a focus on the local production of edible oil seeds, 2) enhancing the effectiveness of agricultural cooperatives in Uganda, and 3) promoting cooperative and non-cooperative agribusiness. Strengthening of the Cooperative Bank has been an added goal, related to improving effectiveness of the agricultural cooperatives.

These objectives were to be achieved through expenditures under the following line item categories;

1) promotion of edible oil production and processing (30 percent of proceeds)

2) A Cooperative Development Fund, for loans to be made by the Cooperative Bank (16 percent)

3) Non-cooperative commercial loans (14 percent)

4) Discretionary Grants (16 percent), and

5) Institutional Budget Support to UCA (24 percent)

The specific activities to be funded under all categories, except the Cooperative Development Fund, were not identified initially. Therefore, the CAAS Core Committee, previously established to review proposals for funding by CAAS, became the approving entity for all PL480 Monetization Program expenditures. The very general nature of the Program objectives, and the absence of specific activities in the Program's Multi-Year Operating Plan (MYOP) left considerable programming discretion to the Committee.

Although the Committee adopted a broad strategic approach, the activities approved have not constituted an integrated strategy for achieving specific goals, except in relation to strengthening of the Cooperative Bank. As a result, despite many impressive Program outputs, results at the purpose level (changes in small farmer production and income) have been difficult to identify and attribute.

The PL480 Monetization Program achieved substantial impact from both a) the vegetable oil and the way it was sold, and b) activities undertaken through use of the sales. The PL480 oil improved food security in Uganda by increasing aggregate availability of an important item in the food budgets of poor people. In addition, by selling vegetable oil in small lots, on favorable terms and according to a fixed schedule, the Program helped small traders compete and reduced price fluctuations in sale of edible oils. Termination of PL480 vegetable oil sales in Uganda will damage food security, unless replaced by a corresponding increase in local production. This outcome is unlikely unless the Program continues during the next two years.

Since most activities funded during Phase II contributed to more than one objective, the impact of activities has been assembled in relation to the goals of:

a) rehabilitating the Ugandan edible oils industry,
b) turning the Cooperative Bank around,
c) promoting agribusiness
d) raising small farmer income
e) increasing economic opportunities for rural women

Rehabilitation of the Edible Oil Industry

The following activities contributed to rehabilitation of the edible oils industry;

a) the procedures followed in sale of PL480 vegetable oil
b) a Seed Multiplication Project
c) provision of improved soybean inoculant in Uganda
d) improving the ability of small and medium oil millers to operate efficiently
e) formation of an association of oil seed processors
f) making funds for loans from the Cooperative Bank available to qualified processors

Although these activities fell within the outlines of a general strategy for rehabilitating the industry, they were not planned as an integrated program for achieving a specific production goal. As a result, despite many impressive outputs, critical constraints on expansion of the industry remain, and it is not possible to identify increased production that is attributable to the Program. The outputs include:

- o PL480 auctions that stabilize the market price of oil, and encourage wholesale market activity;

- o In Spring '94, domestic oilseed production from improved seeds equaled 300 mt sunflower and 150 mt of soybeans;

- o Domestic oil production from improved seeds is expected to reach 8,630 mt in Fall '94 (although it is not clear how much is additional to what farmers were growing previously);

- o Eighty percent (80%) of improved seed has been distributed in the North, and oil millers are opening purchasing offices in regional centers;

- o A rhizobium laboratory and production facility was completed;

- o Seventy Seven (77) oil millers were trained; and

- o The Uganda Oilseed Processors Association (60 members) was formed.

Unless a strategy for generating a sustainable level of increased edible oil output can be implemented during Phase III, project accomplishments will have little impact on production and income of small farmers. The short-term working capital needs of small processors, and the lack of a system for commercial distribution of improved oil seeds, severely constrain the industry's ability to expand.

Turning the Cooperative Bank Around

The combined impact of CAAS and the PL480 Program on the Cooperative Bank has been substantial. In addition to recapitalizing the Bank, operations have been streamlined, loan approval procedures tightened, and numerous other improvements effected. An ACDI staff person, funded under CAAS and assigned to the Bank as General Manager for Marketing, has designed, and is already using PL480 sales proceeds to implement, a Restructuring Plan that includes a) staff reduction to increase efficiency, b) a savings mobilization campaign to increase deposits, c) computerization, and d) targeted staff training.

In addition, delinquent accounts (many stemming from early years of CAAS and PL480 assistance) are being pursued with vigor, and collections far exceed initial expectations. As a result, the Cooperative Bank, now advertised as a "full service commercial bank," can be expected -- with projected Phase III assistance -- to become a profitable and self-sustaining institution. In addition to serving the members of agricultural cooperatives, the original goal, the Bank is also on its way to becoming a continuing source of income for the cooperative movement.

Promoting Agribusiness

The CAAS and PL480 program impact on exports has been most impressive in coffee. Seven cooperative unions, serving over 100,000 small cultivators from affiliated primary societies, have used credit from the Cooperative Bank, the services of UCA's export arm (UNEX), and technical assistance to build a system for growing, processing and exporting coffee, that is currently expanding shipments during the current coffee boom. Six of the seven unions are current on their loans, and payment from the seventh is expected shortly.

Some non-cooperative commercial loans have had modest impact on tea and non-traditional exports such as fish maws. However, these efforts have been fragmentary and not of sufficient magnitude to produce significant long-term impact. Field interviews did suggest, though, that some of the loans resulted in measurable job creation.

Raising Small Farmer Income

Although neither CAAS or the PL480 Program had baseline data, and later reporting, sufficient to measure increases in small farmer income, there are sound reasons for believing that program activities have had positive impact. Repayment of loans, expanded membership in primary societies, increased purchase of share capital by members, and the substantial number of societies and members (though not tabulated) receiving new and higher loans, are all indicators of positive impact on incomes. Although ACDI and grantees are responding to AID's concern for measuring impact on individual farm families, and appropriate indicators have been identified, the necessary data collection systems and procedures need considerable additional attention.

Economic Opportunities for Rural Women

UCA, the Cooperative Bank and other institutions served by the combined Program, exhibit unusual sensitivity to gender concerns, and now provide expanded employment and borrowing opportunities for women. However, although examples of impact from "women's projects" can be identified, most of the benefits came from increased participation by women in "non-targeted" programs. The Cooperative Bank, for example, makes no special concessions to women borrowers but, because women dominate much of the trading sector, has continued to increase lending to them.

A PL480 grant to Heifer Project International, used for work with women's groups, has produced outstanding impact on farm family income, while also providing a model applicable to both genders.

Other Issues to be Addressed

Effective Program management has been impeded by an unnecessary division of authority within ACDI. The PL480 sales are under one vice-president, while use of the proceeds is under another. Considerable confusion exists about responsibilities, authority and compliance with the requirements of PL480 and related regulations. Since funding of the CAAS Project has almost been completed, and Phase III will be primarily a "PL480 Program," there should be no difficulty in unifying authority and, thereafter, delineating clearly the responsibilities of, and relationships among, ACDI field staff.

Provision of the impact information, newly required by the Food for Peace Office, presents other problems. Although a consultant to ACDI recently recommended appropriate indicators for all program activities, ACDI and grantees appear to be underestimating the difficulties of installing the systems necessary to collect and present the required data. Initial testing of the proposed measures should begin immediately, so that problems can be corrected in time to assure adequate response to PL480's new information requirements.

Sustainability of program accomplishments also requires attention. Though the Cooperative Bank is well along on the road to sustainability, UCA's future remains less clear. Furthermore, the future of edible oil production is even more fragile. During Phase III, UCA and ACDI need to develop and implement a sustainability plan for UCA. In addition, the PL480 Monetization Program needs to adopt and implement a more detailed strategy for attaining a sustainable increase in edible oil production, to replace PL480 shipments.

The evaluation report includes a proposed strategy and related project. The project can be implemented within the MYOP that has already been approved, by adherence to more specific guidelines within the budget's various discretionary expenditure categories.

INTRODUCTION AND BACKGROUND

This is an evaluation and impact assessment of "Phase II" of the PL480 Monetization Program in Uganda, managed for the AID Mission (USAID) by Agricultural Cooperative Development International (ACDI) in collaboration with the Uganda Cooperative Alliance (UCA). The evaluation was carried out from September 27-October 13, 1994, by two ACDI consultants who had also evaluated Phase I during October, 1991.

Phase II involved the use of local currency proceeds from the sale of 11,460 tons of PL480 vegetable oil during fiscal years 1992, 1993 and 1994. Sales proceeds available for program expenditures were USh 10,506,000,00 (Uganda shillings), with an estimated dollar value of $10,500,000.

Phase II was a three-year extension of the Monetization Program's Phase I, which began in FY 89 and involved the sale of 10,050 metric tons of vegetable oil during the next two fiscal years. During Phase I, sales proceeds available for program use totalled the local currency equivalent of approximately $11,000,000.

Relationship Between PL480 Monetization and the Cooperative Agriculture and Agribusiness Support Project (CAAS): During Phase I and Phase II, ACDI was also managing the $20,000,000 CAAS Project. The two programs were closely linked, with PL480 Monetization proceeds providing local currency support for the CAAS Project. In some respects, therefore, the PL480 "Program" is indistinguishable from the CAAS Project. Although monetization proceeds are linked to specific CAAS expenditures, this is for accounting purposes and has rarely permitted separate assessment of their program impact.

Therefore, when this report refers to "Monetization Program Impact," it means the combined results of activities funded by PL480 sales proceeds <u>and</u> related CAAS outlays. (For example, while the Cooperative Bank has acquired additional capital thanks to monetization, the impact of its loans also reflects CAAS contributions to improved Bank performance.) During Phase III, however, the drastically reduced CAAS funding means that PL480 Monetization proceeds must be programmed almost independently of CAAS, so that there will indeed be a "PL480 Monetization Program."

Evolution of Program Objectives: The original objectives of Phase II were to: 1) increase the production and incomes of small farmers, with a focus on the local production of edible oil seeds, 2) enhance the effectiveness of Uganda's agricultural cooperatives, and 3) promote cooperative and non-cooperative private agribusiness. Strengthening of the Cooperative Bank has been an added goal, related to improving the effectiveness of the agricultural cooperatives. These objectives were to be achieved through the loans and grants of PL480 sales proceeds.

Accordingly, for purposes of the present evaluation, the "PL480 Monetization Program" includes primarily:

- o activities funded in the "Grants and Discretionary" category,
- o recapitalization of the Cooperative bank, and
- o strengthening of the edible oil sector, which is directly influenced by the PL480 sales, although clearly the focus of CAAS attention, as well.

This "division of labor" assures that both "CAAS" and "PL480" activities, however defined, receive adequate attention.

Evaluation of Impact in Relation to MYOP Goals: The MYOPs for the PL 480 program set forth some general goals and a number of related categories of activities, with a percentage of total monetization proceeds allocated (by line item) for each category. However, such percentages -- though indicative of priority program directions -- do not constitute program strategies for attaining any of the MYOP's general goals.

Coherent program strategies would have required quantified goals, to be achieved through stated activities, with specific budgets. Instead, the actual program activities evolved, on a project-by-project basis, from decisions of the CAAS Core Committee, the entity charged with programming for the combined CAAS-PL480 Program. (The limitations of this approach are discussed in Section 5.B of this Report).

As a result, the overall "program portfolio" included a large number of diverse activities, with individual projects often related to more than one general goal. Accordingly, because of the multiple goals associated with any given activity, this evaluation assesses Phase II impact in relation to the broad MYOP objectives.

Additional Matters Affecting the Evaluation: Early on, the team identified some critical issues that have limited program effectiveness, such as divided managerial authority and lack of strategic planning, and that required unanticipated attention and discussion.

Second, a recent report by ACDI information systems consultant Eric Brusberg (see Bibliography) emphasized the absence of impact data, and proposed ways to improve measurement of impact. Accordingly, the team visited representative sites for each activity category, and reviewed the feasibility of measuring the indicators recommended by Brusberg.

Third, this evaluation also devotes considerable attention to the impact of both the PL480 edible oil sold, and the innovative sales practices and procedures implemented by ACDI. Fourth, the team also reviewed carefully the food security implications of all aspects of the PL480 Project. Finally, it should be noted that the Statement of Work for this Evaluation did not call for the evaluators to review ACDI handling of PL480 commodities.

I. THE FORM AND IMPACT OF MONETIZATION

During Phase II of Monetization, PL480 vegetable oil has been providing between ten and sixteen percent of Uganda's total national consumption. The sale of this oil by ACDI is not only a source of local currency for various program purposes, but is also a program activity in its own right. This distinction is essential, because too often monetization sales are viewed as merely a way of generating program funds. On the contrary, <u>the program's impacts on family income and food security would not have been achieved if the CAAS and other activities had been supported from general funds instead of from monetization proceeds.</u>

A. <u>Impact of PL480 Sales On Food Security</u>

A recent and comprehensive study of the edible oil sector (Laker-Ojok) makes clear both the important role that edible oil plays in meeting Uganda's nutritional needs, and the country's current inability to meet its requirements through domestic production.

1. **Impacts on National Food Security**

From the macroeconomic point of view, PL480 oil contributes to national food security by increasing the supply of, and exerting downward pressure on, the price of a commodity that is a necessity for most Ugandan households. Observation in markets and conversations with cooperative members confirmed that edible oil is considered a necessity and is frequently purchased in very small quantities (e.g., from a ladle of about two ounces).

Visits to local markets also confirmed the widespread availability of PL480 oil -- along with a wide variety of other oils (imported and domestic) that include several brands, sizes, qualities and prices. Indeed, the "oil market" actually encompasses several different, non-competing markets.

2. **Impacts on Family Food Security**

While some of the PL480 oil clearly serves the higher-income market, this oil is also effectively reaching low-income consumers without the need for explicit targeting mechanisms. First, its reasonable cost, along with its widespread geographic dispersion (discussed below), put PL480 oil within reach of most of the population. In field visits, the team saw at first hand that PL480 oil typically sits on the shelves of stalls that serve predominantly low-income groups.

Second, according to Laker-Ojok, the elasticity of demand for oil shows that -- starting from modest income levels -- increased income soon produces only small increases in family demand for oil. Indeed, in some cases, oil is clearly a "poor peoples food," in which the absolute amount demanded declines as income rises above a certain level, in both rural and urban areas.

Third, according to prevailing estimates, between 40 and 50 percent of Ugandan children under five are stunted because of chronic malnutrition. The distribution of poverty and malnutrition is quite uniform, even in rural areas (except for the insecure northern areas where malnutrition is said to be even higher). With so many families vulnerable to malnutrition -- 50 percent stunting means that many more children are also at risk -- and the problem so widely dispersed, targeting of PL480 commodities is less critical than in situations where "pockets" of malnutrition are being addressed. In short, putting PL480 edible oil on the market not only reduces Uganda's foreign trade deficit, but also helps significantly to reduce food costs for low-income families.

Moreover, local oil whose production is being increased by the Project, and which is intended to replace PL480 shipments, is likely to have an even greater impact on family food security. This is because most domestic oil is not of high enough quality to be bought by the most discriminating consumers.

B. Impact of ACDI Sales Procedures

The positive food security impact of the PL480 edible oil has been enhanced by ACDI's design and implementation of commodity sales. At a focus group with ten bidders from a tender completed the same morning, the evaluators confirmed the importance of ACDI's decisions to a) sell in small lots and on convenient terms, b) announce a sales schedule for a full year in advance, and c) sell through competitive bidding.

The resulting sales process has allowed small traders to reduce their dependence on the few large merchants who previously controlled the trade. While traders at the meeting acknowledged candidly that when they are unsuccessful in tendering, they must still look to the monopolists, they have won often enough to become real players in the market.

For example, the bid opening for Tender call No. 52, attended by the evaluators on September 28, resulted in awards to twenty-three (23) bidders, including seven women in addition to those associated with corporate bidders. (By happy coincidence, the Program's encouragement of small commercial marketers of oil has helped dozens of women, who dominate the small trading sector). Although a single large trader captured more than 80 percent of the shipment, the small lots allowed the successful small bidders to maintain their independence and compete with him.

This same large trader explained, and the others confirmed, that the regularity of PL480 sales, and the gearing of quantities offered to market conditions, reduced price fluctuations and limited his previous power to control prices. Although the PL480 oil is estimated to be no more than ten to sixteen percent of total national consumption, by all accounts the ACDI sales strategy gives it a disproportionate influence on prices.

It is impossible to determine whether the Program has actually increased the dispersion of food to more remote areas of Uganda. However, the traders agreed unanimously that PL480 oil itself is sold in all corners of the country. As a result, the cost of food security for all Ugandan families is less than it would otherwise be. Conversely, abrupt cessation of PL480 shipments, before adequate capacity to replace it with local output has come on stream, would demoralize many traders and exert upward pressure on prices -- thereby reducing food security.

Since the PL480 Project addresses the development of replacement capacity, there is a clear need for close coordination between the reduction of shipments and the introduction of local production to the market. Indeed, giving adequate notice (at least six months) regarding the termination of PL480 sales could help encourage local growers and refiners to become more active.

II. OTHER PL480 ACTIVITIES IN RELATION TO PROGRAM GOALS

A. Types of Activities, by Line Item

During Phase II, loans and grants from monetization proceeds were to be disbursed under the following categories:

1. **The promotion of edible oil production and processing** (30 percent of proceeds), allocated as follows:

   - o Capital Investment......................5%
   - o Small Mill Scheme.......................5%
   - o Seed Multiplication.....................5%
   - o Production Credit.......................3%
   - o Crop Finance............................7%
   - o Institutional Dev.Extension Training....5%

Activities implemented with these funds include:

-- The PL480 sales procedures described above;
-- A large-scale Seed Multiplication Project that involves trials for improved varieties, extension workers, seed preparation, and distribution of seed to contract farmers;
-- The provision of soybean inoculant to small farmers;
-- Training and other assistance to improve the capability of small and medium oil millers to operate efficiently;
-- The formation of an Association of Oilseed Processors; and
-- Earmarking of funds for Cooperative Bank loans to oil processors.

2) A Cooperative Development Fund (16 percent of proceeds), to be loaned by the Cooperative Bank of Uganda as follows:

   - o Agribusiness Development and Crop Finance Credit...............................9%
   - o Production Credit for Primary Societies......7%

Credit for Agribusiness Development and Crop Finance has been especially instrumental in enabling coffee exporting Cooperative Unions to increase production and exports -- even before the current boom in coffee prices. (See Section B.3 below for further discussion).

The funds allocated for Production Credit have been channeled through 150 Primary Societies and four women's groups. Under the Cooperative Credit Scheme (one component of the Production Credit fund), the average loan for individual borrowers is about $50, and ACDI estimates that nearly 25,000 small farmers benefitted.

3) **Non-Cooperative Commercial Loans** (14 percent of proceeds).

Activities funded in this category were intended both to encourage the production and export of non-traditional, high-value products, <u>and</u> to increase earnings for the Cooperative Bank. Loans have been made to entrepreneurs in silk production, fish maws, tea production, and snow peas, among others. The results, both positive and disappointing, are described in Section B.3, below.

4) **Grants and Discretionary Funds** (16 percent of proceeds).

The Heifer Project International (HPI), Volunteers for Cooperative Assistance (VOCA), and the On-Farm Productivity Enhancement Program (OFPEP) have been the principal grantees. All three have done outstanding work, although -- through no fault of their own -- not necessarily in relation to the Program's <u>primary</u> goals of strengthening the edible oil industry and the Cooperative Bank.

In the first place, the CAAS Core Committee had too much discretion over programming, as a direct result of collective failure -- by the Committee members and ACDI -- to program enough <u>specific</u> activities into the MYOP itself. The Committee thus became the programming agency, by default. Compounding the problem, the Committee then interpreted the term "discretionary" too broadly. Instead of using its discretion to effectively implement a <u>coherent program strategy</u>, it made <u>individual grants</u> for "good projects" that, while doing useful work, were not always efficient in relation to the CAAS/PL480 primary goals.

VOCA: For example, VOCA received a $360,000 grant to fund its Uganda program for two years, with no requirements or guidelines for integrating its projected assistance with other activities in the CAAS-PL480 Program. Accordingly, VOCA provided twenty-five (25) short-term volunteers under the Grant, most assigned to help Ugandan business enterprises that had only incidental relation to primary Project goals.

A number of VOCA volunteers did contribute to both central and subsidiary Program goals. For example, two VOCA volunteers reported that their combined efforts had increased sunflower seed yields by "20-50%," though the evaluators were unable to visit the site. Other volunteers working on mushroom and chili production made key contributions to expanding these non-traditional crops -- an important goal for Uganda that is, however, a minor part of the CAAS-PL480 Program.

It is unfortunate that the VOCA Program was not integrated more effectively with the edible oils activities. Had there been a coherent strategy -- one that targeted specific oil processors and linked technical assistance to them with other activities such as credit or marketing, for example -- VOCA assistance might have provided the critical mass needed to achieve the effective processing capacity that, in turn, is required to meet the Program goal. Instead, much useful VOCA work will have little permanent impact. For example, the farmer with higher sunflower yields will have difficulty marketing their seeds.

USAID has already recognized the need to program VOCA as a resource that can be incorporated into a more detailed implementation plan for achieving some specific purposes. It has informed VOCA that future PL480 funding will be limited to the costs of five (5) volunteers, whose work must relate clearly to edible oil or the Cooperative Bank.

The Heifer Project: As in VOCA's case, there was no effort to integrate HPI into any strategic plan for achieving priority program goals. However, HPI's Women's Cooperative Dairy Program clearly contributes to the secondary goal of assisting women. This activity has delivered impressive benefits to women farmers and their families, and is described more fully in Chapter II, Section 5, below.

5) Institutional Budget Support for UCA (24 percent of proceeds).

Expenditures under this category were reviewed in the CAAS Evaluation just completed by USDA.

The amounts actually disbursed within each category, taken from ACDI's most recent PL480 Quarterly Report (April 1 to June 30, 1994), appear in the Appendix.

B. Program Impacts In Relation To Program Goals

As Phase II evolved, the CAAS Core Committee -- consisting of representatives from AID, UCA and the Ministry of Industry and Trade -- approved individual projects under each line item. However, because these line items are activity categories, and activities under each relate to various goals, this Report groups activities and impact in relation to the major program goals that emerged for Phase II. Moreover, by clustering activities in relation to goals rather than individual line items, it is easier to identify a) longer term impact, and b) critical constraints that can be addressed during Phase III, thereby increasing the program's ultimate impacts and sustainability.

1. Rehabilitating the Edible Oil Industry in Uganda

This goal is one of the two central objectives of the CAAS/PL480 program. The collection of activities described above, funded primarily under the line items for promotion and processing of edible oil, do reflect a feasible strategy for achieving this goal. Unfortunately, however, these activities were never directed toward any specific and quantified target goal for the industry. It was not clear what was expected to happen to the industry, nor is it clear what has happened in fact. While some constraints to the industry's revival have been addressed, others have not.

For example, the USDA Evaluation (p.8) expresses reservations about the rehabilitation of the oil industry because "the farming practices of most "peasant" farmers will not allow for a significant aggregate output of seeds..." and "the poor condition and sustainability of the small oil mills is still seriously underestimated." Interviews confirmed these and other doubts, and those charged with planning oil projects could provide little reassurance.

The evaluators have verified, in part, a number of important outputs reported by UCA and ACDI that are related to revitalizing the edible oil industry. For example,

- PL480 auctions continue to stabilize the market price of oil, and to encourage wholesale market activity;
- In Spring '94, domestic oilseed production from improved seeds equaled 300 mt sunflower and 150 mt of soybeans;
- Domestic oil production from improved seeds is expected to reach 8,630 mt in Fall '94 (although it is not clear how much is additional to what farmers were growing previously);
- Eighty percent (80%) of improved seed has been distributed in the North, and oil millers are opening purchasing offices in regional centers;
- A rhizobium laboratory and production facility was completed;
- Seventy Seven (77) oil millers were trained; and
- The Uganda Oil Seed Processors Association (UOSPA) (60 members) was formed.

Without detracting from the impressiveness of these accomplishments, it is important to recognize that they do <u>not</u> constitute rehabilitation of the edible oil industry -- although they will certainly contribute to it. It is not clear, for example, how these improvements will be sustained. Nor is there any evidence that the processors who have been trained can and will apply their knowledge to increasing output. The future of

UOSPA), useful though it is, remains vague. The role, and present status, of credit in the rehabilitation has not been addressed, despite an attempt to earmark funds for loans to processors. Though seeds have been improved, it is not clear that they will be used properly, if at all.

Much of the difficulty appears to stem from the "project by project" approach mentioned previously. All of the activities have been "good projects," but they were never integrated nor explicitly linked to the stated goal. Furthermore, the goal statement was so general that it provided an inadequate guide for programming. While the Ugandan context obviously limits possibilities for detailed planning, it would still have permitted development of some answers to questions such as;

-- How much can edible oil production be expected to increase by the end of Phase II (instead of speculating about "self-sufficiency by the year 2000") ?

-- What will be the likely mix (e.g., sunflower, soybean, cotton) of that increase ?

-- Which farmers should we work with to achieve the crushable seeds needed for the increase, where are they, and how much additional land will they cultivate ?

-- Which processors will we work with, and where ?

-- How will we, or others, meet the needs of these groups for such things as equipment, credit, skills and marketing?

-- What assumptions can realistically be made about private sector response to resolving existing constraints, in the absence of significant program activity?

-- What will be the environmental consequences of increasing the production of crushable material ?

With Phase III perhaps the last chance for the PL 480 Project to achieve a sustainable increase in edible oil output, it seems essential that the new MYOP include more than the general statement of goals and activities that now exists. What is needed is NOT another research study. Rather, <u>the edible oil strategy must now be translated into concrete plans for achieving a stated and sustainable increase in output</u>.

<u>If this Program succeeds in investing the proceeds of PL480 oil in ways that enable that oil to be replaced with domestic supplies, it will have produced an extraordinarily effective, important and ingenious use of PL480 commodities.</u> A possible approach for doing so is described in Chapter IV, below.

2. Turning the Cooperative Bank Around

The CAAS/PL480 Program's second key objective is to create a profitable, self-sustaining Uganda Cooperative Bank by the end of December 31, 1995, able to serve both the cooperative sector and the private business community. The General Manager for Marketing, an ACDI staff person funded by CAAS, was confident about the possibilities of achieving this ambitious goal -- especially with the help of another CAAS-funded expatriate as Manager of Operations.

The Bank is now advertised as a "full service commercial bank" and is competing successfully for private sector customers. Some of the reasons why were described by an enthusiastic tea company executive who had received a loan for " non-cooperative commercial" activities. He told the team that he had switched from Barclay's to the Coop Bank not only because of its somewhat lower interest rates, but also because of its national coverage and its outstanding service. If his experience proves typical, the Cooperative Bank, while continuing to serve the movement, may eventually become a source of income to the cooperatives as well.

Confirming recommendations of the 1991 evaluation, the Marketing Manager also emphasized the importance of converting the Bank into a commercially sound operation <u>before</u> making higher-risk loans, no matter how socially useful they might be. He stated, and the evaluators agree, that in the long run such intended beneficiaries as the cooperative sector and women's programs will be better served by this approach.

The reduced inflation in Uganda, and the Bank's current efforts to collect overdue payments, have made less likely the diminution of the Cooperative Development Fund, which had been a major concern of the 1991 evaluation. The Bank's present interest rates to borrowers provide more than enough spread to maintain the value of the Fund.

The Restructuring Plan: Current activities that form part of the Bank's restructuring plan, funded through PL480, include a) a major reduction of staff ("retrenchment"), to increase efficiency and profitability, b) a savings mobilization program, to increase deposits and hence lending, c) computerization (to be financed from CAAS), and d) training for management and staff (financed by both CAAS and PL480). Because the Restructuring Plan is only a few months old, assessing the impact of Phase II on the Bank must be limited to some review of loan operations made possible by use of PL480 funds to recapitalize the Bank.

The high professional quality of the Bank's restructuring plan, and the Marketing Manager's realism regarding the "corporate culture" and other serious problems that will require longer-term attention, permit some optimism about the Bank's future. Discussion and observation at two Bank branches confirmed that implementation of the new Plan is well underway and is having the anticipated impacts on bank operations, default rates and deposits.

This Report does not address adequacy of control procedures, nor other aspects of Bank operations mentioned in the Statement of Work, because the entire Bank operation is now under scrutiny and will be tightened up. The current restructuring has already had substantial impact on assuring that adequate controls exist.

Default Problems: Similar considerations apply to review of delinquent loans. The General Manager for Marketing acknowledged that there had been a substantial volume of delinquency, but indicated that a current campaign to collect overdue payments, based on granting new incentives to Bank staff, has already brought in more than had been expected. He emphasized, too, that the current tightening of loan approval procedures, and the strengthening of collateral requirements, should reduce the percentage of delinquency among new loans.

Estimates of default rates are difficult, because few bad loans were written off until recently. Reserves for bad debt have remained on the books, and will cushion the impact on capital of eliminating past defaults from the accounts, as will collections from current efforts to collect past due accounts. Nevertheless, the Bank's past record on loan delinquency was poor, making the current tightening of standards for lending and monitoring of loans a critical need.

The Bank's role in relation to the achievement of other project goals, including the promotion of agribusiness, raising small farmers' income, and increasing economic opportunities for women, are examined in the appropriate sections below.

3. Promoting Agribusiness

This broad category encompassed development of the coffee sector as well as non-traditional exports (including silk, fish maws, snow peas, beans, maize and sesame) through the encouragement of cooperative and non-cooperative commercial enterprises. These efforts met with varying degrees of success.

Three key lending operations have been made possible, to a considerable extent, by PL480 monetization proceeds:

- **The Cooperative Development Fund** (of which USh 790,000,000 has been disbursed to date). Of this amount, USh 460,000,000 was used for Agribusiness/Crop Finance loans and USh 330,000,000 for crop loan funds, which primary societies then on-lend to member farmers.

- **The Edible Oil Fund** (of which USh 831,464,000 has been disbursed to date).

- **Non-Cooperative Commercial Loans** (of which USh 1,218,000,000 have been disbursed to date).

These categories illustrate how the Project's investment in strengthening the Bank has been linked to promotion of commercial activity (e.g., non-traditional exports) that was to be encouraged. As the Cooperative Bank's Marketing Manager explained, the Bank's requirements for collateral and a sound business plan limit its ability to lend in accordance with the amounts programmed in the MYOP.

Nevertheless, interviews and field visits confirmed that some non-cooperative commercial loans have gone to small businesses with no other access to credit, and that these have thereby been able to expand operations. For example, a USh 100,000,000 (approximately $110,000) loan to the Ugandan-owned Mumujjo Company, in Kampala, increased the Company's ability to prepare and export fish maws. The need for more raw material and more workers to prepare the product provided direct benefits to more than 100 people. Though this number does not appear in any project reports, it illustrates the impact on individual families that can be obtained from successful non-cooperative commercial loans.

On the other hand, a USh 204 million commercial loan for a proposed silk export project shows the perils, for the Cooperative Bank, of lending too soon. Although silk exporting remains promising, and the industry may even receive $30,000,000 for development from the EEC, the Inuula Silk Company borrowed before resolving several critical problems. The Company continues to struggle, the loan remains unpaid, and the Bank now imposes more stringent criteria for lending.

The Bank emphasizes that loans for working capital, such as the above to Mumujjo, perform well and clearly contribute to expanded economic activity. This positive conclusion diminishes for loans to purchase capital equipment, though the Bank finds it profitable to continue careful lending of this kind. Loans for edible oil processing equipment, anticipated by a line item in the MYOP, have been difficult to make, because so many prospective lenders lack collateral -- typically because of earlier mistakes or other current loans.

Lending to cooperative unions that export coffee has become an expanding and profitable activity for the Bank -- and one that provides a very useful service to the cooperative movement, as well. A visit to the Bugisu Cooperative Union confirmed the existence of a well-functioning system for using the loans to buy coffee from small growers and market it through UNEX, the export marketing arm of UCA. The Bugisu Union, owned by 250 primary societies, estimates that between 100,000 and 150,000 small farmers benefit from the program. Though precise calculations have not been made, currently favorable coffee prices have increased member income, leading to increased purchase of shares in primary societies and in the Union. Six other coffee exporting unions participate in the loan program and are enjoying similar success.

Because coffee producers are currently enjoying favorable prices, and production is increasing, some unions have reached their borrowing limits with the Cooperative Bank and are obtaining loans from other banks. Thus, the $24,000,000 in coffee exports by cooperative unions, reported by UCA for the 1993-94 season, cannot all be attributed to lending from PL480 Monetization proceeds. Nevertheless, this dramatic buildup of coffee exports remains a major accomplishment of the CAAS-PL480 Program.

Small Farmer Income

The Cooperative Bank reports that 31,220 small farmers, in 490 cooperative societies, have received loans from PL480 funds. The total amount of these loans, exceeding Ush 2.55 billion, has supported a substantial increase in agricultural production by small farmers in Uganda. The average loan size has been about $55, but is increasing.

Interviews and field visits confirmed the benefits of crop loans to the small farmers, who described a variety of new purchases (bicycles, "iron sheets" for roofing, and foam mattresses) made possible by the credit they had received. Not surprisingly, the extent of their income benefits depended heavily on the particular crops produced or marketed. Coffee was the favorite of the hour, but farmers who grew potatoes faced a glut and correspondingly low prices, while cotton growers encountered a much smaller market than expected. The small size of the loans will make accurate estimates of increased income very difficult, though indicators -- such as additional school fees or specific purchases -- may produce some useful data.

The Bank's experience with loans to small farmers has been mixed. The relatively high costs of administering and collecting such loans through primary societies makes them less profitable than other possibilities. The Bank is also properly concerned with maintaining a diversified loan portfolio. Until the Bank's solvency is assured, the volume of crop loans for small farmers is unlikely to increase significantly. Nevertheless, those primary societies and individual farmers still receiving loans are not only performing effectively, but are also expanding their total borrowing.

The impact of loans to small farmers was not recorded systematically during Phase II, though ACDI now has plans for improving reporting during Phase III. However, the difficulties and imprecision of measuring impact are not to be taken lightly, and are discussed in detail in Chapter 5. B, below.

5. Economic Opportunities for Rural Women

Activities in all program categories had significant positive impacts on women during Phase II. These benefits include increased participation and visibility within the cooperative movement; increased access to jobs, credit, and technical assistance; and higher living standards -- including improved food security.

Some of these impacts resulted from programs that targeted women directly, particularly through some of the Discretionary Grants. The activity with perhaps the most dramatic such impact is the

Heifer Project's Women's Cooperative Dairy Project, which received grants worth about $135,000 from PL480 over three years (in addition to funding from other sources).

The Project works in six areas around Mbale, and serves about 600 people. HPI offers pregnant cows to women who fulfil rigorous training and other requirements. Recipients are then required to give the first heifer to another woman. Extension workers from the District Veterinary Office (DVO), with salary stipends and motorcycles provided through PL480, teach how to care for the animals, <u>and</u> to use integrated farming systems for producing economical fodder, higher crop yields, and enriched soil.

Accompanied by an outstanding woman extension worker, the team visited a group in which 39 of 53 participating families had received heifers so far, and many had already "passed along" the first-born. Benefits to recipients included a steady supply of milk for home consumption and extra income which, in turn, enabled them to buy chickens (also for family consumption and sale), buy more land, and improve their homes. One family (clearly the project's star performer) hosted lunch in the new house built with their added income. As the "piece de resistance," the food was cooked on a bio-gas stove fueled with <u>PL480 funds</u> and the output of the HPI cow and offspring.

The highly integrated Project design incorporates many aspects of sustainability: economic, social, environmental, and institutional (thanks to the link with the DVO). By working to register participating women's groups as cooperative societies, as well, the project also gives participants entree to future sources of credit.
To be sure, this is a costly and labor-intensive activity that could not be <u>fully</u> replicated on a large scale. However, it is already having important <u>demonstration effects</u>, as neighboring families learn and apply some of the new farming techniques and use the DVO's artificial insemination program to improve their own small herds. Those interviewed asserted that, prior to the project, it was unheard of for women to own a cow. This project also demonstrates that <u>with equal access, women can compete successfully for benefits from programs addressed to all small farmers.</u>

Unfortunately, not all targeted activities produced such happy results, as a visit to the Bugiri women showed. This group of about 35 women received $15,000 under the Women's Loan Guarantee Fund, to get them started on the path toward producing and processing sunflower oil. Because of internal management problems and a misunderstanding about the size of a mill given by another donor, they have been unable to "put it all together" and, therefore, have not repaid their loan.

This project represents a well-meaning attempt to help a group of capable women who still require more intensive, sustained assistance than is easily provided. Such "gender-sensitive" activities may be useful for helping women who would be unlikely to benefit without targeted and concessionary assistance.

However, given the competing demands of the program, and the availability of funding from other sources, it is hard to make the case for continued support of such concessionary women's projects and the earmarking of funds for a Women's Loan Guarantee Fund.

In fact, the most widespread and permanent benefits for women resulted from activities that were not specifically targeted to women, such as a) the PL480 sales process which, as noted earlier, gave enhanced opportunity to women traders, b) support for the Cooperative Bank, which is a major employer of women (all but two of the twenty employees employed at the Jinja Branch, visited by the team, are women!), c) encouragement for non-cooperative commercial enterprises such as the Garden Tea Company, which is boosting the number of women employed in tea-packing, and d) efforts to revitalize the edible oil industry, which benefit women farmers who produce much of Uganda's sunflowers and soya beans.

Hundreds of other women benefit from the credit program for small farmers. In Jinja, the Branch Bank's Credit Manager -- a woman -- explained that targeting such loans to women (except in the case of widows) would involve artificial distinctions, because the priority is to help low-income farm families.

In short, more women benefitted from the expansion of economic activity in general, as well as from expanded access to credit for small, low-income workers, than from "gender-sensitive" programs. The jobs and income generated by the former developments are likely to be more secure, because they do not depend on special funds, concessions or programming. This experience bears out the Marketing Manager's view that small, short-term loans -- which he plans to institute once the Bank becomes somewhat more financially secure -- will do more to raise income for women than well-meaning Loan Guarantee Funds or other targeted approaches.

6. Food Security

The PL480 Monetization Program has had significant impact on Ugandan food security, through influence on both the aggregate availability of food and the access of individual families to more food through increased income.

Impacts of the PL480 commodities, and of the way they have been sold, have been described earlier. The contributions of activities funded from the proceeds of PL480 sales will be measured in far more detail, as ACDI implements the recommendations for monitoring and evaluation made in the report by its information consultant (Brusberg).

Much of the Monetization Program's impact on food security is necessarily indirect. Strengthening the cooperative movement, for example, eventually adds to food security through impact on production and income of small farmers. However, the improvement in food security requires time and related outcomes, such as better markets for the small farmers.

At present, much of the impact that is reported throughout this Evaluation must be considered partial or fragmentary, though still important. The extent to which seed multiplication, for example, contributes to food security, depends on what happens to the seeds. This, in turn, requires related impacts, such as credit, improved processing facilities and marketing arrangements.

Even Project activities such as non-cooperative loans for commercial investment affect food security, by creating jobs and increasing income. Because the PL480 Monetization Project's focus is on revitalizing the edible oils industry and strengthening a cooperative movement that is almost exclusively agricultural, positive impact on food security is an inevitable corollary of all Project outcomes.

III. MAXIMIZING PROGRAM IMPACT DURING PHASE III: THE NEXT STEPS

A. Setting and Sticking to Firm Program Priorities

The reduction in Phase III PL480 vegetable oil allocations puts added pressure on UCA, ACDI and USAID to limit expenditures almost exclusively to the two objectives they have identified as Phase III priorities:

- o a solvent and self-sustaining Cooperative Bank, and
- o a sustainable increase in edible oil production.

There will simply not be enough sales proceeds to pursue the additional important -- but diluting -- goals addressed during previous monetizations. Concern for women, for example, will have to be incorporated into activities selected because of their relationship to priority goals, rather than their gender implications. Export goals, too, should receive less attention, unless their achievement is shown to strengthen the Cooperative Bank.

On the other hand, some program activities will actually contribute simultaneously to both priority goals. For example, a Bank fund to lend working capital to small oil processors serves both the Bank and the edible oils industry.

Concern for sustainability also heightens the importance of sticking to these central objectives. Admittedly, there are hard choices involved in giving priority to two specific goals. However, if the focus is not narrowed during the Program's final phase, the sustainability of most PL480-supported impact will be endangered.

A commitment to upholding firm priorities also limits discretion of the decision-making Committee. Instead of a project-by-project approach, allowing introduction of new goals at will, the Committee must review proposals in relation to previously identified and detailed strategies for achieving the priority goals. By exercising restraint and resisting temptation, the Committee will maximize the possibilities for sustainable impact during Phase III.

B. <u>Strategic Planning to Attain Priority Goals</u>

Strategic planning -- the design of implementation plans for reaching the priority goals -- requires considerable practical field investigation and design of concrete activities. Impact in relation to the primary goals can be improved by linking activities in a strategy addressed to a specific quantified goal. By focusing on a specific group of beneficiaries, quantifying the benefits to be expected, and identifying the most efficient combination of activities for achieving those benefits, the resulting activities will achieve synergistic impacts far greater than the sum of individual impacts.

For example, expenditures to complement the Seed Multiplication Project might have increased total impact -- <u>even</u> at the cost of reducing the amount spent on multiplying seeds. This does not detract from the impressive accomplishments of the Seed Multiplication Project. It calls attention, rather, to the need for a planning approach that places more emphasis on <u>combining</u> activities.

An excellent strategy, with related plans, already exists for restructuring and recapitalizing the Cooperative Bank. However, the edible oils industry requires immediate attention. This Evaluation proposes a pilot project that incorporates many of the edible oil activities previously undertaken. In addition, the pilot project proposes additional activities that, together with the earlier work, constitute a reasonable, verifiable strategy and plan for achieving a quantified, sustainable increase in edible oil production.

Once concrete targets relating to the Cooperative Bank and the edible oils industry have been identified, project planning must be guided by the requirements of detailed strategies for attaining these targets. For example,

-- if the edible oils strategy gives priority to improving cultivation in the north, the Committee should not approve training projects for improving skills in the south;

-- if the program strategy commits the Cooperative Bank's resources heavily to short-term credit for oil processors, loans to silk manufacturers must be deferred until the processors' loans are underway.

Such choices, difficult as they are, will pay off by enhancing the program's long-term impacts and sustainability.

C. Alternative Uses of PL480 Funds:

The Statement of Work asks "whether more impact might be obtained from alternative uses of the (local currency) funds ?" This question must be addressed with regard to both a) the relative priority accorded to diverse Program goals, and b) the mix of activities addressed to any single goal.

1. **The Mix Among Line Items**

It is not the role of evaluators to "second-guess" the value judgments of USAID, UCA and ACDI about which goals are most important. Whether it is "better" to strengthen the Cooperative Bank, promote exports, or assist women, to take a few examples, depends on value judgments about the relative importance of different goals.

However, the team's understanding, reflected throughout this Report, is that AID, UCA and ACDI themselves have identified the Bank and the edible oil industry as their overriding priorities for Phase III. Moreover, considerations of sustainability also require a closer look at the mix of expenditures in relation to the range of existing Project goals.

As indicated above, sticking to priorities and moving strategically toward them will require decision-makers to restrict their discretion to activities that contribute explicitly to their two priority goals. This approach has not prevailed during program implementation so far, as the proliferation of independent projects demonstrates.

As noted previously, AID has used the PL 480 Monetization Project to fund useful activities, such as those of VOCA and HPI, even when such projects have only modest relation to its priority goals. In other cases, activities addressed to subsidiary goals may contribute to the two priority goals, but are rarely the most efficient way to achieve those goals. The earmarking of loans for non-traditional exports and other non-cooperative commercial activity, for instance, meet this description.

2. **The Mix Within Line Items**

The USDA Evaluation (p.8) illustrates well the importance of comparing alternative expenditure mixes in relation to specific goals. When comparing strategies to raise small farmer income, for example, that Report compares current expenditures for encouraging non-traditional exports, with shifting those same funds to training in basic accounting for primary societies.

As the foregoing sections on "strategic planning" and "the mix among line items" have already emphasized, similar comparisons are now in order within line items, in relation to the program's priority goals. In other words, grants and loans under each line item should be screened in relation to their efficiency in contributing to either the edible oil industry, the Cooperative Bank, or both.

Admittedly, this approach will be difficult and unpopular at times, but it is also feasible and, in the long run, the most promising one by far for achieving lasting impact. The Pilot Project sketched out below suggests some ways of applying this approach in practice during the program's final phase.

D. Sustainability

If Phase III does not assure the sustainability of its hard-won improvements, much of AID's substantial CAAS and PL480 investment will be dissipated. Therefore, this evaluation of the Monetization Program's impacts includes an assessment of how long those impacts will endure.

1. **Sustaining The Comprehensive Systems That Generate Benefits:**

The Seed Multiplication Project, in which AID has already invested over $1,500,000, is a case in point. The impact of this project will be far greater if, in addition to an initial amount of improved seeds generated through grants, it leaves in place a self-sustaining system for supplying the seeds continuously in Uganda.
This particular activity has not yet been implemented long enough to develop such a system. However, in planning Phase III it will be important to incorporate a new emphasis on assuring sustainability into this and all other activities. More specifically, the identification of goals for Phase III should include reference to sustainable outputs and benefits.

Nor is it enough to assure the continuation of individual output flows (such as seeds or credit). On the contrary, the partial systems of improved performance achieved by the Project grants (and others) must be sustained. This additional challenge requires careful attention to the sustainability of arrangements for related components like credit, marketing and technical assistance.

The Project's efforts to rehabilitate the domestic edible oil industry illustrate an important aspect of planning sustainability that has not yet been addressed. The Project implicitly assumes that with the Association of Oil Seed Processors, the rhizobium laboratory, and similar institutional improvements in place, the private sector -- responding "on cue" to profitable opportunities -- will take care of supplying seeds and inputs, as well as marketing and shipping the finished product, along with all the other functions required to sustain the cycle of improved production and consumption.

This assumption may be perfectly reasonable, but UCA and ACDI have not yet determined whether it is. Unless the private sector response can be counted on, in the absence of other Project or other agency activity, most of the work on edible oils will have little permanent impact. It is important, therefore, that the requirements for sustainability be reviewed carefully, along with anticipated private sector responses, so that planning for sustainability can be more effective.

2. Institutional Sustainability -- the Case of UCA:

The sustainability of improvements made within UCA presents a different problem. When PL480 ends, UCA's budget will be reduced substantially. The 1993-1994 UCA Annual Report, and an interview with the General Secretary, confirm that UCA recognizes this serious problem. However, it is not clear that USAID and ACDI have responded to the need to help UCA find other funding sources, and take other steps to assure sustainability. Reduction of institutional support to UCA should be gradual, to reduce the trauma involved.

Much of the improvement in UCA will be sustained in any event. The Audit Department will survive, thanks to income from an endowment furnished from the Project, plus fees for services. The Business Advisory work will probably continue as well, generating some support from fees. UNEX, too, is likely to sustain itself, even if when coffee prices inevitably drop. If the Cooperative Bank reaches the self-sustaining status now contemplated by the Project, it too will survive and prosper.

The sustainability of other support services provided by UCA, such as training and assistance to unions and primary societies, requires more attention. The cooperative system has indeed been strengthened enormously by the assistance from CAAS and the Monetization Project. However, it is not clear how much of that improvement can survive an abrupt reduction in USAID support. In fairness to UCA, and to maximize the sustainability of USAID-funded impact, some serious planning for the imminent phase-out of support seems essential. This conclusion reinforces the USDA Evaluation's emphasis (pp. 13,17) on the need for an explicit sustainability plan for UCA.

IV. PHASE III: A NEW APPROACH FOR REPLACING PL480 OIL WITH DOMESTIC PRODUCTION

Within the already-approved MYOP for FY95-96, ACDI should propose a "Sustainable Edible Oils Project" designed to:

- provide working capital credit for processors, and
- assure commercial distribution of improved seed.

These have been identified widely as the major constraints to improved and profitable oil production. If the two fundamental premises that a) edible oils can be profitable for Ugandan farmers and processors, and b) improved seeds can increase those profits significantly, are not correct, then further work may be fruitless. The project proposed here seeks to test validity of those premises.

A. <u>Implementation and Major Components of the Project</u>

This proposal does not contemplate new research studies, or further exploration of alternative strategies. It assumes, rather, that the state of current knowledge and technology is sufficient to support a pilot test of the possibilities for increasing output of edible oils. Incorporation of new research findings, as they occur, should certainly be encouraged. However, with only two years left to sustain the gains achieved through expenditure of PL480 proceeds, the time has come to see if what has been accomplished to date can be assembled into a viable and profitable system for achieving and sustaining a significant improvement in edible oils production.

The only new aspect of this project is that it gives focus to, and links, the many different activities already going on that contribute to the increased production of edible oils. For example, by relating the Seed Multiplication Project to CCS small farmer credit, improved seeds will no longer be given away. Instead, the seeds will be distributed on a commercial and sustainable basis. At a meeting with five of the sixty members of the Uganda Oil Seed Processors Association, participants emphasized that, if their need for working capital, and better crushable material, could be alleviated, many of their other problems would disappear.

They agreed that, if they can expand operations, for example, they would be better able to afford expenditures for parts and for improved equipment. They also identified the problem of smuggled oil and legitimate imports as well, but asserted that they could compete in spite of them. Nor were they concerned about the possibility of oil prices declining, as output increases, since better seed will allow them to operate profitably even with some reduction in prices.

While considerable work must still be done, to identify target groups and areas for example, the main aspects of implementation include the following;

- assignment of a local business-oriented person to the Oil Processors' Association, with full responsibility for management and implementation of the Project;

- clarification of the interest, and possible roles of, UCA, Cooperative Unions, and Primary Societies in implementation of the proposed edible oils strategy;

- a contractual arrangement with the Cooperative Bank, under which the Bank will manage and monitor an Oilseed Processors' Credit Fund (NOT a Loan Guarantee Fund) large enough to enable small and medium-size oil millers to produce a stated quantity of edible oil (see Table 1). By not placing title to the funds with the Bank, and paying the Bank a fee for services, the project can accommodate the Bank's proper reluctance to make higher-risk loans. If increasing the Bank's capital takes priority, such a fund can be given to the bank, since added protection (such as a grant for increased monitoring) can enable the Bank to relax some requirements for credit eligibility. Some of the capital needs of small processors are also likely to be suitable, according to the Bank's General Manager for marketing, for funding through the Bank's proposed new venture capital fund.

- guidelines for management of this Credit Fund, or other financing arrangement, that will allow small millers, not currently eligible for Bank loans, to borrow on the security of crushable material to be obtained <u>only</u> from cultivators of improved seed;

- arrangements enabling UOSPA to become a wholesaler of improved seed, with enough working capital to purchase a seed inventory, and resell it , to primary societies and other outlets. For example, the Association could purchase improved seed from one or more of the original multipliers, have it prepared for sale, and pay for it from edible oil proceeds, after an initial advance from the Credit Fund. UOSPA, or the seed multipliers, may be obliged to take special steps to assure that Government approval of the seeds to be sold has been obtained, since there have been indications that this may be a problem.

- steps to increase the likelihood that seed growers will sell to the smaller millers, though small millers acknowledged that they have personal relationships with suppliers that assure adequate supply, if they can pay on delivery. For example, loans made to farmers by their primary societies may be conditioned on the sale of the crop to specific customers.

- The Credit Fund managed by the Cooperative Bank will be used to finance the purchase of crushable material by millers not otherwise eligible for Bank loans -- with the millers' inventory closely monitored by the Bank, as primary security. Since millers can turn over their working capital 8-12 times a year, individual defaulters can be detected before they have dissipated their security.

- Existing technical assistance services can be shifted to the target group, just as HPI has incorporated District Veterinary Offices to serve the target farmers in its activities.

- Sustainability of the Oil Processors Association will be assured by linking availability of credit to increased dues or share contributions by members, as incomes increase. The Association is not a cooperative, but can still initiate some kind of share purchasing arrangements or dues.

The above description does not purport to address all the constraints to increasing production of edible oils. The evaluators are keenly sensitive to the many difficulties confronting such a project. Nevertheless, by adopting the proposed approach, the PL480 Monetization Program can turn an array of useful activities into a coherent effort to generate a stated level of increased production. With adequate monitoring, the hypotheses incorporated in the project can be tested as implementation proceeds, so that in-course corrections can be

Attachment #12a

ANALYSIS OF P. L. 480 FUND USAGE/UTILIZATION FOR PHASE II PER LINE ITEM PER MYOP CATAGORY......STATUS AS OF JUNE 30, 1994 (REVISED AFTER ACTUAL PHSE I FUNDS TRANSFERED)

PROJECTED GROSS PROCEEDS TO BE GENERATED THRU PHASE II MONETIZATION SALES	= 15,600,000,000 USH	NOTE..APPROX.70% OF TONNAGE SOLD TODATE
LESS LEVY TO BE PAID TO THE GOVERNMENT OF UGANDA (20%) OF GROSS PROCEEDS	= 3,120,000,000 USH	
LESS OPERATING EXPENSES FOR THE P. L. 480 PROJECT (10%) OF GROSS PROCEEDS	= 1,560,000,000 USH	
NET FUNDS PROJECTED TO BE AVAILABLE FROM PHASE II FOR PROGRAM USE	= 10,920,000,000 USH	
PLUS FUNDS FROM PHASE I PROCEEDS NOT UTILIZED & TRANSFERED TO PHASE II	= 1,145,716,516 USH	
TOTAL FUNDS PROJECTED AVAILABLE FOR REHABILITATION/DEVELOPMENT PROGRAMS	= 12,065,716,516 USH	
NOTE: ACTUAL GROSS PROCEEDS/RECEIPTS GENERATED THRU PHASE II TO-DATE	= 13,364,058,402 USH=85.6%	FUNDS GENERTED V/S GROSS PROJECTED

SUMMARY OF FUND ALLOCATIONS, AMMOUNTS PROJECTED, GENERATED, DISBURSED, AND % ANALYSIS

	CATEGORY OF PHASE II FUNDS DISBURSED	AMOUNT USH DISBURSED TODATE	% OF TOTAL DISBURSMENTS TODATE	% DISBURSED V/S PROJECTED TOTAL OF PHASE II FUNDS	AMOUNT USH UNDISBURSED TODATE
PROMOTION OF EDIBLE OIL PRODUCTION AND PROCESSING.....=25.5% (41% GRANT-59% LOAN)					
COOPERATIVE DEVELOPMENT FUND..........................=16.0% (100% LOAN)					
NON COOPERATIVE COMMERCIAL LOANS......................=14.0% (100% LOAN)					
GRANTS AND DISCRETIONARY..............................=16.0% (100% GRANT)	LOAN FUNDS	2,436,000,000	39.91%	44.87%	2,289,250,829
INSTITUTION BUDGET SUPPORT............................=24.0% (100% GRANT)	GRANT FUNDS	3,667,073,423	60.09%	55.26%	2,108,233,146
RETRENCHMENT FUND.....................................= 4.5% (100% GRANT)					
TOTAL OF ALL CATAGORIES OF FUND ALLOCATIONS...........100% (55% GRANT-45% LOAN)	TOTAL	6,103,073,423	100.00%	50.58%	4,397,483,974

CATEGORY OF FUNDING (LOAN OR GRANT)	PERCENT ALLOCATED OF TOTAL FUNDS	ESTIMATED TOTAL FUNDS TO BE GENERATED	ACTUAL FUNDS GENERATED TO-DATE	ACTUAL MONIES DISBURSED TO-DATE	% OF MONIES DISBURSED TO-DATE	% DISBURSED V/S PROJECTED TOTAL OF ALLOCATED FUNDS	BAL.OF GENERATED FUNDS AVAILABLE FOR DISBURSEMENT
CAPITAL INVESTMENT (OIL) LOAN FUNDS	5.0%	603,285,826	525,027,870	45,000,000	0.74%	7.46%	480,027,870
SMALL MILL SCHEME (OIL) GRANT FUNDS	0.5%	60,328,583	52,502,787	3,564,000	0.06%	5.91%	48,938,787
SEED MULTIPLICATION (OIL) GRANT FUND	5.0%	603,285,826	525,027,870	410,866,000	6.73%	68.10%	114,161,870
PRODUCTION CREDIT (OIL) LOAN FUNDS	3.0%	361,971,496	315,016,722	0	0.00%	0.00%	315,016,722
CROP FINANCE (OIL) LOAN FUNDS	7.0%	844,600,156	735,039,018	383,000,000	6.28%	45.35%	352,039,018
INSTUTION DEV. EXT.(OIL) GRANT FUNDS	5.0%	603,285,826	525,027,870	164,023,470	2.69%	27.19%	361,004,400
SUB TOTAL FOR EDIBLE OIL FUND.......	25.5%	3,076,757,713	2,677,642,136	1,006,453,470	16.49%	32.71%	1,671,188,666
AGRIBUSINESS/CROP FINANCE LOAN FUNDS	9.0%	1,085,914,486	945,050,166	460,000,000	7.54%	42.36%	485,050,166
PRIMARY SOC. PROD CR. LOAN FUNDS	7.0%	844,600,156	735,039,018	330,000,000	5.41%	39.07%	405,039,018
SUB TOTAL FOR COOP DEV. FUND......	16.0%	1,930,514,642	1,680,089,184	790,000,000	12.94%	40.92%	890,089,184
NON COOPERATIVE COMMERCIAL LOANS	14.0%	1,689,200,312	1,470,078,036	1,218,000,000	19.96%	72.11%	252,078,036
GRANTS AND DISCRETIONARY GRANT FUNDS	16.0%	1,930,514,642	1,680,089,184	1,157,814,513	18.97%	59.97%	522,274,671
INSTUTION BUDGET SUPPORT GRANT FUNDS	24.0%	2,895,771,964	2,520,133,775	1,930,805,440	31.64%	66.68%	589,328,335
RETRENCHMENT FUND	4.5%	542,957,243	472,525,083	0	0.00%	0.00%	472,525,083
SUMMARY TOTAL OF FUND DISBURSEMENTS	100.00%	12,065,716,516	10,500,557,397	6,103,073,423	100.00%	50.58%	4,397,483,974

made.

As remaining constraints become clear, they, too, may be addressed within the target area. Proposed discretionary grants, such as a current one from Appropriate Technology International (ATI) for a participatory research program and other edible oils activities, can be reviewed, with approval made subject to modifications that improve the "fit" and integration of the proposed project with the other PL480 edible oils work.

TABLE I

Stated Goal: 10,000 Additional Tons of Edible Oil

To guide programming, and assist in identifying the appropriate magnitudes for proposed activities, the following table can be helpful. With very little work, the feasibility of the illustrative goal of 10,000 additional tons can be appraised, and reduced if necessary. Validity of the assumed prices and ratios can also be verified.

- 10,000 tons of oil will require 35,000 tons of sunflower seeds
- To produce 35,000 tons of crushable material, farmers will need approximately 600 tons of improved seeds (1 to 60 ratio), making necessary the purchase of improved seeds from x number of current Seed Multiplication Project growers. Depending on the proposed mix between sunflower and soybeans, needs for rhizobium, and a commercial system for meeting them, may also be necessary.

- To grow 35,000 more tons of crushable material, x additional acres must be put into cultivation (amount depends on a) assumed increases on acres now being cultivated, and b) the expected mix between sunflowers and soybeans).

- To purchase and crush 35,000 tons of crushable material, a certain number of selected millers will need total credit of a certain amount, which depends on prices, and on how fast they can crush, sell and receive payment for the seeds converted to oil.

The marketing of 10,000 additional tons of oil may require new outlets (such as primary societies) and additional credit for traders, depending on conditions in the target area.

By estimating the likely prices of oil, oilseeds, ploughing, etc., the viability of maintaining the credit cycle, and the profitability for farmers and processors, can be verified. Since the system is independent of grants, the costs of credit at all levels must be included in estimates.

Preliminary estimates, made after discussion with five Uganda Oil Seed Processors Association members, suggest that a short-term credit fund of about US$500,000, spread over a two year period, would be adequate to eliminate the credit constraint on achievement of any likely increase of edible oil production. A census of needs among the members would allow a better estimate.

Since it is essential that small processors have cash in hand to buy crushable material, to compete with the major well-financed buyers, the Fund will have to advance funds for each initial purchase, the principal risk of default. However, once inventory is in the warehouse, careful monitoring of this security should minimize further risks of default.

B. Financing of the Project

The Project can be financed with the present line item allocations of expenditures, by 1) limiting PL480 Review Committee discretion to approval of only those activities that have been previously designated as integral parts of the proposed strategy, and 2) realigning other proposed expenditures so that they clearly form part of the strategy. The VOCA discretionary grant, for example, has already been realigned to maximize contribution to the edible oils strategy. The Women's Loan Guarantee Fund and the Matching Grant Program, too, can easily be realigned in this fashion.

To be sure, some hard choices will have to be made, to assure that adequate funds are available to implement this strategy. The pressure imposed by the 25% reduction of the FY95 commodity allocation, plus a firm commitment to a program for achieving sustainable impacts on the edible oil industry and the Cooperative Bank, will leave no room for "discretionary" grants or, say, risky efforts to stimulate a new non-traditional export. In short, the PL480 Monetization Program will have to become much more tightly programmed, in order to achieve these two specific goals.

To meet Central Bank regulations, the Cooperative Bank must add 15.9 billion shillings to core capital by 1996. Of this amount, 3.9 billion shillings are anticipated from FY95-96 Monetization proceeds. This adds to the difficulties of programming the reduced funds that will be available during this period.

The USAID expresses proper concern that the PL480 Monetization Program assure enough recapitalization of the Cooperative Bank to meet statutory requirements associated with the Bank's proposed lending goals. This priority requirement, plus meeting the needs of the proposed Sustainable Edible Oil Production activity, may be more than available proceeds can support. In this case, it may be possible, for example, that the proposed fund for short-term credit to small millers, now viewed as property of a separate entity that the Bank will manage, can be made part of the Bank's capital.

Though it should not be called a "Loan Guarantee Fund," since PL480 experience with such arrangements has been poor, there are other ways to increase the bank's capital while still achieving the goal of making short-term credit available to millers who cannot meet the Bank's regular standards. Negotiation of the terms that would apply to the Bank's use of the funds would become an important aspect of project implementation. Designing activities that increase edible oil production, and simultaneously strengthen the Bank, will increase impact of the limited funds available on both goals. It became clear, during a preliminary meeting between the Cooperative Bank's General Manager for Marketing and the PL480 Monetization Program Manager, that there exists enough mutual interest to make feasible an arrangement that meets all Program needs.

C. Management of the Project

The Monetization Office -- under the current director and existing senior staff -- can assume the necessary responsibilities for implementing the edible oils strategy. With the sharper focus of activities, the reduction of shipments scheduled for FY95, and the phasing out of CAAS, the Monetization Office should have sufficient time to monitor the program. This locus of responsibility would have the added advantage of uniting sales, and use of proceeds, under a single person. At the same time, ACDI/Washington must then designate a single vice-president (or other official) to whom the Director of Monetization and the Cooperative Bank's General marketing and operations directors (both ACDI employees) will report, through the ACDI Regional Director.

The PL480 Review Committee can serve as a kind of Board of Directors for the Project, once it has approved the broad outlines of the strategy. The Committee will then have a set of clear criteria for reviewing policy questions and proposed project activities.

D. Remaining Project Aspects to be Resolved

Many questions related to this proposed project remain to be considered, such as a) ownership of the Edible Oils Credit Fund, b) guidelines for Bank operation of the fund, c) the terms of the loan or grant that creates the fund, and d) provisions to off-set exhaustion of the soil and any other negative environmental impacts.

This proposed reprogramming, and implementation of it, also depend on resolution of the issues discussed in the following section (Chapter V) of this evaluation. Unless sound Program management, and orderly conformity with the information and other requirements of using PL480 funds is assured, there is little likelihood that an edible oils strategy will be carried out successfully.

V. OTHER ISSUES TO BE ADDRESSED

A. Management

1. Internal Issues Pertaining to ACDI:

The sharp division of responsibilities between the CAAS Project Team Leader and the PL480 Manager, implicit in ACDI revision of Project management during Phase II, was never made explicit. As a result, both projects have suffered from confusion about tasks, authority, and responsibility. UCA, caught in the middle, also seeks clarification. USAID, which sits on the CAAS Core Committee and also oversees PL480 Monetization, recognizes the problems and, reasonably, expects ACDI to resolve them.

In most monetization projects, a single agency and manager handles both commodity sales and the related programming. In Uganda, however, the existence of CAAS caused ACDI to place the sales and the use of proceeds under two different vice presidents. The PL480 Program Manager, though clearly responsible for ACDI and UCA compliance with all AID requirements, received inadequate guidance about how far he could go, in meeting requirements, in relation to UCA, CAAS and the ACDI staff involved with it.

Understandably giving their first allegiance to CAAS, the ACDI people resisted what they viewed as encroachments on their authority, citing USAID's presence on the CAAS Core Committee as evidence that the PL480 Office should withdraw. The two ACDI vice presidents, with different concerns and responsibilities, have had difficulty identifying and building on their common interests.

Resolution of these management problems will improve performance of CAAS, PL480 and UCA. All emphasize the need for clarification of tasks, responsibilities and authority. The evaluators share their concern and, as "honest brokers," seek only to facilitate a resolution.

It is clear, for example, that involvement of two vice presidents complicates the situation. Winding up CAAS, the continuing sale of PL480 commodities, and use of the proceeds, are best put under the combined direction of a single authority -- since acceptance of the proceeds commits the program implementers to meeting the many planning and reporting requirements of PL480.

Although AID often allows one cooperating sponsor to monetize "on behalf of" another, the "giving" agency is then obliged to monitor rigorously the activities of the receiving agency. The conflicts that arise in many of these arrangements resemble the current misunderstandings between CAAS and PL480.

Once ACDI has unified authority over monetization sales and use of the proceeds, that authority will have far less difficulty in defining procedures and practices than two vice presidents. Written clarification of the following issues is likely to eliminate most of the confusion:

- o What are the distinctive implications and requirements of using Pl480 sales proceeds for program activities ?

- o In addition to managing sales and delivering the proceeds, what other responsibilities for meeting the PL480 requirements rest with the Program Manager? (e.g., preparing the MYOP, reporting).

- o What are the responsibilities of the implementers, including the CAAS Core Committee, with respect to the requirements associated with using PL480 proceeds?

- o What review authority does the PL480 Manager have with respect to assuring compliance by the implementers ? (e.g., does his review of proposals and grant applications include the authority to reject what he considers a "bad project," even if the application meets formal requisites ?

- o Who is responsible for identifying, generating and reporting impact information (may be different people) ?

The answers to these questions will resolve currently vexing issues, such as:

- The PL480 Manager's relationship to the CAAS Core Committee (e.g., member, non-voting attendant whenever he wants to, attendance only at Committee request) ?

- Does the Manager review grant and loan applications before the Committee, after, or never ?

- What are the limits of the Manager's authority and responsibility with respect to lack of compliance by the implementers ?

- Who decides what information should be contained in applications for loans and grants ?

- What are the PL480 Manager's responsibilities to USAID?

- What impact information will be collected and reported, and what are the responsibilities of CAAS and PL480 in relation to it ?

With its extensive monetization experience, and by conferring with field staff, ACDI should be able to identify other helpful clarifications. The important thing is for ACDI to reduce its ultimate decisions to writing, clear them with USAID, and communicate them to UCA, the Core Committee, and the field staff. Since there appear to be few problems about authority and responsibility with respect to financial information, the area needing clarification is modest.

The foregoing recommendations confirm the findings and recommendations of Eric Brusberg, ACDI's consultant on monitoring and evaluation. His report provides useful guidance to problems and feasible solutions.

2. **The Future Role and Composition of the CAAS Core Committee:**

Limiting the Committee's Discretion: As the CAAS Project ends, the CAAS Core Committee has become primarily the decision-making arm of the PL480 Monetization Program. According to the current MYOP, the Committee retains considerable discretion over the activities to be funded. If the recommendations of this report are followed, much of that discretion will disappear. Once the Committee approves a more detailed plan of action for implementing an edible oils strategy, the Committee's discretion becomes limited to choosing among alternative proposals for implementing previously-identified elements of the strategy.

Broadening the Role of the Monetization Office: When the new strategy, and related specific projects and expenditures, become part of the MYOP, the PL480 Monetization Office must assume a broader role. As proposals are presented, the Office must certify that the proposed activities fall within the detailed program strategy. The Monetization Office will also become responsible for monitoring activities approved for funding from PL480 sales. For example, if an agency with an approved project moves too slowly or inappropriately, the Monetization Office will intervene to correct the situation.

If ACDI had a staff person in the field in addition to the PL480 Program Manager, there might be some question about what are essentially "program" responsibilities. However, with present staffing, the Manager and his staff are the best people to handle this role. With this management structure, the unfortunate current division between "selling the oil" and "spending the proceeds" disappears.

Revising the Name and Role of the Committee: The time has now come to rename the CAAS Core Committee as the "PL480 Monetization Program Committee." This body will then become a kind of board of directors, to whom the PL480 Manager reports. USAID, as the major "stockholder" and with representation on the board, may intervene on critical policy issues, such as division of funds between Edible Oils and the Cooperative Bank. Otherwise, as in any similar organization, the "Executive Director" -- in this case, the PL480 Manager -- must persuade his board that the proposed program strategy, and related activities, should be adopted. Thereafter, as he receives or generates implementation proposals, he must negotiate with the Committee for their approval. Because he is also responsible for complying with Regulation 11 and other requirements, the PL480 Manager will call the Committee's attention, as necessary, to any inadequacies contained in project proposals. However, the Committee remains the ultimate decision-making authority.

Composition of the Committee: The Committee's composition should not change, since the present member agencies retain their interests. The PL480 Manager will not be a member, though his new role makes him the key person in presenting issues, and providing information about them, to the Committee. Although the Cooperative Bank and the Processors' Association, for example, should be given ample opportunity to "make their case" before the Committee, they are not an appropriate addition to the making of decisions.

This model, with the Committee as board and the PL480 Manager as executive director, can work effectively only if there is reasonable consensus about broad goals, detailed strategies, and key policies and procedures. If general agreement on these matters can be achieved, Phase III should flow smoothly and the Committee, despite a more limited role, will continue to be important. USAID faces the delicate task of building the required consensus.

B. Monitoring and Evaluation

The Statement of Work asks the team to examine "the effect the program has had on recipients of the loans and grants." However, although the Monetization Project's Quarterly Reports confirm both the Project's many impacts and the information system's capacity to report them, various problems prevent measuring such impacts with precision.

The first, acknowledged in the Statement of Work, is the lack of baseline data for many activities -- making it "difficult to demonstrate impact through statistics." Additional problems are discussed below.

1. Difficulties of Measuring Impact in the Absence of Program Strategy

The failure to integrate activities in relation to quantified goals not only results in the loss of possible impact, but also increases the difficulties of tracking those impacts through to the ultimate beneficiaries. To take one example:

> the impressive Seed Multiplication Project effectively attacks the need to increase the supply of high quality seeds -- but neglects the related problems of credit, the condition of equipment, marketing and technical capacity.

The formation of the Association of Oilseed Processors will make it easier to address these problems. However, CAAS and PL480 have not converted their ample knowledge of problems in revitalizing the edible oil industry into a coherent strategy, with related goals and activities, that would permit measurable impacts on family income and food security.

The project-by-project approach encouraged reporting of outputs related to each activity. Unfortunately, the nature of this approach to programming, and the resulting design of reporting requirements, does not permit the measurement of goals, such as increased family income.

More specifically, since programming did not identify whose incomes might be expected to increase, reporting did not include changes in income. With more systematic programming that includes quantified goals for raising the incomes of specific groups, ACDI will be able to report far more changes in family income during Phase III.

In addition, measurement and reporting of Project impact has been hampered by a lack of explicit identification of information requirements, responsibilities, and related authority. With the clarifications recommended in the section on Management Issues above, reporting of impact -- including that on family beneficiaries -- should become more efficient and responsive.

Nevertheless, despite the difficulties of attributing and measuring impact, intermediate impacts at the output level can be viewed as entering a stream that leads to direct impact on individual beneficiaries. Where some constraints have not been addressed (by the Project or others), some output is dissipated before it reaches the ultimate intended beneficiaries. With activities that are "closer" to the beneficiaries, such as small farmer loans or the HPI grant, the likelihood of direct impact increases.

2. **Direct Measurement of Income, versus Use of Indicators:**

The Coop Bank's Marketing Director cautions, and the evaluators agree, that while many of the small loans have positive impact on farm family welfare, attempts to quantify increased income are likely to be difficult and to result in modest numbers.

In view of the difficulties of measuring increased income, and the modest numbers likely to be found, this evaluation urges the use of a few easily collected indicators, instead. For example, such proxy indicators as a) shares purchased or savings increased, b) repayment and renewal rates for Bank loans, c) school fees and primary school enrollment, d) purchase of radios and bicycles, and e) home improvement, would be appropriate. In addition, ACDI now has the Brusberg Report, which also suggests many appropriate indicators for assessing impact at all levels.

Interviews with primary society members and others also confirm the feasibility of measuring at least some of these indicators at the Annual General Meetings of participating cooperatives.

3. **Current Efforts to Improve Impact Measurement:**

Plans to meet AID's new emphasis on reporting of beneficiary impact have already been accommodated into the Project's reporting system, though it is not clear that collection and reporting will be feasible in practice. ACDI needs to try a "run through."

For example, the Cooperative Bank is already modifying its forms to meet AID needs, so that applications and reports relating to loans to small farmers will routinely include not only information about crop yields and loan repayment, but will also record changes in farm income. Regular surveys of borrowers will supplement this information. The Heifer Project (HPI) has taken similar steps to provide data on increased family income.

4. Institutionalizing an Impact Monitoring System:

Even when appropriate indicators of impact have been identified, creating and implementing an actual <u>reporting system is still easier said than done. The Brusberg Report does not explore the feasibility and costs of collecting the required information.</u>

Nor does the Bank or HPI know how long it will take to institutionalize their new reporting systems. Though each has already begun modifying its reporting to measure more impact, as noted above, neither has tested to see, for example, what training, computer programming, and explanations to beneficiaries may be necessary.

Before making any firm commitments about what data will be provided to AID, the CAAS Project and all the participating agencies need to explore further the implications of what they propose to do. After first designing forms, identifying collection responsibilities, data flow and other aspects of "the system," there should be a "shakedown cruise," to see how it works and what it costs. Data about "income" sounds perfectly reasonable, but in Uganda getting any reasonable idea about what is happening to it can be a formidable task.

VI. LESSONS LEARNED

How Oil is Sold Makes a Difference

ACDI's policies and procedures for selling PL480 edible oil improved the Monetization Project's impact on incomes and food security dramatically. Unlike monetization sales in many other countries, where a negotiated sale to a large parastatal or commercial processor does little to keep prices down or to increase access of the poor to more food, The Uganda sales a) reduce price fluctuations, b) increase competition among oil traders, and c) make an orderly flow of additional edible oil available to consumers. By viewing the PL480 oil as both a source of revenue and a programming tool for improving food security, ACDI has produced institutional changes in oil marketing that may continue to yield positive impact long after the Project ends. The Uganda experience illustrates some of the advantages of monetization over a simple grant of funds.

The Division of Authority

The Uganda PL480 Monetization Project illustrates the importance of unifying authority, within a Cooperative Sponsor PVO, over PL480 sales and use of the proceeds from them. This lesson flows from the difficulties generated by the divided authority within ACDI during most of Phase II. As part of the same lesson, the single authority must take care to define, in writing, the authority, responsibilities, and relationships between the "PL480 people" and the "program people."

The Importance of Strategic Planning

The Uganda PL480 experience confirms what the evaluators have found in some other PL480 monetization programs. When the proceeds of monetization are placed for disposition by a committee to "approve projects," that committee will too often adopt a project-by-project approach that fragments program and detracts from impact.

A little more guidance to the Committee about some specific goals, to which the "projects" are to be addressed, along with a tentative strategy for achieving them, will make it easier to fund a combination of projects that is likely to result in direct benefits to specific people. The Committee can then take the initiative in soliciting projects addressed to key constraints that will otherwise limit impact on beneficiaries.

If the Uganda and other PL480 projects are expected to achieve measurable impact on individual beneficiaries, "Strengthening the Cooperative Bank," "Reviving the Edible Oils Industry," and all other goals must be viewed as intermediate purposes related to the broader goal of (e.g.) improved food security and income for small farmer families. This will force attention to additional activities that may be essential for achieving this ultimate impact.

The Difficulties of Being a Cooperative Bank

This evaluation has confirmed the 1991 evaluation finding of unavoidable conflicting goals in operation of the Cooperative Bank.
Until the Bank is beyond its current, still fragile, stage, the demands of financial solvency limit the capacity to serve the cooperative movement.

The General Manager for Marketing emphasizes that, in the near future, the conflict between commercial and service goals will diminish, and the Bank will be able to provide more service to the movement. In the meantime, however, it is essential that USAID, UCA and ACDI recognize the current need to give primacy to rigorous standards for borrowers, a diverse loan portfolio, and other aspects of Bank operations that, though necessary, reduce the capacity to (e.g.) "fund women's projects" or "help small farmers."

The Importance of Sustainability

The PL480 Monetization Project dramatizes the importance of sustainability. With Phase III likely to be the last PL480 assistance, the danger that much of the Project's impact will not last becomes more vivid. The need for sustainability makes it especially important that Phase III focus on orderly transition, and include activities that will increase the likelihood that activities, institutions, and impacts will continue at satisfactory levels without USAID support.

VII. FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

All of the following recommendations can be implemented 1) without additional cost, and 2) without any amendment of the current MYOP, since existing budget categories and amounts permit sufficient flexibility and discretion.

MONETIZATION SALES

FINDING: The PL480 Monetization Program in Uganda has had significant impact on family incomes and food security, both because of what has been sold and how it has been sold. Consequently, abrupt termination of sales would damage food security.

FINDING: Improved planning of Phase III will enable the CAAS and PL480 Projects to achieve enough measurable and sustainable impact on the processing of edible oil to offset the reduction of PL480 sales.

CONCLUSION: A Monetization Phase III is essential not only to generate sufficient funds to recapitalize the Cooperative Bank (as USAID/Uganda emphasizes), but also to maintain the present level of food security while domestic oil production rises to replace PL480 allocations.

CONCLUSION:Orderly transition from PL480 sales to replacement by local production is essential to food security in Uganda.

RECOMMENDATIONS:

1. Reduction of PL480 edible oil sales should be avoided, and the proposed reduction to 3,000 tons annually rescinded if possible. Orderly transition to a self-sustaining UCA and replacement of PL480 shipments by domestic oil production should receive immediate attention by the PL480 Review Committee.

2. Identifiable increases in the production of edible oil, related to Project activities and in excess of the need to replace PL480 shipments, should be the first priority goal of PL480 programming.

STRATEGY

FINDING: The CAAS and PL480 projects do not include a set of related and integrated activities sufficient to constitute a strategy for achieving specific sustainable impact in relation to priority Program goals.

CONCLUSION: The absence of specific activities that translate the Projects' broad strategy into a coherent program has fragmented impact and endangered sustainability.

RECOMMENDATION:

3. The CAAS and PL480 Monetization projects should be replanned, to present a set of integrated activities that constitute a program strategy, including increased clarity about the relation of discretionary grants to priority Program objectives.

MANAGEMENT OF THE PROJECT

FINDING: Current Project management divides authority over CAAS and PL480, producing confusion about authority, responsibilities, and procedures.

CONCLUSION: As a result, effectiveness of Program planning, monitoring and evaluation, and Project administration has been reduced.

RECOMMENDATIONS

4. ACDI should unify authority over CAAS and PL480, by naming a single person at Uganda, regional, or Headquarters level, who will report to a single vice-president and have undivided responsibility -- and related authority -- for planning, implementation, and evaluation of both projects.

5. The newly-designated ACDI Vice-President in charge of the Project (CAAS and PL480) should immediately oversee preparation of a document setting forth such matters as:

a) Staff roles and responsibilities
b) Channels of authority
c) Information reporting requirements, procedures and responsibilities,
d) Staff relationships to UCA and the CAAS Core Committee, and
e) Identification of a staff member with primary responsibility for planning the integration of edible oil activities into a coherent strategy for achieving stated goals.

6. USAID should encourage ACDI and UCA to modify the MYOP, insisting that they include more specificity about a) project strategy and related activities, b) project

management, and c) content and procedures for meeting PL480 information requirements.

FINDING: With the termination of CAAS, PL480 Monetization proceeds have become the principal source of USAID assistance to the cooperative movement.

FINDING: UCA seeks clarification of reporting and other requirements associated with the use of PL480 proceeds.

CONCLUSION: There is need for more precise identification of UCA and Core Committee responsibilities in relation to programming and reporting requirements associated with use of PL480 funds.

RECOMMENDATIONS:

7. The CAAS Core Committee and the PL480 Review Committee should be combined into a single PL480 Program Committee, with composition identical to that of the present CAAS Core Committee.

8. All applications related to use of PL480 funds shall, before passing to the PL480 Review Committee, be submitted to the PL480 Program Manager, whose responsibilities should include certifying that:

a) the application provides all information required under PL480, including monitoring and evaluation plans

b) the activity proposed both falls within an expenditure category of the MYOP, and is in accordance with specific activities described therein, and

c) sufficient funds are available for this category of expenditure.

REHABILITATION OF THE EDIBLE OIL INDUSTRY

FINDINGS: Adequate plans for a stated sustainable increase in production and sales of edible oil do not now exist.

The commercial distribution of improved oilseed, and the lack of working capital among small oil processors continue to limit expansion of edible oil production.

The Women's Loan Guarantee Fund has not been fully used, and benefits to women can be increased by reallocating the Fund to provision of credit to small millers, giving priority to qualified women.

CONCLUSION: If these constraints are not addressed, termination of PL480 sales is likely to result in failure to sustain the excellent contributions to a revitalized oil industry achieved by the CAAS and PL480 projects.

RECOMMENDATIONS:

10. The MYOP should be revised to include concrete plans for achieving a stated sustainable increase in edible oil production by small millers, including;

a) A plan for institutionalizing commercial distribution of improved edible oil seeds and soybean inoculant, through the Uganda Oil Seed Processors Association and others,

b) A plan for channelling working capital credit to small millers, through the Cooperative Bank, the cooperative movement and the Processors Association,

c) A plan for reallocating the Women's Loan Guarantee Fund, and other discretionary line item allocations, to provision of short-term credit to small oil processors.

11. All currently proposed Project activities should be reviewed and modified, wherever possible, goals, to maximize their contribution to sustainable increase in edible oil production.

IMPACT ON BENEFICIARIES

FINDING: Although proposed indicators for measuring increased income are sound conceptually, field observation suggests formidable practical difficulties in measuring them.

CONCLUSION: Field staff will be obliged to devote considerable time to collecting income data that will be inaccurate at best.

RECOMMENDATIONS:

12. Measurement of increased income should be accomplished through reliance on information about easily collected indicators, such as a) additional cooperative shares purchased, b) savings accounts opened or added to, and c) increased consumption, such as payment of school fees and buying bicycles or radios.

13. Before making any commitment to supply information about changes in income, or any indicators assumed to reflect them, the ACDI PL480 Office should monitor an initial test of feasibility conducted by the agencies collecting data, to be sure that an adequate system is in place and functioning effectively.

MATCHING GRANTS

FINDING: The impact of some Matching Grants has been limited because grantees have lacked access to working capital -- in some cases, precisely because they have used their savings to match the grant.

CONCLUSION: To achieve their maximum potential impact, Matching Grants should be seen as part of a continuing process that includes linking recipients to sufficient working capital.

RECOMMENDATIONS:

14. In approving Matching Grants, CAAS Core Committee and UCA should give careful attention to the working capital requirements associated with each proposed grant. When a Matching Grant recipient lacks working capital, approval of the grant should be accompanied by arrangements for additional working capital, by assuring that recipients can "graduate" to loans from the Cooperative Bank, or through other means identified in advance.

PERSONS INTERVIEWED

Ministry of Industry and Trade
William Magulu, Projects Coordinator and member of CAAS Core Committee
Joseph William Kitandwe, Deputy Project Coordinator

U.S. AID
Donald Clark, Director
Leticia Diaz, Deputy Director
Gary Bayer, Chief Agricultural Officer
Duane Eriksmoen, Project Officer/CAAS
Rosern Rwampororo, Monitoring and Evaluation Officer
Susan Fine, Project Development Officer

ACDI
Bernie Runnebaum, Monetization Program Manager
Victor Amann, Cooperative Development Advisor
Dirk Van Hook, General Manager for Marketing, Cooperative Bank
Tophus Ruyojo, Warehouse manager
Stanley Maniragaba, Sales Proceeds Handling Assistant
Titus Auku, Sales coordinator

COOPERATIVE BANK, Ltd.
Moses Tefula, Deputy Director for Credit, Marketing Dept.
Charles Okon, Chief Accountant, Jinja Branch
Lerial Nzabalinda, Credit Officer, Jinja Branch
Godfrey Warube, Credit Officer, Mbale Branch

COMMERCIAL BORROWERS FROM COOPERATIVE BANK:
Mumujjo Company, Kampala
George Begumisa, Factory manager

Eagle Investment Company (Garden Tea), Jinja
P.C.Ntakirutimana, Director

Inuula Silk Estates, Jinja
Deputy Manager

UGANDA COOPERATIVE ALLIANCE (UCA)
Charles Kabuga, General Secretary
Leonard Msemakweli, Director of Projects
John Oloa, Director, Cooperative Business Advisory and Training Unit
Y.K.Abainenamar, Director, Union Export Services
Evelyn Kamagaju Rutagwenda, Chief Auditor, UCA Auditing Services
Ben Baseeta, Matching Grants Program
Lucy Mugisha, Coordinator, Office of Women's Programs

Busamaga Cooperative Society, Mbale
Sam Magona, President (also president of Bugisu Cooperative Union), with members of executive committee.

Nakabango Growers Cooperative Society (matching grant)
Committee members; womens' focus group

Mwiga Consumer Cooperative (matching grant)

Bugiri Women's Society (Women's Guaranteed Loan Fund)
Sarah Nakendo, Chairperson

Bugiso Cooperative Union, Mbale (crop finance)
Chris Byekwaso, Chief Accountant

Uganda Oil Seed Processors Association
Z.K. Kwebiha, Chairman, together with four other members

HPI (Heifer Project International)
Sam Naswali, Administrative Officer

District Veterinary Service, Mbale
Dr. George Were, Director
Felicitat Magomu, District Veterinary Officer and Extension Staff, HPI

Bugusege Women's Livestock Cooperative
Committee members and numerous families

VOCA
David Heemsbergen, Director of Uganda program

OFPEP
James Rugh, Consultant

APPROPRIATE TECHNOLOGY INTERNATIONAL
Rita Laker-Ojok

Rafiki Enterprises
Hussein Mohamed, Director -- frequent bidder for PL480 oil

Afya Estates Ltd., Mbale -- medium-sized oil miller
J.G. Nabende, Managing Director

Kakira Sugar Works, Madhvani Group -- Inoculant laboratory for Rhizobium
Charles Sematera, field assistant

In addition, the evaluators;

1) attended the annual meeting of the Uganda Cooperative Alliance, Inc.
2) conducted a focus group interview with ten traders attending a PL480 edible oil sales tender.
3) visited the oil processing facility of East Africa Industry, Ltd., a borrower from the Cooperative Bank (no staff were available)
4) Toured the Wandegaya, Chikuba and Nakasero markets in Kampala, conversing with numerous merchants, traders, etc.
5) Visited the office and export facility of the National Association of Women's Organizations in Uganda(no senior staff available)

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