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Uganda Oilseeds & Staple Foods Project

October 1993 — October 2002

The original aim of this project was to generate income and improve nutrition in rural Uganda by working to stimulate oilseed production and processing. The Uganda project differed from EnterpriseWorks' other oilseed processing projects in two respects: it put an emphasis on targeting demobilized war veterans and women as project beneficiaries and involved extensive farming systems research on oilseeds. Although Uganda's favorable climate allows two growing seasons for sunflower per year, many farmers in the northern part of the country were not growing this crop at the time the project began. To promote the income potential of sunflower and other oilseeds, the project set up demonstrations on the role of oilseeds in the cropping cycle and also devoted more attention to planting seed multiplication and sales, as well as agricultural extension services.

When the oilseed market expanded in the later stages of the project, RAM-32 presses were imported from Zimbabwe and sold through a network of sales agents developed by EnterpriseWorks' affiliate, AT/Uganda. While the project continued to promote seed production and sales and expand production and sales of existing technologies such as the ram press, the project also expanded its geographic scope within the country and diversified its objectives by introducing new technologies - including a manual peanut butter grinder, a cassava slicer, and the treadle pump (see Small-Scale Irrigation projects).

Economic Participants
44,946

Total Monetary Benefits
$3,1846,821

Cumulative TMB
$5,050,032

Enterprises Assisted
22,345

Project Budget
$3,399,350

Primary Funders
USAID
DANIDA
McKnight Foundation
Food Industry Crusade Against Hunger
UNDP
DFID

ACCOMPLISHMENTS

- Increased agricultural production and rural household incomes for over 40,000 people.
- Increased production of sunflower and sesame for processing into oil, and of food security crops such as maize, beans, cassava and peanuts.
- Reduced crop losses through improved post-harvest handling methods.
- Added value to farmers' crops locally by establishing village-based agro-processing enterprises.
- Developed sustainable local capacity for technological training and for crop production and marketing.
- Created a network of private sector agricultural input suppliers at the village level.

LESSONS LEARNED

The projects diversity ensured its steady development. When manufacturing in Zimbabwe was held up while a design improvement was made (see Zimbabwe Oils and Staple Foods), other components of the project maintained its steady success. The diversity of the development initiatives undertaken in this project are reflected in the sales portfolio for 1999; 90 ram presses and 92 treadle pumps were sold, along with 44 peanut butter grinders, 59 edible oil bucket filters, 5 cassava slicers, two shea nut presses, and three meat mincers. Over 65 mt of seed were also sold through the commercial distribution system set up by the project, including maize, beans, peanuts, sunflower, and miscellaneous other seeds. Finally, more than five metric tons of both bean and sunflower seed were distributed to internally displaced persons camps in the Gulu and Kitgum districts.

Collaboration with donors proved to be beneficial. Thanks to donors, presses were offered at half price to women's groups and free to displaced households. Overall, women made up 55 percent of project beneficiaries for 1998, and during 1999 women's groups continued to receive a 50 percent discount on press purchases. Donor funding allowed the project to subsidize half the cost of ram press sales to all women's groups that demonstrated a serious commitment to the enterprise by growing at least 1,650 kg of sunflower seed or 540 kg of sesame seed for processing. Additionally, in the Gulu and Kitgum districts - where thousands of families have been affected by political insecurity and rebel activity - displaced households received RAM-32 presses for free, with costs funded entirely through project donors. Finally, a matching grant allowed stockists to make the same profit on subsidized sales as through regular sales.

Initial pricing and distribution problems required a change in manufacturing and sales strategies. When this project began, ram presses were sold at a price that reflected the full ex-factory cost of the product, plus a small margin to cover the project's costs of marketing and distribution. At the same time, AT (Uganda) began shifting sales responsibilities to private distributors and agents. As a result of these policies, sales fell sharply. Faced with local production constraints, AT (Uganda) then switched from marketing expensive locally produced presses to promoting the higher quality and less expensive imported RAM-32s. It was only after the project bought out the manufacturer's inventories of domestically produced presses and absorbed the loss of charging an import parity-based price, however, that sales finally rebounded. Once they did, the project was then in a better position to shift responsibilities for press sales to private distributors and sales agents. By the end of 1998, AT (Uganda) had returned to a policy of active market development, and project staff were able to work closely with a number of private sector sales agents.

Credit policy had to be toughened to counter lax attitudes of borrowers. While the ram press can generate significant profits at a reasonable throughput rate, press owners often used the loan designated for oilseed production for other purposes instead and then failed to make the loan repayments. This practice reflects the prevailing lax attitude of borrowers in Uganda towards credit from NGO or government programs. Following a string of defaults early on in the project, a strict policy for loan collection was instituted: a new sales policy established in 1996 encouraged either cash purchases or the completion of installment payments before delivery of any press, and also made loans contingent on the ability of press owners to demonstrate that they had enough seed available for processing. In addition, the loan repayment period was reduced from one year to just three months. These policy changes reduced the cost of loan collection and increased the repayment rate in 1997 to 100 percent.