a proposal

NORTHERN UGANDA FOOD SECURITY PROJECT (NUFSP)

To

THE OFFICE OF THE PRIME MINISTER
THE GOVERNMENT OF UGANDA

DONOR COMMUNITY
C/O
USAID, UGANDA

The NUFSP Assessment Team
January 20, 1996

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I INTRODUCTION

The Northern Uganda Food Security Project (NUFSP) is based on the concept that humanitarian aid to refugee populations should encourage self-sufficiency while simultaneously addressing the short and long-term development requirements of the host country populations.

This proposal is the result of an initiative by both USAID/W and USAID Uganda and the Government of Uganda (GOU), with support from the (GOU) Minister of State for Northern Affairs, the Ugandan Veterans Assistance Board (UVAB) and the Office of Famine Mitigation in the US Department of Agriculture.

The goals of the project are to facilitate expanded food security in Northern Uganda amongst both the national and refugee populations while simultaneously providing the basis for economic recovery and environmental restoration in the area.

Strategies to accomplish this focus on supplementing agricultural inputs and credit, establishing /rehabilitating trade linkages to increase access to and development of markets, and a decentralized skills training component with an integrated reforestation programme. Transportation by land and river, marketing structures, and capacity building of local cooperatives, private enterprises, NGOs and implementing partnerships are addressed to ensure sustainability.

The objectives of the project will be achieved through a strategic shift to a new paradigm which links relief and development, simultaneously addressing the needs and production possibilities of both the refugee and national population and, thus, reducing a dependence on outside sources to meet and sustain basic food needs as well as development activities in the area.

The project is expected to reach up to 3.2 million beneficiaries, including highly vulnerable groups amongst both Ugandans and Sudanese. Through the 3-year life of the project savings are projected to be at least $20 million in relief costs; while creating $30 million of additional personal income for 35,000 small farm families, and generating an internal level of finance and investment income which grows from $9 million in year two to $16 million at the beginning of the fourth year.

The project location is in northern Uganda. The definition of the north, unlike common understanding, will include the districts of Arua, East and West Moyo, Gulu, Kitgum, Nebbi, Lira and Apac (as well as a section of Masindi district where Sudanese refugees are located at Kiryangdongo).

II PROJECT OVERVIEW

2.0 Goals of the Northern Uganda Food Security Project

Goal 1:

To facilitate and sustain expanded food security in Northern Uganda amongst national and refugee populations through environmentally and culturally appropriate methods.

Goal 2:

To facilitate economic recovery of Northern Uganda by increasing rural men and women's income through broad-based economic expansion.

Goal 3:

To restore and improve the conditions of the environmental resource base so as to enhance its productivity in a sustainable fashion.

2.1 Project Approach

The Northern Uganda Food Security Project will enhance short and long-term food security throughout the project area by increasing local food production by nationals and refugees, while simultaneously facilitating local economic and environmental rehabilitation.

Strategies to accomplish this focus on supplementing agricultural inputs and credit, establishing/rehabilitating trade linkages to increase access to and development of markets, and a decentralized skills training component with an integrated reforestation programme. Transportation by land and river, marketing structures, and capacity building of local cooperatives and private enterprises are addressed to ensure sustainability.

The fundamental base of this approach to development is the resource centre concept, whereby rural skills appropriate to the environment and the local economy are taught and upgraded by utilizing existing skills, land and local materials. These elements are integrated into a long term programme from which productive and income generating outreach programs to communities are established. Interlinking and facilitating these training programmes with increased agricultural production, market and transport linkage development, and institutional capacity building in the form of primary cooperative societies and private enterprise, ultimately provides the foundation for a

broad-based level of expanding income and economic development.

This economic model is designed to rectify the detrimental effects of past and current efforts to address the problem of short-term food security for refugees which have had the undesirable effects of undermining the local economy, destroying the environment and providing no long-term solution.

2.2 Project Identification

A baseline survey was conducted in five districts by a team consisting of two representatives from the Prime Minister's Office, a donor representative, a marketing specialist and three specialists in vocational and cooperative training with experience in addressing both refugee and national populations on such projects. Viability and acceptability of the strategies was carried out in cooperation with community and government representatives and relevant agencies in each district. These meetings yielded substantial information about local conditions, and widespread support for the proposal.

The government representatives involved in project discussions included: the Central Government Representatives (now called Resident District Commissioners), the Resistance Councils (now called Local Councils), the District Executive Secretaries (now called Chief Administrative Officer), the District Development Committees and representatives of government line ministries. Discussions were held with central government ministers, Uganda Veterans Assistance Board (UVAB), Uganda Cooperative Alliance (UCA), United Nations High Commission for Refugees (UNHCR), World Food Programme (WFP), United Nations Development Programme (UNDP), and national and international non-governmental organizations (NGOs) working in the area.

For a list of individuals who were consulted and contributed to the development of the project proposal see Appendix 8.5.

2.3 Project Beneficiaries

The project will be initially carried out in eight districts of northern Uganda including: Kitgum, Gulu, Moyo, Arua, Nebbi, Masindi, Lira, and Apac.

The beneficiaries include approximately 205,000 Sudanese and three million Ugandan nationals in these districts, with an emphasis on vulnerable groups amongst this population, including de-mobilized soldiers, disabled persons, women, youth and retrenched civil servants.

2.4 Time Period

The project will be carried out over an initial three-year period, by which time production and marketing components will be self-sustaining and resource centres will be partially self-sustaining. The potential of the project allows for further expansion if necessary at the end of the three-year period.

Funds should be allocated by the beginning of 1996 in order to set up systems and have inputs, such as seeds, available for cultivation in April.

2.5 Project Budget Three Years:

Total Cost of Project over three years is:

$35,000,000

A Relief Component:

$12,950,000: 69,000 mt of locally purchased relief food transported to settlements.

B Development Component:

$22,164,304

Development Components	Year 1	Year 2	Year 3	Year 4	Total
Agricultural Credit and Finance	11.30	3.21	.71	0	15.22
Resource Centres (10 over 3 years)	1.80	1.24	1.29	0	4.33
Institutional Capacity Building	1.01	.77	.81	0	2.59
River Transport	.02	0	0	0	.02
Total	**14.13**	**5.22**	**2.81**	**0**	**22.16**

2.6 Implementing Organizations

The project will be implemented through a consortium of organisations at each district level consisting of NGOs (both national and international), district development committees, primary cooperatives, local councils and private enterprise. The consortium is to be based upon a set of guiding principles and operational guidelines which affirm national and local responsibility for defining priorities, linking relief and development, the necessity of strategic coordination amongst all actors to achieve the objectives of the project, and the democratic decision rule of one agency-one vote in the pursuit of those principles and project objectives.

Funding modalities will be through member NGOs with whom donors have an established relationship, as well as directly through the consortium.

III PROJECT BACKGROUND

3.0 Emergencies and Afterward

Years of civil conflict ending in 1986 left the Ugandan government in an extensive struggle to reconstruct the Ugandan state and economy with the aid of donor agencies.

As of late 1995, these efforts at rehabilitation are far from complete. Reconstruction/rehabilitation efforts in the North have been complicated by the influx of approximately 205,000 refugees (revised downward from 330,000 from a census count October '95) from Southern Sudan which began in 1989. Although attracting donor aid and infrastructural inputs to the area, this has ultimately fostered increased dependency on aid agencies and led to inadequate self-reliance amongst both refugee and national populations in the area.

In general, humanitarian assistance to refugees is an emergency response and the inputs are primarily reactive in nature. Emergency food and medical relief by definition focuses on immediate alleviation of human suffering caused by disaster. Yet once the emergency is contained, the focus of donor inputs should shift towards addressing the long term consequences of hosting a refugee population to reduce the detrimental effects on the environment and local economy, and the tendency toward aid dependency. After several years of refugee presence, these effects are increasingly apparent in Northern Uganda, yet a comprehensive shift in aid paradigms towards development has not taken place.

Recognition of such potential consequences coupled with the uncertain end to the civil conflict in Southern Sudan, has recently motivated a promising shift from relief to development by the Uganda government which is now attempting to decongest refugee transit camps by relocating refugees into allocated settlement areas in Northern Uganda. In a tripartite approach (UNHCR/GOU/NGO), refugees in the settlements are to be allocated land and access to skills training to encourage and sustain self-reliance. Simultaneously, permanent infrastructure in the form of schools, health centres and boreholes are being established. However, few settlement programmes are addressing the local economic and environmental debilitation caused by sizable amounts of food aid and overtaxing of the local environment.

3.1 Economic and Environmental Pressures

Depletion of natural resources in the northern area is rampant, due partly to refugee occupation. Increased utilization of firewood, land, water, and other natural resources in competition with the local residents has overtaxed the environmental carrying capacity of areas where refugees are concentrated. For example, firewood in the north of Uganda is used at the average rate of 1.1 kg per day per person - approximately 23 tons a day for the population of 205,000 refugees alone.

The production of charcoal for sale - particularly wasteful and destructive of natural resources - is a direct response to economic pressures. Resumption of train service to Gulu, in addition to its potential positive economic impact, has accelerated charcoal burning in some areas of the north. In Arua District, the fuelwood needs of local farmers for tobacco curing has long since outstripped the regenerative capacity of indigenous biomass.

The environmental and economic situation in much of northern Uganda - Lira, Apac, Gulu and Kitgum in particular - is further complicated by the long-term effects of a devastating series of cattle raids from 1985-89, which destroyed traditional economies, and led to accelerated environmental degradation. Throughout the northern region the absence of cattle due to these raids has reduced the acreage and cropping efficiencies due to lack of animal traction and has effectively removed the only source of stored wealth needed for taxes, school fees, etc. As a result, economic pressures cause households to sell produce needed for their own nutrition.

Food and economic security are not the only casualties of the raids. Grasses, formerly grazed low and recycled as manure, now grow tall and woody, providing abundant fuel for the bushfires which sweep through the savanna each dry season. With increasing intensity, these bushfires kill young trees, hampering regeneration of tree cover, and destroy soil organic matter, encouraging nutrient leaching and soil erosion. Soil degradation and resulting decline in crop yields illustrate the vital link between environment and economy in northern Uganda.

3.2 Relief *vs.* Development?

Refugee food aid, while crucial in the short-term, has over time significantly impeded economic rehabilitation and development in the area. The tremendous amount of incoming relief food has paralyzed the GOU's Rehabilitation and Development Plan by causing a price depression of several food commodities to a level which discourages local production. Full rations of food aid continue to be provided to most refugees in the settlement areas, as they are not yet considered to be agriculturally self-sufficient. WFP plans in 1996 to distribute a full ration except for 30 percent of the refugees who will be on a reduced ration of 50 percent.

Local farmers who wish to increase or diversify their production activities are discouraged by lack of access to a profitable market and lack the investment capital for the required inputs. In many cases the linkages between farmers and markets are missing or ineffective. The current levels of local surplus production limits the number of local bulk buyers, such that farmers face low (predatory) prices, reducing their profit margin or even failing to cover costs.

3.3 Making a Change: Efficiency through Development

Ideally, where possible, food requirements of the refugees, beyond their own production levels, should be produced and purchased from areas contiguous to the refugee settlements rather than being imported from outside the region. This stimulates agricultural production in the affected area providing development linkages to the local economy. By following this strategy Uganda would successfully avoid donor dependency for both emergency and development assistance.

At the time of the initial influx of the refugees, World Food Programme set up Procurement and Input systems which enabled them to deal rapidly with the emergency. Both local and external systems were sufficient to deal with the emergency situation. Some emergency food was purchased in Northern Uganda (West Nile) at $90 per ton. It was then transported to Kampala, cleaned, certified and sold to WFP at $145-160 per metric ton. Subsequent transportation to Pakele brought the cost to $250 per metric ton with over 700 km of redundant transportation costs. If the produce could have been procured and prepared locally, then transport would average not more than 70 km.

3.4 Access to Markets, Local and Regional

Northern Uganda producers now find themselves unable to compete with producers nearer to Kampala due to higher transport costs as a result of the practice that they first bring their products to Kampala for certification by S.G.S. It has been recommended that WFP representatives carry out on-site certification in the field, thus negating the need to bring produce to Kampala before transporting to the refugee camps in Uganda and the camps for internally displaced in southern Sudan.

Food aid discourages local production which impedes rehabilitation efforts and has severely hampered progress to date. To date there has been little incentive for surplus agricultural production or private enterprise as weak or non-existent market structures make it difficult for local people to market their outputs. Thus establishment of transport links, market development and access, including on-site storage and processing of food, is necessary to simultaneously address the goals of reducing the necessity of food aid while promoting local agricultural and economic rehabilitation.

Transportation to the markets has been limited until recently by the poor condition of roads, many of which have recently been or are in the process of being rehabilitated. Previously, rail and river transport systems facilitated extensive trade linkages throughout countries of East Africa. These formal links no longer exist, yet the rehabilitation of remaining infrastructure would reduce transportation costs significantly, while increasing trade throughout East Africa and thereby increasing regional stability.

3.5 Innovation and Extension for Development

The resource center concept offers an approach towards facilitating self-sufficiency by providing upgrading of existing skills among the population, with extension activities focused on increased agricultural output and environmental rehabilitation.

In Ghana, the resource center model of local development has been actualized by the Ministry of Industry, Science and Technology in the form of 10 regional Intermediate Technology Transfer Units (ITTUs). Set up and partially funded by the government of Ghana, the ITTUs serve as a source of training in practical skills as well as a venue for technology development and diffusion. Most important, the ITTU system actually works; 9 of the 10 ITTUs receive only 25% funding, while the remaining 75% comes from income-generating activities of each ITTU resource center.

In January of 1996, COVOL, an international NGO, will bring two consultants (under USAID funding) from the ITTU system to Uganda for two weeks, in order to assist in the design and production of improved technologies for processing the food-oil shea butter from the nuts of the indigenous fruit tree *Butyrospermum paradoxum* ssp. *niloticum*. They will also be engaged to assist in the design of self-sustaining activities for the resource centres.

In Southern Sudan, the Lainya Vocational Training Institute (LVTI) successfully applied the resource center approach in three Ugandan refugee settlement areas and surrounding communities in the 1980s, until outbreak of civil war in the area necessitated suspension of activities.

More recently, and in northern Uganda, the resource center approach has been implemented by the UK-based NGO CARA in the Rhino Camp refugee settlement in Arua District, where several staff from LVTI have participated.

The resource centre concept as a model for rural development has been adopted by the UNHCR, GOU and other African governments.

IV PROJECT OBJECTIVES

Objective 1:

To increase local agricultural production and marketing to the point of a sustainable surplus utilizing locally available skills, land, and materials in the rehabilitation of the local economies of northern Uganda.

Objective 2:

To coordinate with UNHCR, NGOs and refugee communities as they facilitate agricultural self-reliance of the refugee populations in northern Uganda, thereby significantly reducing the influx of food aid and relief inputs from WFP and donor communities.

Objective 3:

To broaden local skills base, utilizing and upgrading existing skills and available materials to support expansion of agricultural production, tool manufacturing, short distance transport and private initiative.

Objective 4:

To mitigate any negative environmental consequences of economic development, and of the refugee presence by utilizing latent economic incentives, development of renewable resources and alternative energy sources, and strengthening of afforestation skills and indigenous agroforestry practices; as well as providing animal restocking programmes.

Objective 5:

To facilitate the absorption of the disabled, retrenched soldiers, refugees and retrenched civil servants into a normal and productive life.

Objective 6:

To facilitate market development and access, and marketing information systems for the expansion of local agricultural production and private growth.

Objective 7:

To assist in the re-establishment of river and lake transport through assisting the creation of a local private company.

Objective 8:

To facilitate institutional capacity building to effectively coordinate and plan project-related programs linking relief and development in northern Uganda. At the local level through primary cooperative societies and private enterprise, and at the national and institutional level through a participatory consortium of communities, government, NGOs (national and international) and private business.

V THE NORTHERN UGANDA FOOD SECURITY PROJECT (NUFSP): STRATEGIES AND PROPOSED ACTIVITIES

5.0 The following are the main strategies and proposed activities for the implementation of the objectives of the project:

5.1 Strategy 1

The establishment of an agricultural production and marketing programme amongst national farmers in the 8 districts which will produce a targeted quantity of surplus food to meet 60 per cent of (WFP estimated) food requirements to the refugees in year one, and an additional quantity to sell in the normal commercial markets.

Activities: To Increase Production and Marketing

1. The project will organize during year one the production of approximately 60,000 mt of surplus maize, sorghum and beans. This figure is based on lowest yield estimates (without extension services) and is to be organized through over 120 primary cooperative societies (from approximately 1000 societies in the 8 districts). Criteria for initial selection of participating cooperatives includes an established constitution, elected officials and existing bank account. Minimum total membership of 24,000 farm families and each cultivating a maximum of 0.5 hectares (average farm size 1.5 hectares) for surplus production during each of the two cropping periods per year, with intercropping of maize and beans as labor constraints permit. Upland rice will also be given special attention in certain areas, eg. Gulu, Moyo, Arua and Nebbi. (see Appendix 8.1 for details)

2. Will provide and transport, on a credit basis, to the farmers through their primary societies in year one: 494 mt of locally produced and treated seed (White maize, sorghum 351.2, bean k135-133), 600,000 poly bags from 3 local companies, fumigation tablets and tarpaulins, 5000 bicycles, materials (zinc, cement, r-bars, nails) for rehabilitation of 130 stores, and basic equipment for labor intensive feeder road maintenance.

3. Will organize primary societies to clean, sort, dry and bag surplus food to acceptable standards and from the resource centre will provide designs and physical examples of locally made sorting and cleaning equipment.

4. Will organize local transporters and others to transport surplus food from primary stores to central district stores and arrange for inspection of food by WFP, S.G.S or Uganda Bureau of Weights and Standards (UBWS).

5. Will contract to supply WFP with 26,500 mt of maize, sorghum and beans (during the next two harvest periods, July-October '96, and December-March '97) for the 205,000 Sudanese refugees living in the settlements in northern Uganda. This quantity is approximately 60 per cent of the estimated food ration by WFP for 1996 (70% of refugees will receive a full ration, 30% a half ration).

6. Will contract with private bulk buyers, processors, brokers to supply approximately 30,000 mt of maize, sorghum and beans to the national and regional commercial markets.

7. Will manage, through a marketing and credit desk, a credit facility for farmer input requirements and crop finance. While donor credit funding sought during the first year is $11.3 million, this figure falls to zero for year 4 when it will be self-supporting. Credit will be issued in tranches, and through disclosed accounts more transparency and accountability to the farmers, traders, donors and government will be achieved.

5.2 Strategy 2

To coordinate with UNHCR, NGOs, and refugee communities in the establishment of an agricultural production programme in the refugee settlements whereby refugees will achieve a 50 per cent level of food self-reliance during 1996.

Activities: To Increase Refugee Food Production

1. The project will coordinate with the GOU, UNHCR, implementing NGOs and refugee communities to achieve a 50 per cent level of food self-reliance amongst the refugees by the beginning of 1997 as:
   a) UNHCR relocates refugees to allocated settlements where adequate agricultural land, water and housing materials are in place.
   b) implementing NGOs provide to the refugees the necessary agricultural inputs such as seeds and tools and extension services.

2. The project will begin to coordinate with an emerging and similar structure in southern Sudan to prepare for and invite the Sudanese refugees to return home.

5.3 Strategy 3

To broaden local skills base for improved production, eight resource centres will be established in each of the eight districts (Arua, Moyo, Gulu, Kitgum, Nebbi, Lira, Apac and Kiryandongo). Two resource centres will be located outside the northern districts by the Ugandan Veterans Assistance Board (UVAB). The resource centre combines a variety of activities to facilitate and support the stated objectives.

Activities: To Broaden Local Skills Base for Sustainable Livelihoods and Economic Growth

1. Engage local community, government, implementing NGOs and farmers in the design of each resource center so as to specifically address the problems and potential of each location; incorporating differences in geography, culture and modes of production into the syllabus and programmes in each resource centre.

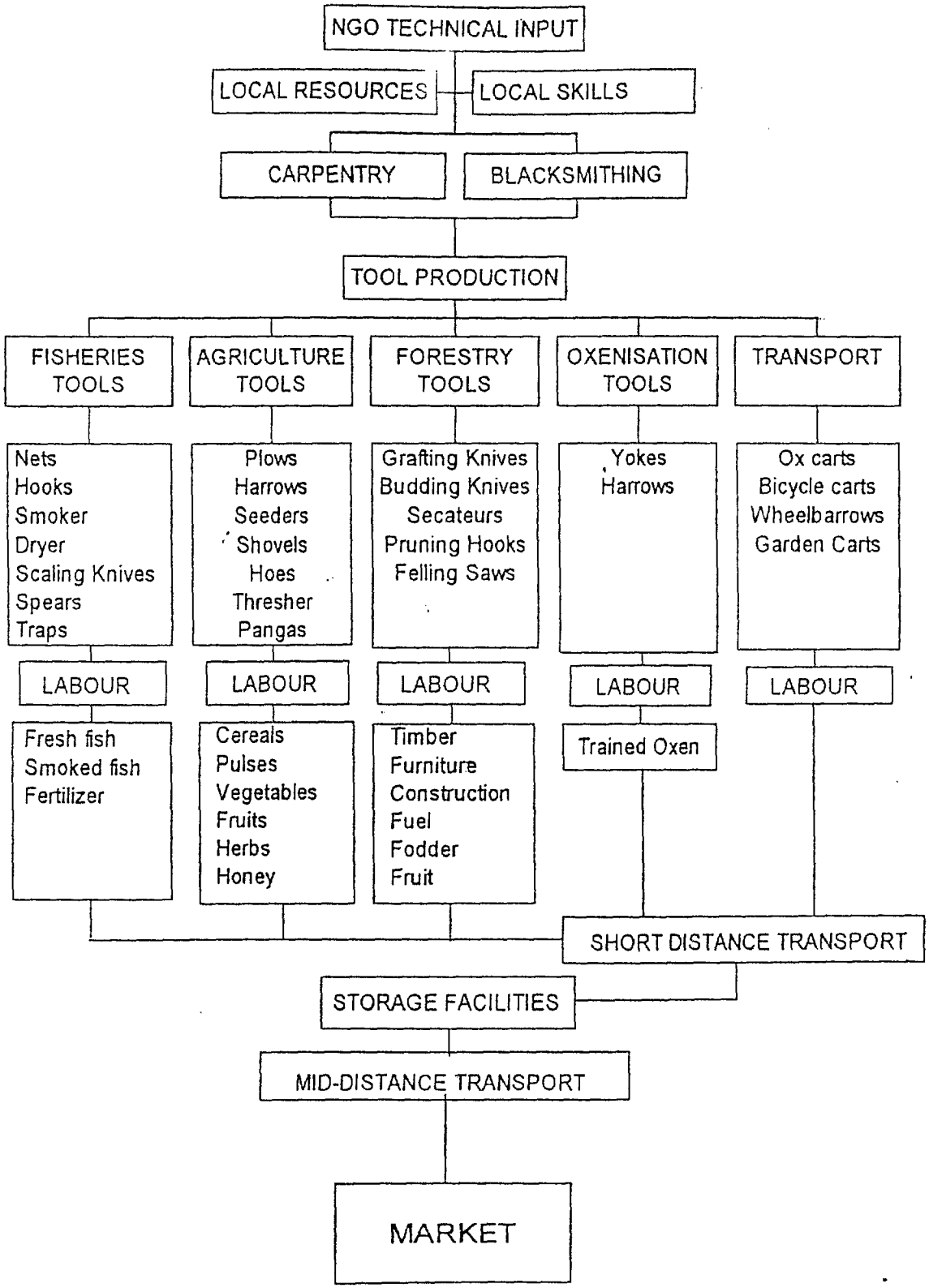
2. Each resource centre eventually will be established with a Board of Governors with representation from: students, resource centre administration, cooperative societies, primary and post primary institutions, religious leaders, social welfare officers, veterans, disabled, local councils, government line ministries, and NGO(s).

3. Construction training will begin initially with the construction of each resource centre. These will include: a brick kiln, classrooms, workshops, nurseries for trees and cassava, a demonstration farm, pens and sheds for animals and storage facilities, as well as offices and housing for staff. There is potential to locate some resource centres adjacent to existing District Farm Institutes with benefits and costs to consider.

4. A core of blacksmiths and carpenters will be trained at each resource centre to form a local tool-making unit capable of producing the tools of important trades, eg. blacksmithing, carpentry, leather work, fisheries, forestry, etc. (see local production chain chart)

5. To strengthen the local marketing chain each resource centre will train a group of cart and wheel makers which will organise into a private enterprise or cooperative. They will operate nearby the resource centre to take advantage of and contribute to developing ox and bicycle cart technology. The project will invite a group of expert wheel-makers, eg. the Amish, to assist in building an efficient short-distance transport system.

LOCAL PRODUCTION CHAIN



6. A three hectare demonstration farm will be established at each centre providing examples of improved agricultural planting techniques and cropping practices, natural pest controls, horticultural practices and improved family storage techniques based in local knowledge and resources.

7. A one-hectare nursery for multiplication of mosaic tolerant cassava (the main drought crop) will be established at each centre. Through the "flat cross-laying" system it is possible to achieve higher yields which will be sold to farmers on a profit basis since it is in high demand.

8. Given the depleted stock of animals and poultry in the north, each centre will establish an animal bank. Small groups will be established in each community on the Grammeen system by extension workers and supplied with poultry and animals bred up at the resource centre. Participation of women will be emphasized.

9. Oxenization services (ox-training and castration) will be provided at each centre.

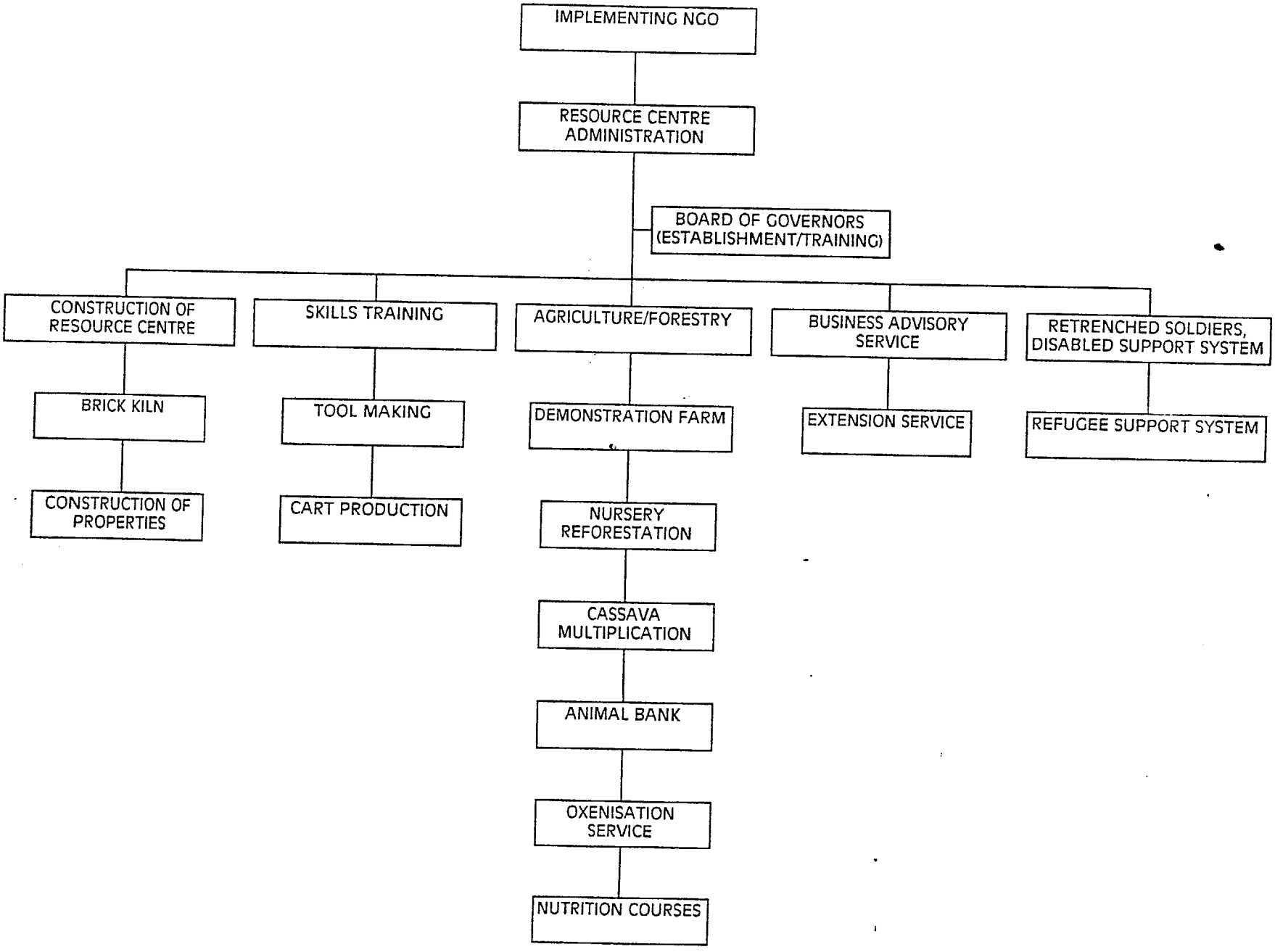
10. Given that family nutrition (part of food security) is the major focus of the project, each resource centre will provide ongoing short nutrition courses, for women especially, taking advantage of and integrated with the lessons to be learned at the demonstration farm, nurseries and animal bank.

11. Through a business advisory service all students will receive some basic training in business and cooperative management to enable development of and strengthening of primary cooperative societies and private enterprise for creating market standards and resource management.

12. Extension services in improved agricultural practices, forestry, enterprise and cooperative training, nutrition, etc, will be provided by mobile training teams in conjunction with government extension workers. As well as by a large selection of short course offerings at the resource centres, allowing a larger participation of people who will be able to better manage short periods away from their homes.

13. Curriculum development at the resource centres will focus on a modular form but with structured connections to other skills and knowledge so that students have a range of choice but with certain core requirements to follow. Implementing agencies of the resource centres will seek for specialized assistance in both skills training as well as curricular development.

ACTIVITIES CHART: RESOURCE CENTRE



5.4 Strategy 4

To prevent further deterioration of living standards through degradation of the environment, extensive re-forestation will be effected through establishing nurseries at each resource center and through outreach planting programs.

Activities: For Environmental Restoration and Protection

1. Ecological integrity of the project area will be reinforced through carefully designed curricula at the resource centers, including topics such as nursery management and afforestation techniques.

2. Also through the resource centers, economic incentives for conservation of indigenous woodland will be enhanced through the introduction of improved, labor- and resource-saving technologies for the processing of woodland resources including the food-oil shea-butter, which greatly contributes to household food and economic security throughout much of northern Uganda.

3. For purposes of both environmental protection and income generation, each resource centre will establish a 150,000 tree nursery consisting of a mixed package of fuel, food, and value trees. All entering students will be required to pot/plant 150 mixed tree seeds upon arrival. Seedlings will be sold to any caller to initiate economic sustainability.

4. Additionally, a decentralized outreach program of reforestation will be implemented in the communities through cooperative societies as is being successfully applied in the Koboko area. For two years members of local primary cooperatives are becoming aware of the very lucrative returns in reforestation. The attractiveness and appeal of such a program are in the short, mid- and long-term financial returns which each family would realize by planting productive trees (fuel, food, value) on their farms. In addition to the incomes derived from harvesting these trees, they also form the collateral for farmers receiving financial loans by qualifying as a "developed farm".

5.5 Strategy 5

To facilitate the absorption of the disabled, retrenched soldiers and civil servants, and refugees into normal and productive livelihoods through training programmes and support systems at the resource centre and through outreach programmes.

Activities: To Assist Veterans, Disabled, Refugees

1. Admission to resource centres of people from each of these categories with representation on the Board of Governors.

2. Skills training will be adapted to the special circumstances of the students, eg. disabled.

3. Support systems including career counseling, management training and planning will be made available at the resource centre as well as through outreach programmes. In the case of the refugees, some graduates will relocate back home in the Sudan to participate in the establishment of similar structures there in preparation for and an inducement for refugee repatriation.

5.6 Strategy 6

To facilitate market access and development, a marketing and credit desk, and a market information system will be established, and interventions will be made to improve short-distance transport, crop preparation and storage, and labor-intensive road maintenance.

Activities: To Improve Market Access and Development

1. A marketing and credit desk to manage the credit requirements of the project will be established under the Northern Uganda Food Security consortium.

2. Market Information System: Basic reliable information is the key to an improved marketing facility in Uganda today. While the existing structure allows movement of foodstuffs within Uganda, it is inefficient and costly. The food chain to either processor, exporter/broker or end user is in need of serious overhaul. Therefore, a market information system will be established which connects the primary producers with national and external buyers, processors and brokers and to develop a central data base which will facilitate efficient access to other national, regional and international markets. Each primary cooperative society will engage its own marketing information officer whose sole job will be to collect data on hectares cleared, soil types, crop types to be planted, seed types, internal food needs, holding capacity of local store and level of stock in store. This information will be sent to the marketing desk which, with data from national and international markets, will form the basis of a public central data bank.

3. Short distance transport will be immediately strengthened by providing (on a credit basis) at retail prices 5000 bicycles through the primary societies.

4. Local Truck owners will be identified, organized and contracted to transport as much food surpluses from primary stores to central stores in each district as their capacity allows in order to increase competition in the market.

5. 130 Cooperative Stores will be rehabilitated by the provision of materials (credit) to participating cooperative societies.

6. Designs of hand-operated cleaning and sorting equipment produced at each resource center will be provided to other primary societies as well.

7. Bags, fumigation tablets and tarpaulins will be provided (credit) to each of the participating primary societies; moisture metres will be provided to each district.

8. Feeder Road Rehabilitation: While funding for mechanical feeder-road maintenance has been made available in much of the project area, the project will organise with primary societies and private enterprise to provide ongoing labor-intensive road maintenance crews utilizing wheelbarrows, pick axes, shovels, sledgehammers. This will complement and strengthen the district feeder road units (ERC II).

5.7 Strategy 7

To improve and lower the cost of internal transportation by assisting in the creation of a private river transport company which will operate along the river Nile into Lake Albert, connecting to outside markets in Sudan, Zaire, Rwanda, Kenya (the latter through the railhead at Pakwach on the Nile to Mombasa), and beyond.

Activities: To Rehabilitate River and Lake Transport

1. Water transportation is an important link to the markets. In 1993 and 1994 USAID funded construction along the Nile of 7 landing sites and UNHCR funded construction of 3 sites, all capable of servicing vessels up to 60 tons. At present there are no vessels to utilize these sites. The project will assist in the creation of a private company to reestablish river and lake transport. It is expected that this private company will be created and operating within one year. While potential local investors are to raise funds for purchasing and transporting the vessels, the project will assist in set-up costs, eg. profitability study, legal fees, and will assist in establishing a management and technical team to operate the company, train operators and run the vessels for at least one year.

5.8 Strategy 8

To facilitate an institutional capacity to sustain the objectives of the project. While building a sustainable institutional capacity must be seen as part of all activities in the project, two separate organisations, however, will be given special attention.

Activities: To Facilitate Institutional Capabilities for Project Sustainability

1. Cooperative Organization and Management Training:

a) Implementation of a cooperative and private enterprise organization and management training programme to ensure a stronger and more viable local agricultural system. Initially, this program will focus on building a strong local cooperative training team in conjunction with the Uganda Cooperative Alliance (UCA). The major focus will be at the level of the primary cooperative or grower society. The fundamental organizing principle will be democratic (one-person-one-vote). While the local district council structure will provide the enabling political environment, strong economically independent and democratic farmer cooperatives will further enable, popularize and strengthen the larger democratization process.

b) The project will establish an extensive training programme throughout the northern districts within the first 4 months of the project. Training will begin at the district level to train a team of trainers drawn from the primary societies in each district. This will be followed by district training teams which will conduct workshops with groups of primary societies in attendance at each. The workshop will utilize well-tested and successful materials and techniques for cooperative organization and management training in Africa. A mobile training team consisting of recently trained trainers will provide follow-up and structured training sessions for specific societies or other private enterprises which need assistance. The goal of this activity is to build the training capacity at each district level which will be self-supporting in 3 years. The UCA will be invited, along with other consulting groups, to submit a cooperative training proposal to the consortium.

2. The Northern Uganda Food Security Consortium:

a) Establishment of a consortium with membership drawn from community organisations, government, NGOs, the private sector, veterans, retrenched civil servants and the disabled which will participate in the planning, coordination and implementation of the project objectives. The purpose of the consortium is to be the enabling structure through which the targeted populations can effectively participate in its ongoing direction. It is the way whereby NGOs, UN, civil servants and private organizations can channel their initiatives to serve national priorities while being held accountable democratically to the beneficiaries.

b) A group comprising persons from the Office of the Prime Minister, Uganda Veterans Assistance Board, international and local NGOs and a private transport company have met to discuss the importance of establishing a coordinating consortium, and the important criteria which such a structure must embody. The group recommends that a constitution be written affirming guiding principles and operational guidelines of the project which underscore national and local responsibility for defining priorities, linking relief and development, the necessity of strategic coordination amongst all actors to achieve the objectives set out above, and the democratic decision rule of one agency-one-vote in the pursuit of those principles and project objectives.

c) This discussion will be expanded formally by government and will include all organizations which are keen to participate democratically in implementing the project objectives and activities. Each district consortium will be responsible for its programmatic and spatial coverage of the project activities and should include representation from primary cooperatives, local private enterprise, local councils, development committees, veterans and NGOs.

d) The consortium is to be organized at three levels:

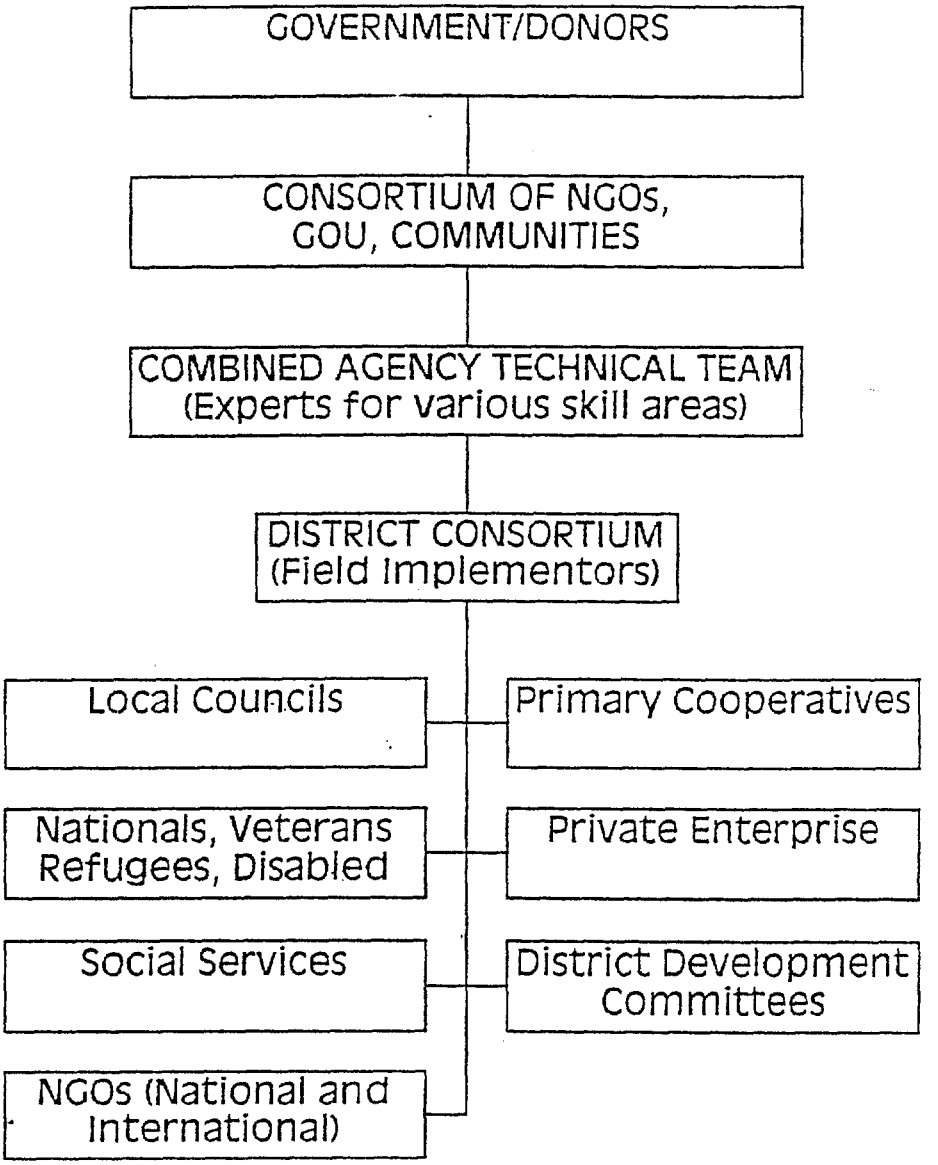
- First, at the level of the centre the consortium members are to be guarantors of the constitution, its principles and operating procedures and guidelines. The centre will process all information from the field, provide support to the field and keep their respective offices informed by regular reporting.

- Second, at the level of the district, the consortium members are responsible for the direction, management and implementation of their respective programmes. It is at this level that day to day operations are coordinated and executed and where beneficiaries and implementors are actively represented. Funding for project activities will be made through consortium members with whom donors have established acceptable accounting practices, as well as directly through the consortium.

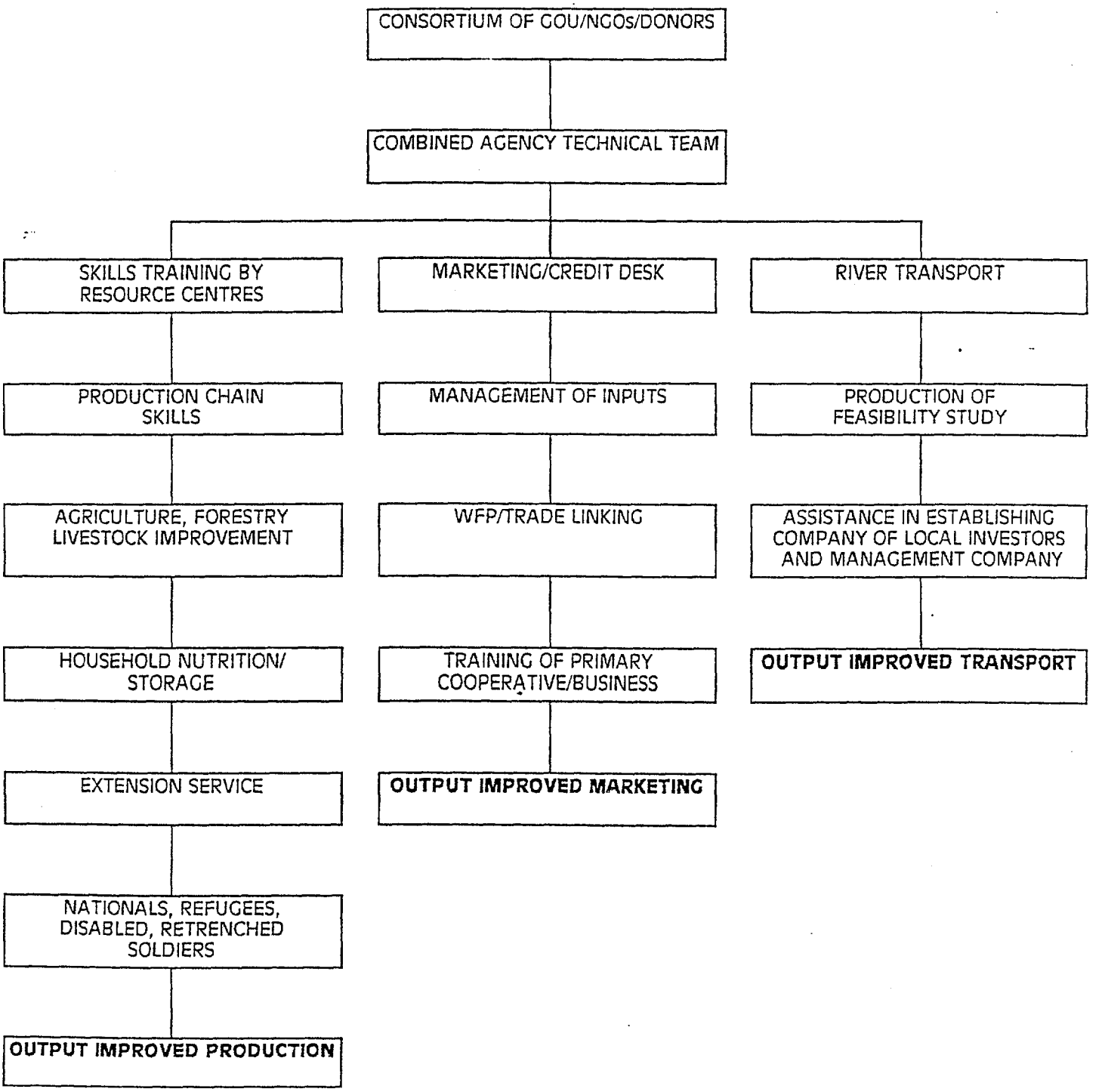
- Third, a Combined Agency Technical team will be established under the consortium which will consist of a project coordinator, financial controller, marketing and credit manager, a technical advisor, and a logistics team. The function of the technical team is to coordinate the project activities with its various members in order to provide more efficient and balanced support in the delivery of technical services and resources. The resource center coordinator will establish a mobile team consisting of experts in skills training which will rotate continuously in providing support to the resource centers. For the marketing/credit function, however, the additional role to coordination is that of management. The creation of the marketing desk, a central data base, and a credit facility is necessary for the success of such a large marketing component in the project.

Assistance will be sought through a short-term consultancy from an outside organization which specializes in consortium organisational development.

CONSORTIUM: PLANNING AND IMPLEMENTATION STRUCTURE



ACTIVITIES CHART: COMBINED AGENCY TECHNICAL TEAM



VI PROJECT IMPLEMENTATION

6.1 Project Strategy

The project will be implemented under the direction and coordination of the Northern Uganda Food Security Consortium. In each district one or more NGOs will form part of the consortium with local government and community organisations. These groups will be responsible for coordinating both the agricultural and marketing components as well as the district resource centre. The combined agency technical team will give support to each district consortium.

6.2 Project Locations

The project covers eight districts in the north of Uganda, of which seven are in the northern region proper and an adjacent district (Masindi) with a refugee settlement.

POPULATION: NATIONAL AND REFUGEE

DISTRICT	NATIONAL	REFUGEE	RESOURCE CENTRE	POPULATION
Arua	624,600	96,000	Arua Mun.	21,957
Moyo	178,500	85,000	Moyo Town	6,688
Gulu	338,700	0	Gulu Mun.	42,841
Kitgum	350,300	14,000	Kitgum Town	8,177
Nebbi	315,900	0	Pakwach Town	5,169
Masindi	253,500	10,000	Masindi Area	10,529
Lira	498,300	0	Lira Mun.	27,143
Apac	460,700	0	Apac Town	5,765
TOTAL	**3,022,500**	**205,000**		

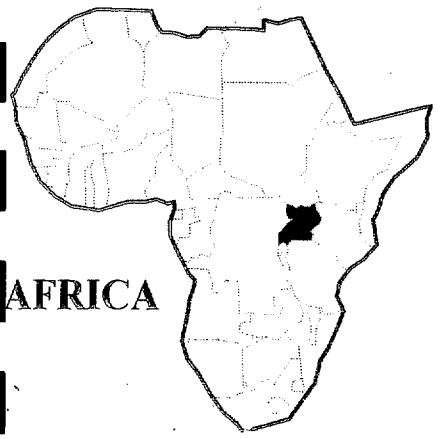
(National populations based on 1991 census; Refugee populations revised during October 1995 count).

Notes:

1. The town populations are larger than the '91 census figures because of the natural population increase as well as the large numbers of refugees who have settled themselves in and around the towns.

2. Except for Kiryandongo, the resource centers will be located outside the refugee settlements. While UNHCR and implementing NGOs are planning to establish similar centres in some of the settlements, refugees will also be recruited to attend the resource centers in the above locations.

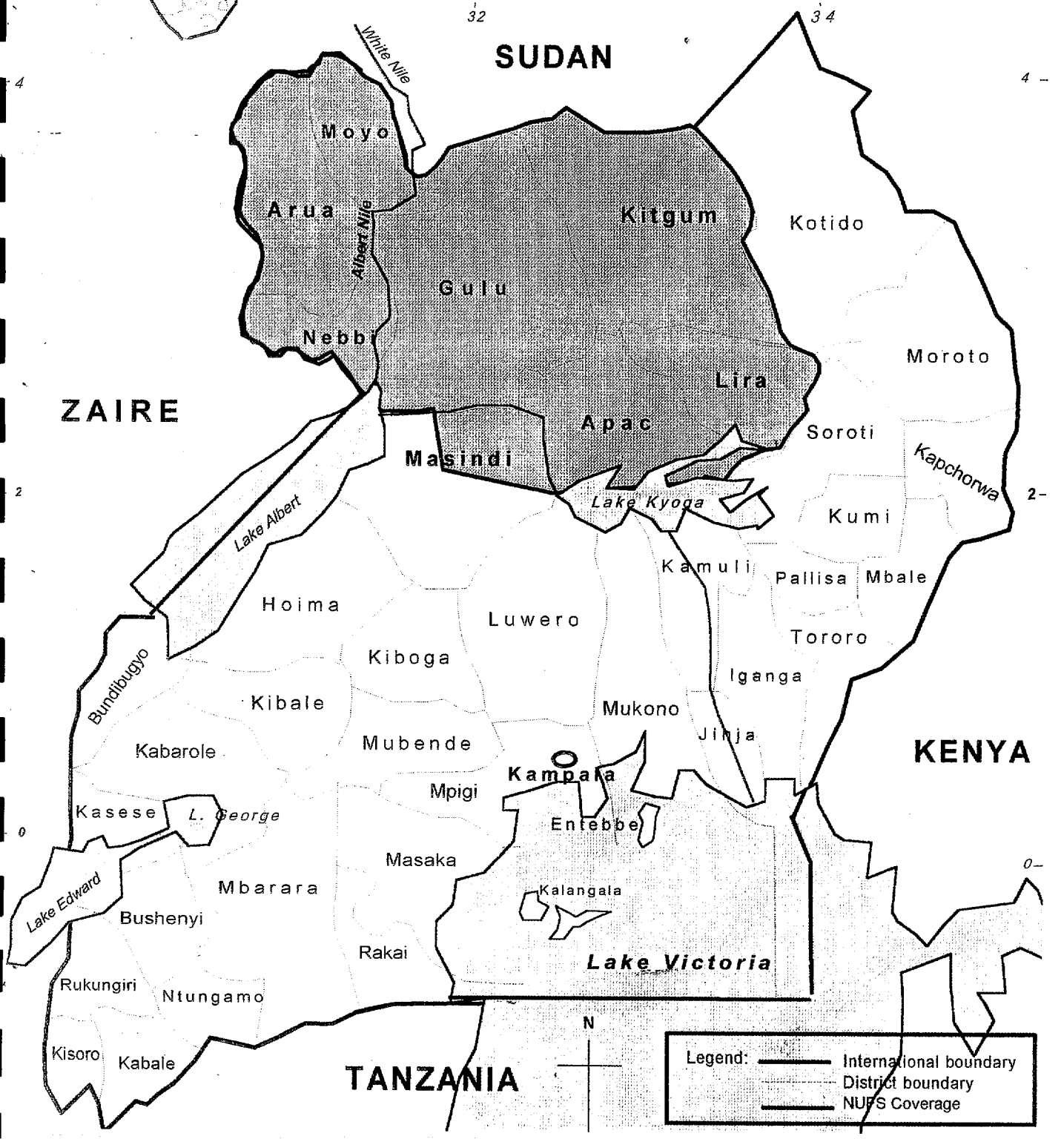
NORTHERN UGANDA FOOD SECURITY PROJECT: DISTRICT COVERAGE



UGANDA PROFILE

Located in East Africa, stretching across the equator between 1° South and 4° North longitude, and 29° and 35° latitude. Uganda is 3 hours ahead of GMT.

The national territory of Uganda covers 241.038 sq km, of which five-sixths is land and one-sixth consists of lakes, rivers and marshes. Altitude is 1,312 m.



3. In each of the districts between 15-30 primary cooperative societies/grower associations will participate in the agricultural production and marketing programs.

6.3 Target Population

This project in conjunction with UNHCR/NGO(s) programmes in the refugee settlements will initially benefit up to 250,000 Ugandan nationals and 205,000 Sudanese refugees. It is expected that each resource center can train 300 students a year, or 3,000 in the 10 resource centers.

Members of cooperatives, farmer societies, and private enterprises will benefit from extension services. It is expected that approximately 250,000 people will be directly benefitted by these services in the first year.

One sub-group of Ugandan nationals is army veterans, of which approximately 37,500 were de-mobilized in the last two years. Other sub-groups include women, unemployed youths, and the disabled. More recently, retrenched civil servants will also be included.

6.4 Available Resources

1. Expertise is currently available in Uganda for project implementation:

2. Administrators, technicians and trainers for the resource centers, agricultural and construction specialists, cooperative specialists, marketing specialists familiar with internal and external markets, water transportation technical and management specialists.

3. Land for construction of the resource centers will be sought from district authorities.

3 000 M
4 231 B
3 750 S
1 422 P

6.5 Budget Narrative: (All figures in US$ @ Ush 1000)

1. **Budget Summary**

The total project development budget for three years is **$22,164,304**. The yearly breakdown is as follows *(An inflation rate of 5% is assumed throughout the project life.)*:

Year 1: $14.1 million
Year 2: $ 5.2 million
Year 3 $ 2.8 million.

2. **Agricultural Marketing and Credit:** 3,750

- The figures are based on a targeted 12,000 hectares planted for surplus production of maize, beans and sorghum during each of the two cultivation periods each year for 3 years with intercropping of maize and beans; all at lowest (no extension) output ratios. Total potential output in 1996 is ~~61,800~~ metric tonnes and increasing by 20 percent due to extension in years two and three. → 12,403

- Farm gate sale prices net to farmer are assumed at average 1995 prices: maize $100 per tonne, beans $165, sorghum $90. All increasing at 5 per cent inflationary rate during years two and three.

- Gross farm gate sales prices at central stores are assumed at average 1995 wholesale prices: maize $130 per tonne, beans $210, sorghum $120.

- Gross sales revenue at farm gate central stores is based on assumption of a 7.5 per cent loss factor in 1996 due to cleaning and moisture and falling to 5 per cent loss in 1997 and 1998 due to increased extension services from resource centres.

- Costs to be covered by the marketing sector include crop finance to purchase from primaries at farm gate, short term credit, capital requirements to set up marketing desk (and part of the capital cost of technical team), recurrent costs of marketing desk as well as recurrent production inputs.

- Total donor credit funds requested for three years:

YEAR	TOTAL
1	~~11,302,370~~
2	~~3,211,087~~
3	~~708,641~~
TOTAL	**~~15,222,099~~**

- Total *Credit Income* available at the end of year three is **~~$16,465,783~~** and growing significantly in years four and five. This assumes a 92.5 % credit recovery.

3. **Resource Centres:**

- Ten resource centres over three years cost a total of ~~$4,213,901~~. No account has been made in the resource centre budget for income generation. While this will form part of the initial establishment of the centre, these will be modest in the beginning. It must be underscored that given its fundamental role of facilitating improved agricultural production and thus increased incomes, it makes sense that part of increased earnings from agricultural production be tapped for resource centre budgets. This could be a management function of the marketing desk under direction of the primary cooperatives through each regional consortium.

4. **Institutional Capacity Building:**

- Cooperative and Management Training: During the 3 years of the project a total budget of ~~$300,000~~ will include: an outside consultancy, 8 district training workshops, followed by workshops for each primary cooperative in groups organised by district training teams, training materials, and training format for connection to resource centres.

- Northern Uganda Food Security Consortium: Set-up and running costs for 3 years is ~~$1,835,400.~~ This includes overheads of participating organisations, legal and audit fees; also a consultancy (approximately $30,000) from an experienced group which will facilitate the establishment of the consortium structure.

- The Combined Agency Technical Team: Net costs (net of funding from the marketing desk) to establish and operate the technical team for 3 years is ~~$368,945~~. This is for capital and recurrent costs net of ~~$1~~ million from marketing income.

5. **River/Lake Transport**:

- The project will provide assistance in set up costs (feasibility study, legal fees, management system, training of operators). Total cost $20,000.

6. **Total Relief and Development Costs of the Project**:

- **Combined Relief and Development Costs**: In order to capture the total cost of both the relief and development components, it is necessary to include donor contributions for purchasing and transporting the estimated food requirements for the refugees. It is assumed that 26,500 mt of relief food will be purchased in year one and year two of the project (a larger percentage of reduced rations due to increased refugee self-sufficiency in year two), but where the quantity falls by 40 percent in year 3 making a total of 69,000 mt over three years. The total extra cost would be approximately $9.9 million for local food purchases plus $3.0 million for transport from central stores to settlements = $12.9 million.

Total combined costs for three years of both **relief** ($12.9 million) and **development** ($22.1 million) is **$35 million**.

- Two options are presented:

  1) WFP is funded to purchase and transport the required tonnage.
  2) The marketing desk is funded the value of relief supplies while WFP transports to the settlements.

- If the targeted quantities of 69,000 mt over three years were to be international donations, the total cost would approximately equal that of the combined relief and development budget of the project.

6.6 Funding Priorities For Project Start-up

Assuming that the GOU and donors agree to the basic thrust of the project proposal the initial start-up cost for the NUFSP is **$1.3 million**. This will allow the project to be established structurally, key personnel assigned to the technical team, and the establishment of an extension system at the regional level which will begin the process of identifying the initial participants; as well as two resource centres started. While capturing the first cultivation period in April 1996 may be too ambitious at this time, this should be monitored carefully, for possible intervention during the first harvest. Every effort should be made to adequately and in a timely fashion be prepared for the July/August planting. The acquisition of start-up funds assumes that funding requirements for full project implementation will follow shortly thereafter.

1. Establish Technical Team (capital costs plus 3 months recurrent costs) **$ 250,000**

2. Production Inputs: seeds, bags, storage, bicycles **$ 700,000**

3. Extension: organisation of primary cooperative participation in 8 districts **$ 60,000**

3. Resource Centre organisation/inputs **$ 250,000**

Total Requirement in January 1996 **$1,300,000**

VII SUMMARY COSTS AND BENEFITS NUFSP AS COMPARED TO FOOD-AID ONLY

This section compares the cost and benefits of implementing the NUFSP to the status *quo* of a continuation of food-aid. The comparison is based on the NUFSP's goal of locally producing 69,000 mt for food-aid requirements against the same quantity imported as international donations.

7.1 Status Quo: Continuation of Food-Aid (69,000 mt)

1. **Total costs three years**:

- Food Aid Costs alone to donors (to refugee locations) is **$32.4 million**.
- Externality costs of lost income to northern farmers by pursuing existing food aid system which discourages production is over **$40 million**.
- Development Assistance to northern Uganda is significantly **blocked**, leading to **lower returns on current assistance and therefore longer periods of dependency on outside donations, loans and grants.**

2. Total benefits for three years:

International food suppliers and transporters receive over $32 million.

7.2 NUFSP

1. Total costs for three years:

Development and food-aid costs total **$34 million**.

2. Total benefits for three years:

- Sudanese refugees have been supplied 69,000 mt which represents over 60 per cent of a basic food ration for 205,000 refugees during year one and increasing to possibly 100 percent requirements in year three.
- Donor assistance (including transport) for 69,000 mt food aid has fallen from $32.4 million to $12.9 million, a savings of $20 million.
- An additional 143,000 mt of local production available in local and regional

markets.

- The combined gross sales of food for relief and the commercial market amounts to $37 million; net to farmers is almost $30 million.
- $16 million of internal finance is available at the beginning of year four; $19 million at the beginning of year five.
- Income to local seed producers, bag manufacturers, mid distance transporters, local labor and government has increased significantly.
- An additional 5000 bicycles will be utilized for food short-distance transport.
- 130 stores rehabilitated.
- 2000 km of feeder roads with labor intensive maintenance crews.
- Between 120 and 240 primary cooperative societies will be strengthened in the organization and management of their own affairs (between 24 and 48 thousand family farmers).
- Ten resource centres will be established with significant impact on improving agricultural productivity and environmental restoration.

NORTHERN UGANDA FOOD SECURITY PROJECT

JANUARY 1996 TO DECEMBER 1998

ALL FIGURES IN US DOLLARS

	YEAR 1	YEAR 2	YEAR 3	TOTAL
AGRICULTURAL PRODUCTION AND MARKETING				
Crop Finance	11,302,370	3,211,087	708,641	15,222,099
Sub total	11,302,370	3,211,087	708,641	15,222,099
RESOURCE CENTRES				
Centre overhead	666,200	646,510	678,336	1,991,046
Capital costs	570,000	0	0	570,000
Blacksmithing	62,867	66,010	69,311	198,187
Carpentry	62,867	66,010	69,311	198,187
Construction skills	132,867	139,510	146,486	418,862
Forestry	120,467	126,490	132,815	379,771
Agriculture	76,667	80,500	84,525	241,692
Animal bank	106,067	111,370	116,939	334,375
Sub total	1,798,000	1,236,400	1,297,720	4,332,120
INSTITUTIONAL CAPACITY BUILDING				
Cooperative and private enterprise training	200,000	50,000	50,000	300,000
Combined agency technical team	203,740	122,900	128,045	454,685
Consortium set up and running costs	610,000	598,000	627,400	1,835,400
Sub total	1,013,740	770,900	805,445	2,590,085
RIVER TRANSPORT				
Set up costs	20,000	0	0	20,000
Grand Total	14,134,110	5,218,387	2,811,806	22,164,304

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CASH FLOW MARKETING CREDIT DESK FIVE YEARS (US $)

ITEM	YR 1	YR 2	YR 3	YR 4	YR 5
donor: cf+ cap+ recurrent	9,987,940	2,631,173	0	0	
donor: short-term credit	1,314,430	579,914	708,164	0	0
Balance Forward	11,302,370	9,440,550	13,432,430	15,929,313	17,240,470
purchase: crop finance					
maize	1,440,000	1,814,400	2,286,144	2,400,451	
beans	4,851,000	6,112,260	7,701,448	8,086,520	
sorghum	1,620,000	2,041,200	2,571,912	2,700,508	
Sub total (1) one	7,911,000	9,967,860	12,559,504	13,187,479	
short-term credit	1,314,430	579,914	708,614	0	
capital costs	91,000	0	0	0	
recurrent costs/salaries,fee	234,863	265,233	278,494		
recurrent costs/production	1,751,077	1,838,631	1,930,430	2,319,370	
Sub total (2) two	3,391,370	2,683,778	2,917,538	2,319,370	
SALES: relief+commercial					
maize	1,731,600	2,240,786	2,823,388	2,964,557	
beans	5,710,950	7,390,278	9,311,750	9,777,338	
sorghum	1,998,000	2,585,520	3,257,755	3,420,643	
Sub total (3) three	9,440,550	12,216,582	15,392,893	16,162,538	
Total B/F=1+2+3-donor input	9,440,550	12,216,582	15,392,893	16,585,002	
Short-term Credit Recovery	0	1,215,848	536,470	655,468	

NOTES:

1. Balance Forward (line 3) shows the growth of internal finance rising from $9.4 million in year 2 to $17.2 million in year 5 (includes short-term credit recovery at payback rate of 92,5 percent).

VIII APPENDICES

8.1 Project Budget

8.2 Project Marketing Strategy

8.3 Proposed WFP Agreements And Guidelines

8.4 Water Transport On The Nile And lake Albert

8.5 Project Consultants

NORTHERN UGANDA FOOD SECURITY PROJECT

JANUARY 1996 TO DECEMBER 1998

	1996	1997	1998	TOTAL
AGRICULTURAL PRODUCTION AND MARKETING				
Crop Finance				
Food purchase costs (circulating credit)	9,987,940	2,631,173	0	12,619,113
Short term credit - bicycles	500,000	(462,500)	0	37,500
- Fumigation equipment	9,250	(8,556)	0	694
- Stores	299,000	(276,575)	0	22,425
- Road maintenance	28,850	(26,686)		
- Moisture metres	8,750	(8,094)		
- Seeds	168,580			
- Bags PP inc transport	300,000			
Sub total	11,302,370	1,848,762	0	12,679,732
Recurrent production inputs				
Fumigation	54,075	56,779	59,618	170,471
Taxation	123,600	129,780	136,269	389,649
Transport - seeds	24,750	25,988	27,287	78,024
Transport - food	1,236,000	1,297,800	1,362,690	3,896,490
Labour	154,500	162,225	170,336	487,061
Inspection costs	110,000	115,500	121,275	346,775
Storage rental	45,632	47,914	50,309	143,855
Insurance in store	2,520	2,646	2,646	7,812
Sub total	1,751,077	1,838,631	1,930,430	5,520,138
				0
				0
		0	0	0
Total agriculture production and marketing costs	13,053,447	3,687,393	1,930,430	18,199,870

JANUARY 1996 TO DECEMBER 1998

	YEAR 1	YEAR 2	YEAR 3	TOTAL
COMBINED AGENCY TECHNICAL TEAM				
Capital costs				
Vehicle - 2 x 4 wheel drive (tax inclusive)	100,000	0	0	100,000
Vehicle: 2 pick ups (tax inclusive)	36,000	0	0	36,000
Communication hardware	7,000	0	0	7,000
Fax	2,000	0	0	2,000
Computer hardware	6,000	0	0	6,000
Printers (2)	2,000	0	0	2,000
Software	2,500	0	0	2,500
Office Furniture	3,500	0	0	3,500
Sub total	159,000	0	0	159,000
Recurrent costs				
Rent	12,000	12,600	13,230	37,830
Telephone	8,000	8,400	8,820	25,220
Fax	5,000	5,250	5,513	15,763
Water	480	504	529	1,513
Electricity	2,400	2,520	2,646	7,566
Travel - international	6,000	6,300	6,615	18,915
Travel - local	10,200	10,710	11,246	32,156
Fuel	12,000	12,600	13,230	37,830
Miscellaneous	1,440	1,512	1,588	4,540
Stationary	10,000	10,500	11,025	31,525
Vehicle insurance	17,680	18,564	19 492	55 736
Vehicle maintenance	4,800	5,040	5,292	15,132
Vehicle licence	1,000	1,050	1,103	3,153
Office contents insurance	403	423	444	1,269
Consultancies	20,000	20,000	20,000	60,000
Salary/fees				
Executive Director	50,000	52,500	55,125	157,625
Marketing Manager	50,000	52,500	55,125	157,625
Financial Controller	44,000	46,200	48,510	138,710
Technical advisor	48,000	50,400	52,920	151,320
Accounts/Internal Audit team	28,800	30,240	31,752	90,792
Logistical team	19,200	20,160	21,168	60,528
Resource centre team		0	0	0
Administrator	12,000	12,600	13,230	37,830
Clerk	3,600	3,780	3,969	11,349
Drivers (2)	3,600	3,780	3,969	11,349
Sub total	370,603	388,133	406,539	1,165,274
Combined Agency Technical team total	529,603	388,133	406,539	1,324,274
Costs covered under crop finance	325,863	265,233	278,494	955,329
Combined Agency Technical team net total	203,740	122,900	128,045	368,945

Legal, audit etc	50,000	10,000	10,000	70 000
Field and central office overhead (NGOs) (Breakdown can be supplied on request)	560,000	588,000	617,400	1,765,400
Consortium set up and running costs total	610,000	598,000	627,400	1,835,400

Resource Centre budget (expenditure format)

Budget for one resource centre

	Year 1	Year 2	Year 3	Total
Centre overhead costs				
Personnel				
Centre coordinator	18,000	18,900	19,845	56,745
Bookkeeper	1,800	1,890	1,985	5,675
Administrator/logistician	5,400	5,670	5,954	17,024
Storeman	2,400	2,520	2,646	7,566
Driver (2)	3,600	3,780	3,969	11,349
Watchmen (3)	3,600	3,780	3,969	11,349
Compound worker	720	756	794	2,270
Mechanic	1,200	1,260	1,323	3,783
Sub total	36,720	38,556	40,484	115,760
Project Transport costs				
Maintenance - lorry	6,000	6,300	6,615	18,915
Fuel/lubricants - lorry	6,000	6,300	6,615	18,915
Insurance - lorry/motorcycles	1,200	1,260	1,323	3,783
Maintenance - motorcycles	800	840	882	2,522
Fuel/lubricants - motorcycles	1,000	1,050	1,103	3,153
Spare parts - vehicles	1,500	1,575	1,654	4,729
Overnight allowances	800	840	882	2,522
Tools & Equipment	6,000	1,000	1,000	8,000
License fees etc	1,200	1,260	1,323	3,783
Bicycle spares	150	158	165	473
Sub total	24,650	20,583	21,562	66,794

Office costs				
Stationery	1,600	1,680	1,764	5,044
Insurance	500	525	551	1,576
Legal	500	525	551	1,576
Audit	1,000	1,050	1,103	3,153
Bank charges	1,650	1,733	1,819	5,202
Sub total	5,250	5,513	5,788	16,551
Capital costs				
Staff house	6,000			6,000
Office construction	5,000			5,000
Store construction	2,000			2,000
Resource centre fencing	1,000			1,000
Resource centre punp & piping	2,000			2,000
Office furniture/equipment	4,000			4,000
Two land sites (local contribution)	2,000			2,000
1 x 5 ton truck	31,000			31,000
2 x Motorcycles	4,000			4,000
Bicycles (4)				
Sub total	57,000			57,000
Programme costs				
Blacksmithing				
Personnel				
Instructor	2,160	2,268	2,381	6,809
Assistant	960	1,008	1,058	3,026
Direct costs				
Training materials	167	175	184	525
Workshop costs	3,000	3,150	3,308	9,458
Blacksmithing total costs	6,287	6,601	6,931	19,819

Carpentry				
Personnel				
Instructor	2,160	2,268	2,381	6,809
Assistant	960	1,008	1,058	3,026
Direct costs				
Training materials	167	175	184	525
Workshop costs	3,000	3,150	3,308	9,458
Carpentry total costs	6,287	6,601	6,931	19,819
Construction skills project				
Personnel				
Instructor	2,160	2,268	2,381	6,809
Assistant	960	1,008	1,058	3,026
Direct costs				
Training materials	167	175	184	525
Construction materials	10,000	10,500	11,025	31,525
Construction skills project total costs	13,287	13,951	14,649	41,886

Forestry				
Personnel				
Forestry assistant	3,000	3,150	3,308	9,458
Assistant	2,160	2,268	2,381	6,809
Labour (4)	2,880	3,024	3,175	9,079
Potters	1,000	1,050	1,103	3,153
Extension workers (2)	1,440	1,512	1,588	4,540
Direct costs				
Training materials	167	175	184	525
Tools	600	630	662	1,892
Materials	800	840	882	2,522
Forestry total costs	12,047	12,649	13,281	37,977
Agriculture				
Personnel				
Ox trainer	2,160	2,268	2,381	6,809
Assistant	960	1,008	1,058	3,026
Labour (2)	1,440	1,512	1,588	4,540
Extension workers (2)	1,440	1,512	1,588	4,540
Direct costs				
Training materials	167	175	184	525
Ox unit	1,500	1,575	1,654	4,729
Agriculture total costs	7,667	8,050	8,453	24,169

Animal bank

Personnel				
Manager	2,160	2,268	2,381	6,809
Assistant	960	1,008	1,058	3,026
Extension worker	720	756	794	2,270
Direct costs				
Training materials	167	175	184	525
Tools	2,000	2,100	2,205	6,305
Cages, Cattle Kraal, experimental costs	2,000	2,100	2,205	6,305
Animals	2,000	2,100	2,205	6,305
Animal feeding	600	630	662	1,892
Animal bank total costs	10,607	11,137	11,694	33,438
Total programme costs	56,180	58,989	61,938	177,107
Total project costs	180,240	123,640	129,772	433,652

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Total brought for ard	0	9,440,550	13,432,430		
Credit (Crop Finance & cap & recurrent) (	9,987,940	2,631,173	0		
Short term credit (B)	1,314,430	579,914	708,641		
Sub total 1 (Donor funds requested)	11,302,370	3,211,087	708,641		
Purchases					
Maize	1,440,000	1,814,400	2,286,144		
Beans	4,851,000	6,112,260	7,701,448		
Sorghum	1,620,000	2,041,200	2,571,912		
	7,911,000	9,967,860	12,559,504		
Sales					
Maize	1,731,600	2,240,784	2,823,388		
Beans	5,710,950	7,390,278	9,311,750		
Sorghum	1,998,000	2,585,520	3,257,755		
	9,440,550	12,216,582	15,392,893		
Sub total 2 (surplus on food)	1,529,550	2,248,722	2,833,390		
Short term credit (B) - costs	1,314,430	579,914	708,641		
Short term credit (B) - income	0	1,215,848	510,875	594,550	
Capital costs (C)	91,000	0	0		
Recurrent costs (D)	1,985,940	2,103,863	2,208,924		
Sub total 3	3,391,370	1,467,929	3,428,440		
Total carried for ard (bf + (Sub totals 1-(2+3)))	9,440,550	13,432,430	13,546,021		
Surplus on food less recurrent costs	(456,390)	144,859	624,465		

Assumptions

1. Purchase costs per tonne (Farm gate)

	1996	1997	1998
Maize	100.00	105.00	110.25
Beans	165.00	173.25	181.91
Sorghum	90.00	94.50	99.23

2. Purhased at farm gate (Metric tonnes)

Maize	14,400	17,280	20,736
Beans	29,400	35,280	42,336
Sorghum	18,000	21,600	25,920
	61,800	74,160	88,992

3. Short term credit cost components in 1996
(all transport inclusive)

	Number	Cost	Value
Bicycles	5,000	100.00	500,000
Fumigation Equipment (tarpaulins)	185	50.00	9,250
Stores renovation	130	2,300.00	299,000
Moisture metres	10	875.00	8,750
Road maintenance - wheelbarrows	700	30.00	21,000
- pick axes	500	3.20	1,600
- shovels	500	5.00	2,500
- sledgehammers	500	7.50	3,750
Seeds (MT)	494	341.26	168,580
Bags PP incl transport	600,000	0.50	300,000
			1,314,430

4. Short term credit cost components in 1997
(all transport inclusive)

	Number	Cost	Value
Seeds (MT)	593	358.32	212,414
Bags PP incl transport	700,000	0.53	367,500
			579,914

5. Short term credit cost components in 1998
(all transport inclusive)

	Number	Cost	Value
Seeds (MT)	711	376.24	267,641
Bags PP incl transport	800,000	0.55	441,000
			708,641

6. Short term credit income components in 1997

	Number	Income	Value
Bicycles	4,625	100.00	462,500
Fumigation Equipment (tarpaulins)	171	50.00	8,556
Stores renovation	120	2,300.00	276,575
Moisture metres	9	875.00	8,094
Road maintenance - wheelbarrows	648	30.00	19,425
- pick axes	463	3.20	1,480
- shovels	463	5.00	2,313
- sledgehammers	463	7.50	3,469
Seeds (MT)	457	341.26	155,937
Bags PP inc transport	555,000	0.50	277,500
			1,215,848
Assume debt recovery	92.50%		

7. Short term credit income components in 1998

	Number	Income	Value
Seeds (MT)	548	341.26	187,125
Bags PP inc transport	647,500	0.50	323,750
			510,875
Assume debt recovery	92.50%		

8. Short term credit income components in 1999

	Number	Income	Value
Seeds (MT)	658	341.26	224,550
Bags PP inc transport	740,000	0.50	370,000
			594,550
Assume debt recovery	92.50%		

9. Sales revenue per tonne 1996

Maize	130.00	136.50	143.33
Beans	210.00	220.50	231.53
Sorghum	120.00	126.00	132.30

10. Sales quantities per tonne 1996

Maize	13,320	16,416	19,699
Beans	27,195	33,516	40,219
Sorghum	16,650	20,520	24,624

Assumption: all food purchased in 1996 is sold in 1996 less cleaning and moisture loss

11. Cleaning and moisture losses per tonne

Maize	7.50%	5.00%	5.00%
Beans	7.50%	5.00%	5.00%
Sorghum	7.50%	5.00%	5.00%

12. Capital costs 1996

Vehicle:- 2 x 4 wheel drive (tax inclusi	50,000
Vehicle: 2 pick ups (tax inclusive)	18,000
Communication hardware	7,000
Fax	2,000
Computer hardware	6,000
Printers (2)	2,000
Software	2,500
Office Furniture	3,500
Sub total	91,000

13. Recurrent costs

Rent	12,000	12,600	13,230
Telephone	8,000	8,400	8,820
Fax	5,000	5,250	5,513
Water	480	504	529
Electricity	2,400	2,520	2,646
Travel - international	6,000	6,300	6,615
Travel - local	10,200	10,710	11,246
Fuel	6,000	12,600	13,230
Miscellaneous	1,440	1,512	1,588
Stationary	10,000	10,500	11,025
Vehicle insurance	8,840	18,564	19,492
Vehicle maintenance	2,400	5,040	5,292
Vehicle licence	500	1,050	1,103
Office contents insurance	403	423	444
Salary/fees			
Marketing Manager	50,000	52,500	55,125
Financial Controller	44,000	46,200	48,510
Accounts/Internal Audit team	28,800	30,240	31,752
Logistical team	19,200	20,160	21,168
Administrator	12,000	12,600	13,230
Clerk	3,600	3,780	3,969
Drivers (2)	3,600	3,780	3,969
Sub total	234,863	265,233	278,494

14. Recurrent production inputs

Fumigation	54,075	56,779	59,618
Taxation	123,600	129,780	136,269
Transport - seeds	24,750	25,988	27,287
Transport - food	1,236,000	1,297,800	1,362,690
Labour	154,500	162,225	170,336
Inspection costs	110,000	115,500	121,275
Storage rental	45,632	47,914	50,309
Insurance in store	2,520	2,646	2,646
Sub total	1,751,077	1,838,631	1,930,430
Total recurrent costs	1,985,940	2,103,863	2,208,924

15. Inflation rate assumed at 5%

16. Exchange rate (US$ to Uganda shilling) at 1,000

8.2 PROJECT MARKETING STRATEGY

Summary of Farmer Problems

While non traditional cash crops are "market driven", it is essential that minimum quantities and quality are produced before major commodity buyers will bring a larger market to northern Uganda. The following, however, are the major problems facing the farmer in being able to achieve an efficiency for both minimum quantity and quality requirements:

- lack of adequate extension services to educate farmers on how to increase yield per hectare.
- lack of credit facilities to purchase required inputs which are necessary for expanded and efficient food production, eg. seeds, oxen/ploughs, etc.
- lack of adequate and proper storage and handling which increases post harvest losses.
- a large and predatory middleman sector which knows of the farmer's inability to store for speculation due to urgent need for cash at harvest for essential family needs.
- high cost of transport
- weak Cooperative Union network.
- weakness of Primary Cooperative/Grower Societies
- lack of adequate market information and, therefore,
- seasonal fluctuations in crop quantities due to wild price fluctuations.
- Bad buying policies of organizations purchasing locally for relief needs.

Plan and Assumptions

The following exercise for year one attempts to demonstrate the short-run gains of linking relief and development in northern Uganda, with substantial returns to the local economy, and significant savings to the donor community for both relief and development assistance. The plan to include production for commercial outlets as well as for food aid is considered essential. Continued relief supplies to the Sudanese refugees should fall as they begin to satisfy their own food requirements, and as many of them decide to return home as conditions permit. The project intervention does not depend, therefore, on a continued relief market. A special focus from the outset is made on accessing commercial markets in the region. The assumptions made about numbers of participating farmers, land under cultivation and allocation of surplus are illustrative of reasonable target figures. The price data, output ratios, transport costs, however, are a close approximation to existing realities. In addition to assuming the lowest yields based on little or no planting extension services, a loss factor of farm produce of 7.5 percent will be assumed as well - those from the farm to the market for various (and mostly preventable) reasons.

Areas and Hectares To Be Planted Amongst the National Population:

- Targeted Area: 8 districts (Arua, Moyo, Gulu, Kitgum, Nebbi, Apac, Lira, Masindi (Kiryandongo).

- On average these districts have 120 Primary Cooperative/Grower Societies, out of which it is assumed an average of 15 per district would take part during year one.

- On average a primary society has a membership of approximately 200 farming families. This means that a target population of 8 districts X 15 primary societies X 200 members = 24,000 farm families. Total population affected during the first year is 144,000 people @ 6/family.

- The average farm size is between 1 and 1.5 hectares. Assuming that each family cultivate 1/2 hectare of crops for sale on the market, then 12,000 hectares would be cultivated for each of the two cropping periods each year, making a total of 24,000 hectares planted during the first year of the project.

Note: the planned numbers of hectares to be planted could also be achieved by halving the hectares per family to one quarter for surplus production while doubling the number of primary cooperatives to 30 per district, increasing the number of participating people 288,000. The actual is somewhere in between.

Crop Types and Potential Output:

Priority Crops to be Planted:

- Maize, beans and sorghum are the crops to be planted. All grow well in the project areas. Maize and beans are intercropped with each other. Maize and beans have good internal markets, while all are in demand by WFP for relief food.

- Upland rice production will be included, especially for Gulu, Moyo, Arua and Nebbi districts, because of high quality and robust internal demand. While not included in the exercise below it will be a money maker for northern farmers.

- Other food crops such as simsim, millet, soya, vanilla, etc. will likely be increased as market information improves, but these will not be the focus of the project.

- Yields of these priority crops increase significantly when a modest level of extension, eg. planting techniques, is provided to the farmers. Field trials recently carried out under the CAAS/USAID (Cooperative Agricultural Agribusiness Support) confirmed the maize figures below.

YIELDS PER HECTARE IN MT

CROP	NO EXTENSION	EXTENSION
MAIZE	1.2	2.5
BEANS	0.7 ~~X2~~	4.2 ~~X0~~
SORGHUM	1.5	2.3

Note: maize and beans are normally intercropped together which would give a combined total output/hectare of 5.4 to 9.5 mt.

There are two cultivation seasons each year. Maize and beans are mostly planted during the first cropping season, while sorghum is the major second season crop.

Cropping Plan: (other cropping combinations are possible)

First cultivation period (rains Feb-March: harvest/sales July-Oct):
Maize: 10,000 hectares are planted
Beans: 5,000 hectares are intercropped with maize
Sorghum: 2,000 hectares are planted

Second cultivation period (rains July-Sept: harvest/sales Dec-March):
Maize: 2,000 hectares planted
Beans: 2,000 hectares inter cropped with maize
Sorghum: 10,000 hectares planted

Therefore total potential output (no extension) in 1996 is:

Maize :	12,000 hectares @1.2 mt/h	=	14,400 mt
Beans :	7,000 hectares @4.2 mt/	=	29,400 mt
Sorghum:	12,000 hectares @1.5 mt/h	=	18,000 mt
	Total Output in 1996	=	**61,800 mt**

Allocation of Surplus

WFP Food Aid Requirements for Northern Uganda:

According to WFP, the revised refugee population figure in northern Uganda, stands at 205,000 persons. WFP estimates that the yearly (1996) commodity levels for basic rations based on these new numbers, of which 30 per cent are on reduced rations of 50 per cent, will be:

Maize grains (cereals)	36,563 mt
Beans/Pulses	4,386 mt
Vegetable/Edible Oil	462 mt
Salt	381 mt

Note: during the 12 month period ending in June '95, WFP delivered just under 47,000 mt to an estimated 337,000 "registered" refugees.

WFP figures are commodity levels for basic, ie. full rations with 30 per cent of refugees on a reduced ration of 50 per cent but they do not account for additional increased refugee self-sufficiency in food production for which the UNHCR and implementing NGOs are currently planning. A joint target figure has not been made as of yet.

At present WFP's planned percentage breakdown of the amount going to northern Uganda from local purchases as compared to international commodity donation is:

WFP FOOD AID REQUIREMENTS IN N. UGANDA, 1996

COMMODITY	% LOCAL PURCHASE	% INTERNATIONAL DONATION
Maize (cereals)	60	40
Beans/Pulses	50	50
Oil	30	70
Salt	100	0

Proposed Allocations to WFP From Planned Local Northern Production, 1996.

Cereals : 22,000 mt: (Maize 10,000 mt, Sorghum 12,000 mt)
Beans : 4,500 mt
to be allocated to WFP during the first (July- August '96) and the second harvest (December-March 1997). These quantities represent 60 percent of cereal rations and 100 per cent pulse rations according to the new figures.

Sales Through the (normal) Commercial Market:

30,000 Mt

Comparative Benefits and Costs of Food Aid:

The following shows the cost savings to donors by purchasing 26,500 mt from northern farmers and WFP transporting to refugees in the northern settlements.

Farm Gate Prices: The average ('95) gross and net farm gate prices as well as Kampala prices for these selected crops are:

AVG NET AND GROSS FARM GATE & K'LA PRICES CROPS/US$

	NET/FG (per MT)	GROSS/FG (per MT)	KAMPALA (per MT)
MAIZE	$100	$130	$160
SORGHUM	$90	$120	$150
BEANS	$165	$210	$260

Relief Food and Transport Costs To Northern Refugee Settlements:

International Donations: Cost of imported cereals/pulses to refugee settlements is approximately $450 per mt. Therefore, 26,500 mt @ $450 would cost the international donors **$11,925,000**.

Local purchases Northern Districts: Cost of local purchases of 26,500 mt in the northern districts based on current gross farm gate as above is $3,685,000. Transport costs from central district stores to refugee settlements is estimated @$40 per ton X 26,500 mt = $1,060,000. Therefore, total cost of 26,500 mt to refugee settlements is **$ 4,745,000**.

Total savings to donors by purchasing local (northern) food as compared to external donations is **$7,180,000**.

Summary Costs for 26,500 mt International Donations and Local Purchases to Refugees in year one.

Outside Donations: 11,925,000
Local Purchases: 4,745,000
Total Savings: 7,180,000

The project will not displace "southern" purchases. That is, there will not be an internal redistribution of income from south to north through local purchases from the "northern districts", but rather a net gain to the Ugandan farmers as a whole. The savings figure of $7.2 million is the more accurate figure than comparing costs of local purchases from southern Uganda given the fact that additional local southern Ugandan purchases for the Rwanda basin could be made.

Additional savings to the international community for relief supplies to the region could be made if WFP were to contract to purchase additional surplus from the north, eg. beans, which cannot be satisfied by existing surpluses in the region.

Cost and Development Impact of Agricultural Production and Marketing

Assuming a 7.5 percent loss factor to moisture content and the cleaning process, the initial gross income injection into the Ugandan economy from the combined sales of 57,165 mt (net of losses) at central stores (26,500 mt for relief and 30,665 mt for the normal commercial market) amounts to **$9,440,550.**

Sales in Commercial market: $5,755,550
Sales to WFP: $ 3,685,000

Donors can choose to fund WFP directly for food purchases or they could fund the marketing desk for relief requirements. The $9.4 million, however, is what is to be brought forward to the accounts in year two.

Determination of Credit Requirements Year One:

Crop finance for 61,800 mt at net farm gate is **$7,911,000**

Short term credit requirement is **$1,314,430**

Details of Credit Requirements

Seeds: Type and cost

SEED TYPE/PLANTING RATE/COST UGANDA

TYPE	Kg/MT	COST/Kg ($)	COST/MT Output ($)
Maize: Uganda White	10	0.35	3.50
Sorghum: 351.2 local	8	0.32	2.56
Beans	7	0.35	2.45

note: above seeds available in Uganda

Therefore seed costs are:

144 mt treated white maize seed @$350/mt	=	$ 50,400
144 mt treated 351.2 sorghum seed @$320/mt	=	$ 46,080
206 mt treated k135-133 bean seed @$350/mt	=	$ 72,100
Total Seed Costs for First Year	=	**$168,580**

Bags:

Poly plastic bags are available from three local companies in Uganda which manufacture the poly bag. Cost per bag is $0.41; to farmer $0.50. A total of 600,000 bags required for year one.

Total Bag/Transport Costs First Year: **$300,000**

Short Distance Transport:

This is one of the major impediments to achieving the output and marketing targets. The average distance from the farm to the primary store is 25 km (probably nearer to 15 km for the project in the first year). Moving a total of 600,000 sacks (100 kg) by 24,000 families is virtually impossible if the transport mode is by head, ie, women carrying @ 40kg per load 2,500 kg per family during the year (1,250 kg by doubling the number of families). However, even the larger number is possible if each family had a bicycle. This would require one trip per day carrying one 100 kg sack, a total of 25 days (divided between two harvests per year). In the future, carts would reduce the transportation time and costs considerably. Given the existing ownership of bicycles (operating and off-road due to lack of spares), as well as the availability on the local market, the 5,000 bicycles will be purchased by the project and sold on credit through the primary societies. 5000 bicycles @ $100: **$500,000**.

Fumigation Equipment:

Assuming that 184 stores (64 central stores) the project will provide 185 tarpaulins used for cleaning as well as fumigation, @$50.
Total: **$ 9,250**.

Storage:

Large numbers of stores exist at both the primary society as well as at the central union level. Many of these stores are usable (especially at the central level). Many require various degrees of rehabilitation. The project will make rehabilitation materials available to 130 participating cooperatives @$2,300 per store.
Total Cost: **$299,000**

Moisture metres:

10 @$875: **$ 8,750**

Road Maintenance equipment:

2,200 pcs of wheelbarrows, pick axes, shovels, sledge hammers .
Total cost **$ 28,850**

Total Short-term Credit **$1,314,430**

Recurrent Costs for production Inputs:

Fumigation:

Fumigation will be done at the central district stores. A total of 5 tabs are required per mt which are sold in tubes of 20 @$3.50 per tube.
Fumigation costs for 60,000 mt is: **$ 54,075**

Local Taxation:

For 618,000 bags @$0.20
Total Tax is **$123,600**

Seed Transport Costs:

The transport cost of 494 mt of seeds to northern districts at @ $50/mt.
Total cost is $ **24,750.**

Mid-Distance Transport Costs:

The marketing desk will assist the local transporters to come together as a loose association to facilitate maximum use of existing fleets. Additional transporters will be invited to bid for contracts. WFP may be willing to collect from a group of primary stores nearby central stores which collectively meet minimum bulk quantities and acceptable quality. Estimated current cost @$20/mt based on an average distance of 25 km from primary stores to central district stores.
Total Mid-Distance @$20 mt is: **$1,236,000**

Labor:

Weighing, stacking, loading final store @$2.50 mt for 61,800 mt the
Total labor Cost is **$154,500**

Inspection of Food:

While it is recommended that WFP provide its own inspection of relief supplies, the UBWS or S.G.S. should establish a northern office to provide inspection for the normal commercial market. Assuming inspection by S.G.S or UBWS at @1% before loss value is **$110,000**

Storage Rental for Maintenance and Management Expenses:

This cost is difficult to estimate until primary societies assert their ownership rights to stores at both the primary and district levels. However, under direct control of their stores they should calculate their own implicit storage rentals to cover above expenses. If 120 primary stores and 64 district stores are utilized and cost of rental per season is $124 per store by 2 seasons equal $248 per store per year then,
Total rental and management costs is: **$ 45,632**

Insurance in store **$ 2,520**

Total Recurrent Production Inputs **$1,751,077**

Capital and Recurrent Costs for Marketing Desk:

The marketing desk is part of the Combined Agency Technical Team. To be sustainable the costs of the marketing desk are to be covered by the income generated.

Capital Costs:

Includes two vehicles, communications equipment and furniture **$ 91,000**

Recurrent Costs:

Include rent, utilities, travel, fuel, stationary, vehicle maintenance, insurance, licenses, salaries, etc. **$ 234,863**

Note: The income generated by the marketing desk covers 100 percent of the cost of the marketing desk and 62 percent of the costs of the Combined Agency Technical Team during the first year.

Total Credit Requirements from Donors For Year One:

a) crop finance	$7,911,000
b) short term credit	$1,314,430
c) capital costs	$ 91,000
d) recurrent costs	$1,985,940
Total Donor Credit (Year One)	**$11,302,370**

Summary of Three Year Costs and Benefits of Local Production for Relief and Commercial Sales

Total Credit Requirements for Three Years:

YEAR	AMOUNT ($)
1	11,302,370
2	3,211,087
3	708,641
TOTAL	**15,222,098**

Total Income generated by the marketing desk at end Year Three is **$16.5 million**. At the end of Year Four, it is **$18 million.**

Total Relief Requirements for Three Years (assuming same quantity for year one and two and falling by 40 percent in year three (total 69,000 mt for 3 years) plus transportation from central stores to settlements is approximately $12 million. (as compared to $33 million if from international donations).

Consortium Marketing Desk and Market Information System

Having demonstrated the potential cost effectiveness for both the relief and agricultural development components of the project, it is necessary to present a marketing organizational structure by which this is to be achieved. This is important for a very fundamental reason. Such a structure does not exist in Uganda today in the developed form which is necessary for the project to function. Financial accountability at the local level, identification of markets and the establishment of an adequate information system are mandatory to success.

Marketing Desk:

To this end, the consortium will establish a marketing desk. As part of the technical team this desk will manage and coordinate the agricultural marketing and credit activities of the project while developing a market information system which will

form the basis of a public (open) central data base.

Another crucial requirement is a guarantee of a credit line to a central accountable desk for crop and input finance. A credit strategy which links up closely with regional implementors which are working with farmers will enable timely delivery of agricultural inputs and direct crop finance so that tonnage can be bought at farm level, increasing farm income immediately, reducing predator buying and, thus building a healthy confidence amongst the rural farmers.

In the case of large buyers (private foreign corporations, WFP) the primary cooperatives may be contracted to grow a specified quantity of food stock for the following season - possibly something akin to "pool farming" in the U.S. The primaries based on private sector selling might be promised that they would receive a bonus after sale, which would somewhat keep out the temporary predator buyers and help to check wild fluctuations in the prices of the commodities.

The functions of the marketing desk will include:

- full accountability of any inputs/funding/loan capital advanced to project.
- have direct contact with Primary Societies which must be registered and have a known bank account.
- to act as an official conduit (contractor) between WFP and the several participating primaries/grower societies, as well as with external buyer/brokers.
- make disbursements against payment requisitions signed by appropriate parties.
- organise most inputs (seeds, bags, bicycles, etc.) be paid for out of marketing desk account, as well as disbursements by the desk.
- draw up suitable contracts with the Primary Societies and for their participating members
- introduce farmer record sheets - a numeric system to enable identification of individual farmers.
- maintain a central data base to correlate all information gathered by the primary societies and from external buyers/brokers.
  monitor crop movements and production levels.

Marketing Information System:

The marketing desk will provide a Market Information System to connect the primary societies with external demand. While the existing structure allows movement of foodstuffs within Uganda, it is inefficient and costly. The food chain to either processor, exporter/broker or end-user is in need of serious overhaul.

Information from both sides of the market is sorely lacking and leads to wide swings in production levels and prices. The section of the market chain between farm-gate and urban center must be seriously addressed to allow immediate percolation of market prices to filter through to the farmers.

The marketing desk will assist in coordinating the collection of relevant information from producers (assisted as well by each regional consortium) in northern Uganda. Once gathered, this information will be entered into a Central Data Base and made available to both the Ministry of Agriculture, the primary societies and other farmers, as well as all private traders/brokers.

The most efficient and reliable way to collect data from producers would be for each primary society to hire their own experienced/competent Information Officer. The sole responsibility of this position would be to gather and disseminate information.

Local market information to be collected should include:

- hectares cleared by district for cultivation for season Y
- hectares under cultivation for crop type.
- seed types including hybrids
- soil type, rainfall and pest monitoring.
- internal food needs, types by district.
- holding capacity of local storage, location.
- produce in stores from season X.

In order to establish such a working system a marketing specialist will be engaged for 2 years. This post will include the following terms of reference:

- train staff in business practices regarding brokering non traditional crops
- organize and implement Central Data Base
- prepare initial information documents for primary societies
- establish working contact with WFP
- initially deal with primaries through the regional consortiums for collection of crops until primary societies' officers are chosen and are functioning
- assist in a fair allocation of production levels targeted by the project
- identification of internal processors, external buyers and exporters
- implement management and financial controls

8.3 PROPOSED WFP AGREEMENTS and GUIDELINES:

The following set of guidelines (donor directed) to Aid agencies would go a long way to simplify marketing and begin to draw upon the vast potential of the peasant farmer to achieve food security - locally and in the region.

- Provide advanced commitment on expected tonnage requirements with letters of commitment, which will build confidence among the farmers.

- Advanced price guide in the form of projected seasonal prices based on traditional district patterns or a fixed annual accepted price, based on world future market information from reputable broker/dealers. This would greatly relieve donors by giving them some form of budget requirements and would do less to distort the local market than current spot buying does.

- Agreement to pick from main district stores for transport to refugee settlements.

- Drop the difficult and expensive requirement of asking for a bond.

- Drop the requirement of purchased supplies being in new jute bags. These are imported at the higher cost of $1.20 per bag as compared to the $0.41 per bag of the locally produced PP bags.

- Verification of quality be done by their own field officers, not S.G.S. This company has no substantial field staff in Uganda and therefore the costs to producer would be greatly reduced by WFP's own officers providing verification.

8.4 WATER TRANSPORT ON THE NILE AND LAKE ALBERT: AN ELEMENT OF EXPANDED FOOD SECURITY AND REGIONAL STABILITY

Background

Sudan, Uganda, Zaire, Kenya, Ethiopia and Eritrea have had both traditional and "colonial" trading linkages since earliest times. Even Somalia with its limited productive base traded to a limited extent with its African neighbors, although the vast majority of its trade was across the Red Sea to Saudi Arabia.

The British and French colonialists established their transport routes: south Sudan via Uganda to Mombasa, Port Mahagi (Zaire) to Butiaba (Uganda) and again to Mombasa. Most of Kenya's foodstuffs came from Uganda. Important trading links existed between eastern Sudan and Ethiopia/Eritrea. The two vital links in these routes were the Sudan/Ethiopia connection to Addis Ababa, and the Nimule-Ntoroko river transport system on the Albert Nile and Lake Albert, linking Zaire, Sudan and West Nile to the Pakwach-Mombasa railway. These formal links no longer exist and the resultant lack of international/regional trade in the area may bear a direct influence on the poor relations between these countries.

However, even today Port Mahagi still acts as a major port of entry for Ugandan goods, although this trade is of an unregulated "informal" nature. Upwards to 100,000 people in northeastern Zaire depend on this trading link - agricultural and forest products from Zaire exchanging for manufactured products, soap, footwear, etc. coming from Uganda. One or two ton wooden boats cross from Wanseko and Butiaba on a daily basis. Improvement of this transportation system would lead to a substantial increase in trade, improved revenue and commercial links.

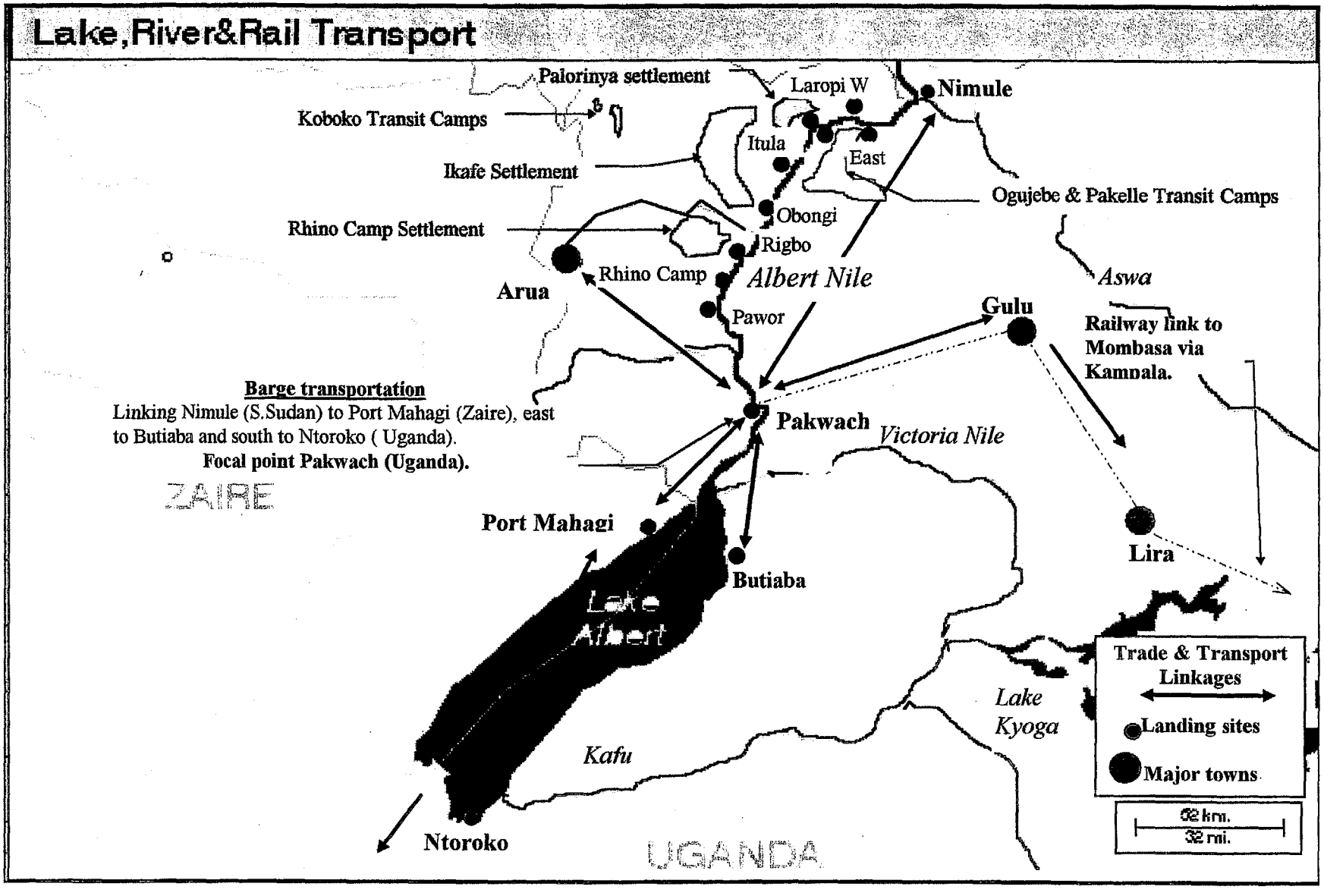
Prospects for commercial links

Uganda has a surprising amount of infrastructure already in place. Landings exist at:

Laropi (east and west banks)
Ogujebi plus container store @28 tons

- Itula " " " "
- Obongi " " " "
- Odoy " " " "
- Rhino Camp plus 2000 tons storage space
- Pawor plus container store @28 mt
- Pakwach plus 6000 tons storage space
- Butiaba plus shipway and ward facilities

The rehabilitation of Ntoroko landing and of 48 km of road to Bundibudgyo would connect west Uganda and north Ituri Province in Zaire.


Lake,River&Rail Transport
Palorinya settlement
Laropi W
Nimule
Koboko Transit Camps
Itula
East
Ikafe Settlement
Ogujebe & Pakelle Transit Camps
Obongi
Rhino Camp Settlement
Rigbo
Albert Nile
Aswa
Arua
Rhino Camp
Pawor
Gulu
Railway link to Mombasa via Kampala.
Barge transportation
Linking Nimule (S.Sudan) to Port Mahagi (Zaire), east to Butiaba and south to Ntoroko (Uganda).
Focal point Pakwach (Uganda).
Pakwach
Victoria Nile
ZAIRE
Port Mahagi
Lira
Butiaba
Lake Albert
Trade & Transport Linkages
Landing sites
Major towns
Lake Kyoga
Kafu
Ntoroko
UGANDA
62 km.
32 mi.

Reestablishing River Transport between Nimule, South Sudan to Port Mahagi, Zaire; and to the Mombasa rail head at Pakwach, Uganda would enable exports from the area by the cheapest means and would join the two largest countries in Africa with one of the smallest.

A commercial union amongst these three countries would foster additional ties throughout the region and eventual inclusion of Kenya, which is soon to turn Mombasa into a free port, will again foster cooperation rather than conflict. The eventual opening of Pakwach (and Nimule) as a free port would create an effective four country alliance, with Uganda acting as the major center.

The logic of trade between Sudan and Uganda will continue in the future, as was the case with river transport until 1961 when floods destroyed the infrastructure. Rehabilitation of the road system in southern Sudan is already underway. Eventual rehabilitation of Nimule harbour facilities and storage will complete this link.

Once the system is established the whole of eastern West Nile would be provided with a secure transportation network and the ginneries at Pakwach, Rhino and Adjumani would form the first customers. The internal Ugandan market would be assisted and form the initial revenue producer.

S.G.S. or the Ugandan Board of Standards could provide certification in Pakwach allowing produce to be exported under bond direct to Mombasa without need for any further cross loading. Letters of Credit could be drawn on at an earlier date allowing quicker turnaround on credit.

In addition most of the refugee camps are in eastern west Nile or near the river; much of their input requirements could be supplied by river transport, eg. local surplus grown in Nebbi could easily access the river at Pakwach.

Great interest has been shown amongst northerners to have river and lake transport restored. A large number of northerners have expressed a keen interest in forming a private company with substantial local investment. The project will provide a facilitating role to this effect.

Proposed implementation methodology

Critical next steps:

Feasibility study of returns
Establishment of private river company
Local investment funds and loans

- Establishment of administrative/managerial system
- Choice of craft system - by tender
- Marketing of facility-linkages to producer/traders

- Training of operators/implementors
- Proving of enterprise

Thus far cost estimates for 3 systems have been tendered for River Transport. They have been provided to potential investors under separate cover. Others should be sought as well.

8.5 PROJECT CONSULTANTS:

The NUFSP proposal is the result of the efforts of many people who participated in various ways in its preparation. While collective decision-making was time-using and did not always yield consensus on all of the issues, it did provide for clearer and more representative direction, especially from the small farm-holder. In summary, by linking relief and development through a four-pronged strategy to improve agricultural production, marketing, transportation and an enabling institutional environment, the proposal has attempted to demonstrate the enormous wealth creating potential of the small farm-holder in northern Uganda. At the same time restorative activities for the environment, the veteran, disabled, women, and youth are given their deserving attention. The institutional process to be fostered is democracy; its healthiest manifestation at both the economic and political levels where local private enterprise, primary cooperatives and local councils interface and interact with each other, providing the structural foundations for a wealthier, healthier and economically more self-sufficient and independent Uganda.

Project Consultants:

1. Northern farmers (both Ugandan and Sudanese refugees): Over 200 were consulted during field visits.

2. Government of Uganda:

    Hon Moses Ali
    Hon Betty Bigombe
    Hon Dr. Salim Bachou
    Hon Agard Didi
    Hon Amama Mababazi
    Mr. Charles Okweny

3. Uganda Veterans Assistance Board:

    Major General (Rtd) Emillo Mondo
    Mr. Francis Apiko
    Executive Board UVAB

4. Districts:

    Kitgum
    Mr George William Odwong, Resident District Commissioner(RDC)
    Mr John Boscho Oryem, Chairman District Local Council V (DLC V)
    Mrs Jane A. Odwong, Secretary Women DLC V
    Mr Dracula Vale D.A., Chief Administrative Officer (CAO)
    Mr Lamakio C. Odonga, Chairman Production and Marketing Committee

Mr Okengo Justine, Chairman General Purpose Committee
Mr Stefano Pizzi, Manager AVSI
Acting District Veterinary Officer
Mr Cherobin H.W. Ochaya, District Agriculture Officer
Mr Okengo Justine, Chairman General Purpose Committee
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Mr Odur Odongtoo, Secretary/Manager East Acholi Cooperative Union

Nebbi

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Mr D.A. Odubker C.A. District Cooperative Officer
Mr Wacoo Fred, Assistant Works Supervisor

Moyo

Mr J.O. Jale, District Fisheries Officer
Mr Ajavu-Alabi, District Agricultural Officer
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Mr Alia Seraphine, for Chief Administration Officer

Gulu

Mr Louis Otika, RDC
Mr Phillip Odong, Deputy RDC
Major Francis Acoka, NRA Representative
Ms Christine Adong, Field Coordinator World Vision
Mr Ralph Albert Oneka, Manager/Secretary West Acholi Cooperative Union
Mr Johnson Okech, West Acholi Cooperative Education Officer
Officer-in-Charge Mr. Emmanuel Omona, Dep. Prison Commander
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Mr. A. Arweny, Elder/Opinion leader
Sr. Adelana, Adel Tailoring School
Mrs Geraldine Onguti, Women Representative District Local Council V
Mrs Pollina Opoka, Training Commissioner Girl Guides
Mr. Onen Ocaya (Rtd), Cooperative Bank
Mr Charles Odora Oryem
Chairman/members Production and Marketing Committee

Arua

Mr Awongo Ahmed, RDC
Mr Ambadua Donato, Chairman DLC V
Mrs Lucy Lekuru, Secretary Women DLC V
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