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**Uganda Agricultural Productivity  
Enhancement Program (APEP)**  
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**Third Annual Progress Report**  
October 2005 to September 2006



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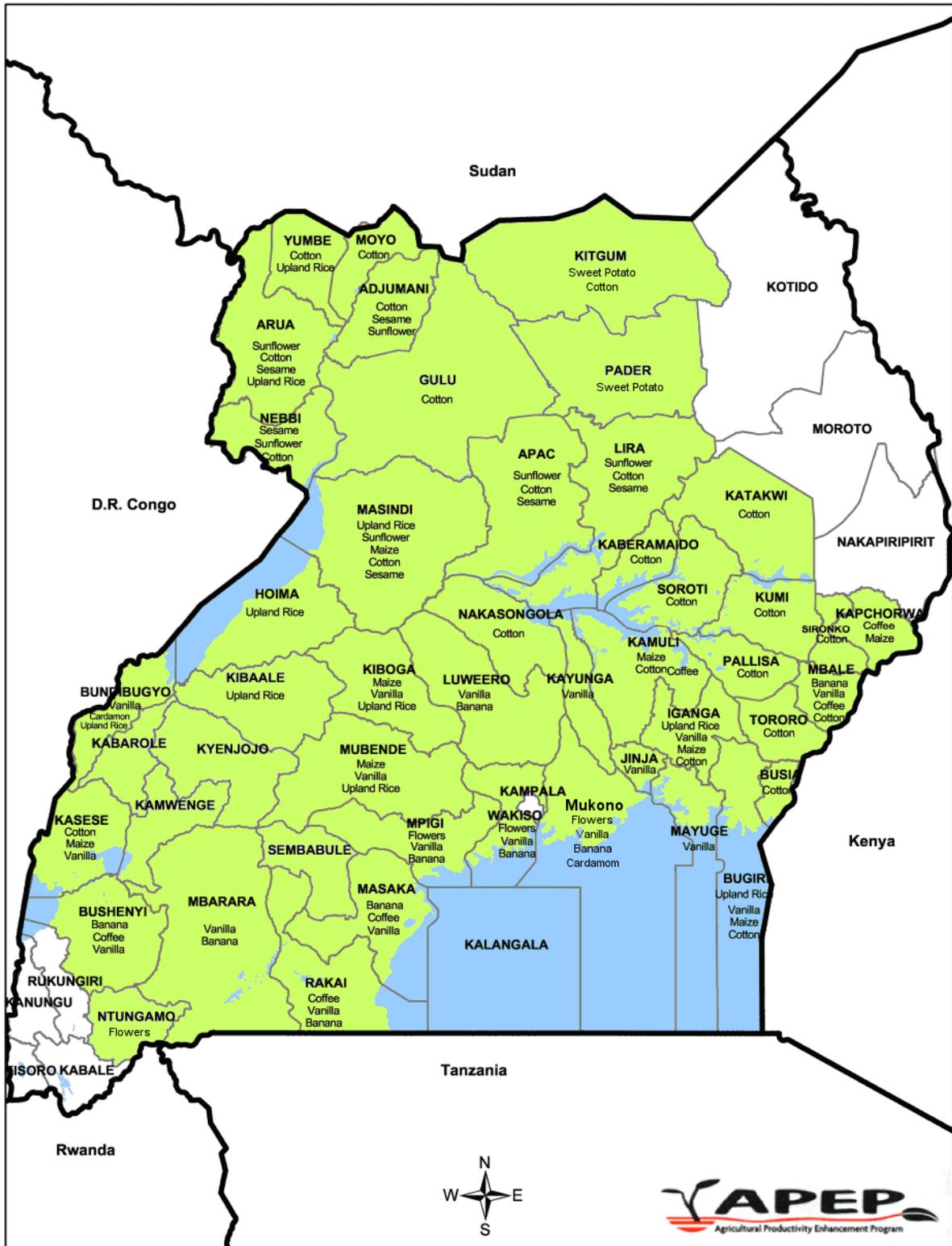
# Third Year Annual Progress Report

October 2005 to September 2006

## **DISCLAIMER**

The authors views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

### USAID APEP INTERVENTION AREAS



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## LIST OF ACRONYMS

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ABDC	AgriBusiness Development Component (of ASPII/DANIDA)
ABSPII	Agricultural Biotechnology Support Program II (USAID)
ACDI/VOCA	Agricultural Cooperative Development International/ Volunteers in Overseas Cooperative Assistance
AGOA	African Growth and Opportunity Act
APEP	Agricultural Productivity Enhancement Program
ARDC	Agricultural Research and Development Centre (NARO)
ASPS II	Agriculture Sector Programme Support (DANIDA)
ATAIN	Agribusiness Training and Input Network
ATF	Applied Tropical Floriculture
ATFC	Applied Tropical Floriculture Course
AT Uganda	Appropriate Technology Uganda
A2N	African 2000 Network
BIO-EARN	East African Regional Programme and Research Network for Biotechnology, Biosafety and Biotechnology Policy Development
BBW	Banana Bacterial Wilt
CAA	Civil Aviation Authority
CAEC	Continuing Agricultural Education Centre
CBOs	Community-Based Organizations
CDO	Cotton Development Organization
CERUDEB	Centenary Rural Development Bank
CET	Common External Tariffs
CIAT	International Center for Tropical Agriculture
CO	Contracting Officer
COMPETE	Competitive Private Enterprise and Trade Expansion project (USAID)
CoP	Code of Practice
CORI	Coffee Research Institute
CPPs	Crop Protection Products
CT	Conservation Tillage
CTO	Cognizant Technical Officer
CWD	Coffee Wilt Disease
DANIDA	Danish International Development Agency
DCs	Depot Committees
DCA	Development Credit Authority (USAID)
DFCU	Development Finance Company of Uganda
DfID	Department for International Development (UK)
EAC	East African Community
EAFCA	East African Fine Coffee Association
ECOTRUST	Environmental Conservation Trust
EU	European Union
EUREPGAP	European Retailer-Producer Good Agricultural Practices
FAQ	Fair Average Quality
FEWS NET	Famine Early Warning System Network project (USAID)
FHL	Fresh Handling Limited
FICA	Farm Inputs Care Centre
FIRRI	Fisheries Resources Research Institute
FOB	Free on Board
FY	Financial Year
GDA	Global Development Alliance
GDP	Gross Domestic Product
GEF	Global Environment Facility
GIFAP	Global Crop Protection Association
GIS	Geographic Information Systems
GMO	Genetically Modified Organism
GoU	Government of Uganda
ha	hectare(s)
HO	Home Office
ICP	International Coffee Partners

ICRAF	International Center for Research in Agro Forestry
ICT	Information and Communications Technology
IDEA	Investment in Developing Export Agriculture project (USAID)
IDPs	Internally-Displaced Persons
IEE	Initial Environmental Examination
IEHA	Initiative to End Hunger in Africa
IFAD	International Fund for Agricultural Development
IFDC	International Fertilizer Development Corporation
IFPRI	International Food Policy Research Institute
IITA	International Institute of Tropical Agriculture
INIBAP	International Network for the Improvement of Banana and Plantain
IPM	Integrated Pest Management
IPM CRSP	Integrated Pest Management Collaborative Research Support Program
ISNAR	International Service for National Agricultural Research
ISP	Integrated Strategic Plan
ISTA	International Seed Testing Association
ITI	International Technology Investment, Ltd.
KACOFA	Kapchorwa Commercial Farmers Association
kg	kilogram(s)
LOP	Life of Project
LRA	Lords Resistance Army
M&E	Monitoring and Evaluation
MAAIF	Ministry of Agriculture, Animal Industry & Fisheries
MD	Managing Director (USAID APEP)
MEMS	Monitoring and Evaluation Management Services
MFI	Microfinance Institution
MFPED	Ministry of Finance Planning and Economic Development
MOES	Ministry of Education and Sports
MoU	Memorandum of Understanding
MPS	Milieu Project Sierteelt (Dutch environmental quality standards initiative)
MSU	Michigan State University
MTCS	Medium-Term Competitiveness Strategy
mt	metric ton(s)
MUFA	Makerere University Faculty of Agriculture
NAADS	National Agricultural Advisory Service
NARO	National Agricultural Research Organization
NARS	National Agricultural Research System
NBC	National Biosafety Committee
NCBA/CLUSA	National Cooperative Business Association/Cooperative League of the USA
NEMA	National Environment Management Authority
NGO	Non-Governmental Organization
NSCS	National Seed Certification Services
NTAE	Non Traditional Agricultural Export
NRI	Natural Resources Institute
NUCAFE	National Union of Coffee Agribusiness and Farm Enterprises
NUEO	Northern Uganda Eco Organic
OECD	Organization for Economic Cooperation and Development
OGS	Out grower Schemes
OPV	Open Pollinated Variety
P&P	Policy and Procedures
PBS	Program for Biosafety Systems (USAID)
PEAP	Poverty Eradication Action Plan
PERSUAP	Pesticide Regulatory and Safe use Action Plan
PIR	Project Intermediate Results
PMA	Plan for Modernisation of Agriculture
PMP	Performance Monitoring Plan
PMU	Project Management Unit
PO	Producer Organization
POT	Producer Organization Trainer
PRIME	Productive Resource Investments for Managing the Environment (USAID)

RATES	Regional Agricultural Trade Expansion Support (USAID)
RATIN	Regional Agricultural Trade Intelligence Network
RF	Results Framework
Rural SPEED	Rural Savings Promotion & Enhancement of Enterprise Development project (USAID)
RNE	Royal Netherlands Embassy
SABD	Support to Agri-Business Development Component (DANIDA)
SACCO	Savings and Credit Co-operatives
SAF	Strategic Activities Fund
SAARI	Serere Agricultural and Animal Research Institute
SCAA	Specialty Coffee Association of America
SCOPE	Strengthening the Competitiveness of Private Enterprise project (USAID)
SCRIP	Strategic Criteria for Rural Investments in Productivity (USAID)
SEP	Strategic Export Program
SG2000	Sasakawa Global 2000
SME	Small and Medium-Sized Enterprises
SO	Strategic Objective
SOMED	Support Organization for Micro Enterprises Development
SOP	Standard Operating Procedures
SPEED	Support for Private Enterprise Expansion and Development project (USAID)
STTA	Short-term Technical Assistance
TA	Technical Assistance
TASO	The AIDS Support Organization
TMG	The Mitchell Group
ToT	Training-of-Trainers
UBL	Uganda Breweries Limited
UBOS	Uganda Bureau of Statistics
UCDA	Uganda Coffee Development Authority
UCE	Uganda Commodity Exchange
UCIL	Uganda Crop Industries Limited
UFEA	Uganda Flower Exporter's Association
UGCEA	Uganda Ginners and Cotton Exporters Association
UGTL	Uganda Grain Traders Limited
UNADA	Uganda National Agri-Inputs Dealers Association
UNBS	Uganda National Bureau of Standards
UNCST	Uganda National Council of Science and Technology
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNEX	Union Export Services
UNFFE	Uganda National Farmers Federation
UNIDO	United Nations Industrial Development Organisation
UNVA	Uganda National Vanilla Association
UOSPA	Uganda Oilseed Producers and Processors Association
UPTOP	Uganda Program for Trade Opportunities and Policy (EU)
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
USh	Uganda Shilling(s)
USTA	Uganda Seed Traders Association
UWA	Uganda Wildlife Authority
VANEX	Uganda Vanilla Exporters Association
VAT	Value Added Tax
WFP	World Food Program

## EXECUTIVE SUMMARY

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### INTRODUCTION

This USAID APEP progress brief covers the period October 1, 2005 through September 30, 2006. The Agricultural Productivity Enhancement Program (APEP) aims to expand rural economic opportunities in the agricultural sector by increasing food and cash crop productivity and marketing. During the period under review, USAID APEP focused on the following sub-sectors: coffee, cotton, grains & oilseeds, flowers, vanilla, cardamom, bananas, barley and mother gardens of cassava and sweet potato. USAID APEP also worked with Producer Organisations (POs) to develop linkages, management systems and revenue streams.

### OVERVIEW OF CLIMATIC CONDITIONS AND PRICES

2005B season started late in many areas, particularly in Northern Uganda where despite a series of encouraging rainfalls in July 2005, August and September were quite dry. The season was mainly characterized by normal to below normal rainfall distribution and a shortened season (ended in mid-November 2005). This affected proper crop development leading to below average production for most crops. An indicator of below average rainfall and runoff was the declining water levels in Lake Victoria. This has resulted in electricity rationing, and increased costs of operation for agribusinesses using standby generators and expensive diesel fuel.

2006A season started off well with most of the significant production areas experiencing slightly above normal rainfall in March and April 2006. This resulted in good harvests of annual crops in general. The 2006B season started later than usual overall with poor distribution of rainfall in most areas resulting in lower than normal precipitation. This has been the result of influence by a warm episode (El Niño) condition which developed in the tropical Pacific Ocean and is likely to continue into early 2007, with sharply increased rainfall and possible flood conditions. This is likely to result in lower than average 2006B season crop harvests.

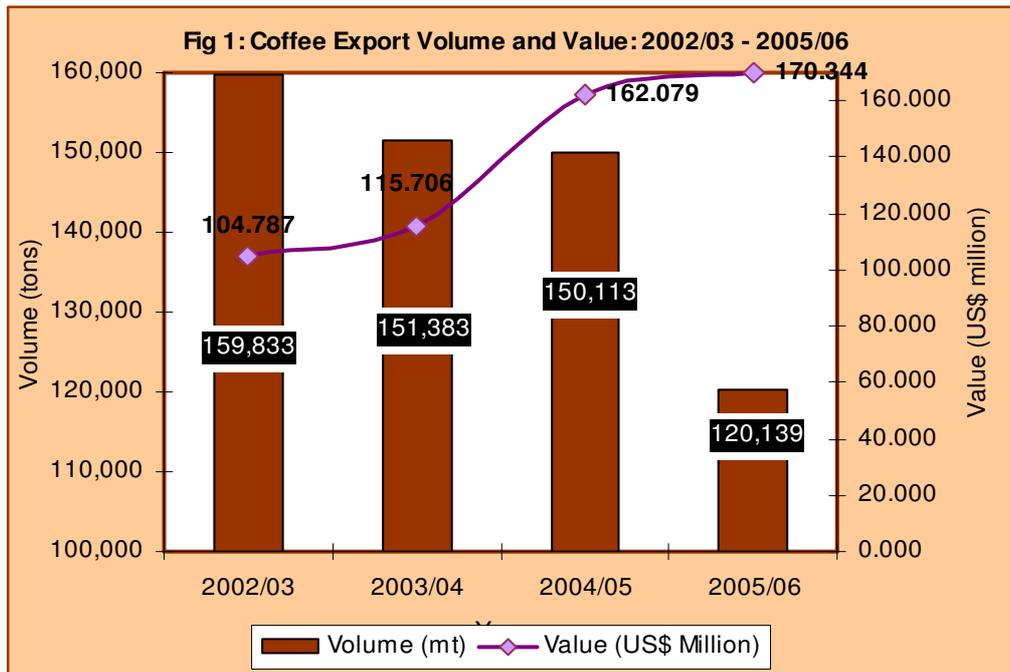
Commodity prices have been firm throughout the reporting period, with the drought in 2005B season causing prices to rise above average market conditions for cash crop grains and food crops. Higher local and regional grain prices have improved producer sentiment for grain production. Prices for both Robusta and Arabica coffee also remained high during the reporting period and cotton prices had firmed slightly on the international market.

### USAID APEP COMMODITY PERFORMANCE

**Coffee:** According to the Uganda Coffee Development Authority (UCDA) annual report, Uganda's coffee exports for the year 2005/06 totaled about 2,002,300 60-kg bags (equivalent to 120,140 mt) valued at US\$170.34 million. Compared to the 2004/05 coffee year, this performance represents a drop in volume by about 20% and a rise in value by 5% (Figure 1). The drop in volume, according to UCDA, was attributed to unfavorable weather conditions that led to poor bean formation due to defoliation, and continued attrition due to Coffee Wilt Disease (CWD) at a time when replanting is almost at a standstill. On the other hand, the increase in value was a result of the general improvement in coffee prices on the world market in response to global supply deficit. On the local scene, there was a general increase in farm gate prices for Robusta from around US\$ 700-800 in October 2005 to about US\$ 950 per kg of dried cherry (Kiboko) by August /September 2006. The price for FAQ also increased from US\$ 1,600-1,700 per kg in October 2005 to about US\$ 2,050-2,100 in August/September 2006. Similarly, Arabica parchment prices increased from US\$ 2,300 per

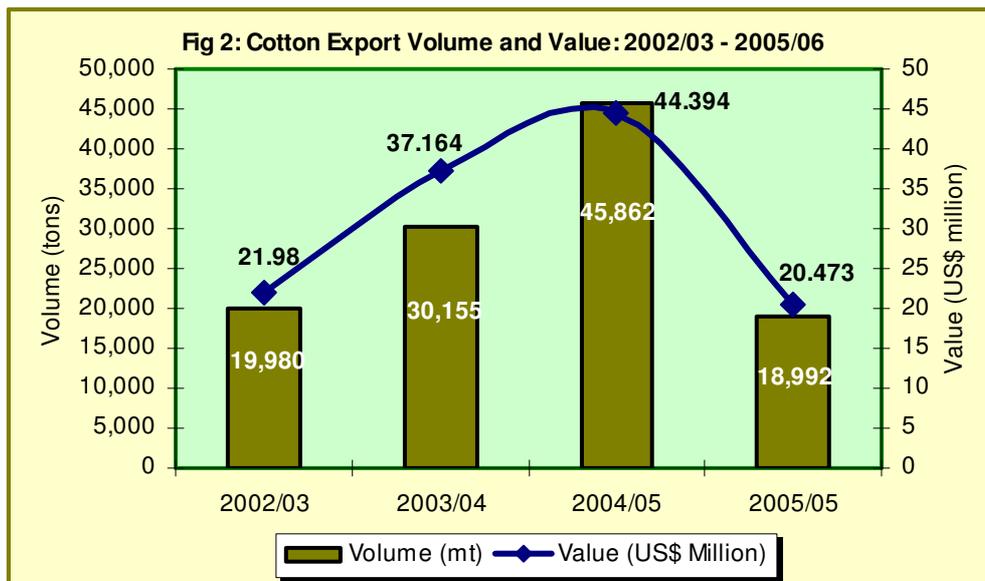
kg in November 2005 to US\$ 2,600 per kg in August/September 2006. This is expected to provide the necessary incentives that should result in increased adoption of improved coffee husbandry practices being promoted by USAID APEP.

Much of USAID APEP activity during the period under review centred on establishment of demonstration sites, training of farmers on quality improvement and improved agronomic practices, farmer-enterprise linkages and bulking for the market as well as development of strong partnerships with local government authorities, research organizations, academic institutions and the private sector. According to field day records, a total of 44,023 farmers that included 11,213 females benefited from both the newly established and existing demonstration sites.



**Cotton:** During the 2005/6 cotton season, USAID APEP continued to partner with each ginnery in the country through the designated eight lead ginners. Through the ginners, USAID APEP has directly supported activities of the demonstration sites by providing demonstration kits to lead farmers. Through 6,900 demonstration sites established across the 8 production zones, 134,458 farmers were exposed to improved cotton production techniques.

The 2005/06 cotton season witnessed a drastic reduction in area planted arising out of the steep downturn in price during the previous marketing season. Prices dropped by over 50% in some cases, totally destroying farmer confidence. The result was a total lack of producer confidence going into the 2005/06 production season. This low producer price, combined with late start of the rains, resulted in reduced plantings for the 2005/06 cotton crop in many parts of the country. The early cessation of rains also impacted late planted cotton. Based on the Cotton Development Organisation (CDO) report, the industry performance in terms of exports was 102,658 bales of lint (equivalent to 18,992 mt of lint) worth about US\$20.5 million (Figure 2). This represents only 42% of the volume and 46% of the value exported the previous year.



**Sunflower:** USAID APEP continued collaboration with A.K. Oils & Fats (U) Ltd in Lira, Apac and Masindi districts resulted in about 31,291 collaborating farmers registered in an outgrower scheme (OGS). The collaborating farmers were exposed to improved production practices through 850 technology transfer sites established in the operation areas. The demonstration sites exhibited two (2) packages namely; the high external input package that demonstrates proper agronomic practices including use of herbicides and fertilizers and the low external input package that demonstrates proper agronomic practices. The average yields realized from the demonstration sites were 742 kg per acre from the high input blocks and 543 kg per acre from the low input blocks.

During the period under review, A.K. Oils & Fats (U) Ltd sold about 86,000 kg of hybrid sunflower seed to the outgrowers and procured 15,135 mt of sunflower grains, resulting in an income of US\$ 5.30 billion to the registered farmers. At the beginning of 2006A season, another alliance was developed with Sanyu Agro Industries Ltd, a new company in the oil milling industry. The company operates in West Nile sub-region where registration of farmers into an outgrower scheme continues to-date.

**Sesame:** Through the USAID APEP alliances with Outspan Enterprises Ltd, Shares! (U) Ltd, and CARE International/UNO Trading Company Ltd, a total of 360 demonstration sites were established and 4,492 farmers exposed to improved production practices. The average yields obtained from the demonstration sites of 225 kg/acre (though significantly lower than 400 kg/acre that would be expected in normal seasons) were, however, much higher than the traditional crop which gave only 30 to 100 kg/acre.

**Upland rice:** USAID APEP upland rice collaborative effort with both the public and private sector continued to yield better results in terms of farmers exposed to technologies, increase in quality and total amount of milled rice channeled through both small and medium scale millers. These have resulted in increased investments in the rice milling industry, with the cumulative investment of US\$2.9 million. During the period under review, the rice processing companies purchased 20,778 mt of paddy worth US\$4.6 million.

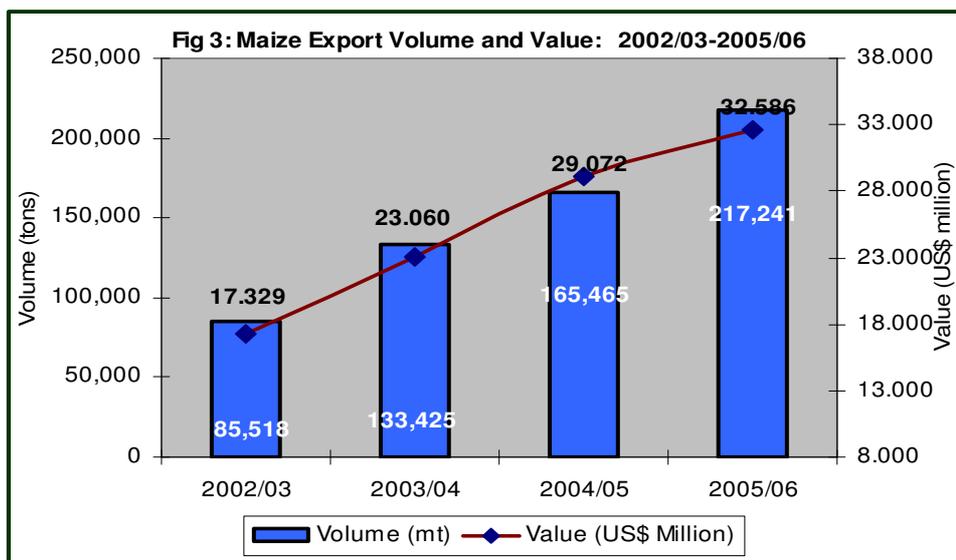
Throughout the period under review, USAID APEP continued to work with various partners involved in promoting the rice industry. Technical assistance was provided in the form of training and service provision to National Agricultural Advisory Services (NAADS) to promote rice growing in Luwero, Bugiri and Kumi districts. In collaboration with SOS Gulu and A2N, USAID APEP provided technical assistance to 300 vulnerable youths in the war ravaged

Gulu district. These groups include orphans, single mothers and war returnees trying to a make a living.

Through collaborative efforts, a total of 1,748 demonstration sites (each between ½ - 1 acre) were established and 31,700 farmers exposed to new techniques in upland rice production. On the policy level, USAID APEP provided technical assistance to the Office of the Vice President, in designing the strategy for the upland rice program in Uganda.

**Maize:** During the reporting period, not much was offered directly by USAID APEP, except for a few cases of TA to commercial maize farmers in the main growing areas of Kapchorwa, Mubende, Bugiri, Iganga, Kamuli and Kiboga districts. The commercial maize farmers in these areas received technical training with Uganda Grain Traders Limited (UGTL) in crop husbandry and post-harvest handling, marketing as well as linkages to input and output suppliers and financial service providers.

According to the Regional Agricultural Trade Intelligence Network (RATIN) database, more than 217,000 mt of maize grain were exported (including sales to WFP) during the reporting period, representing a 31% increase over the previous year. At an average price of US\$150 per mt, Uganda earned about US\$32.6 million through the cross border trade in maize grain (Figure 3).



**Barley:** During the reporting period, USAID APEP in collaboration with Uganda Breweries Ltd (UBL) and Afro-Kai registered 3,335 farmers in Kapchorwa, Kabarole and Kasese districts in an outgrower scheme (OGS). A total of 136 demonstration sites were established. Each demonstration site was a one-acre block with a high external input package. Two varieties of seed were planted namely Karne (with seeding rate of 40kg/acre) and Sabini (with seeding rate of 34kg/acre). 50 kg of DAP and 20 kg of Urea fertilizer rates were applied on each demonstration plot. Average yields of 606 kg/acre were obtained from the demonstration sites. The rather poor output was attributed to the below average rains received. About 2,530 mt of barley grains were procured during the reporting period, providing the farmers in the OGS with an income of US\$ 1.01 billion (equivalent to US\$556,480).

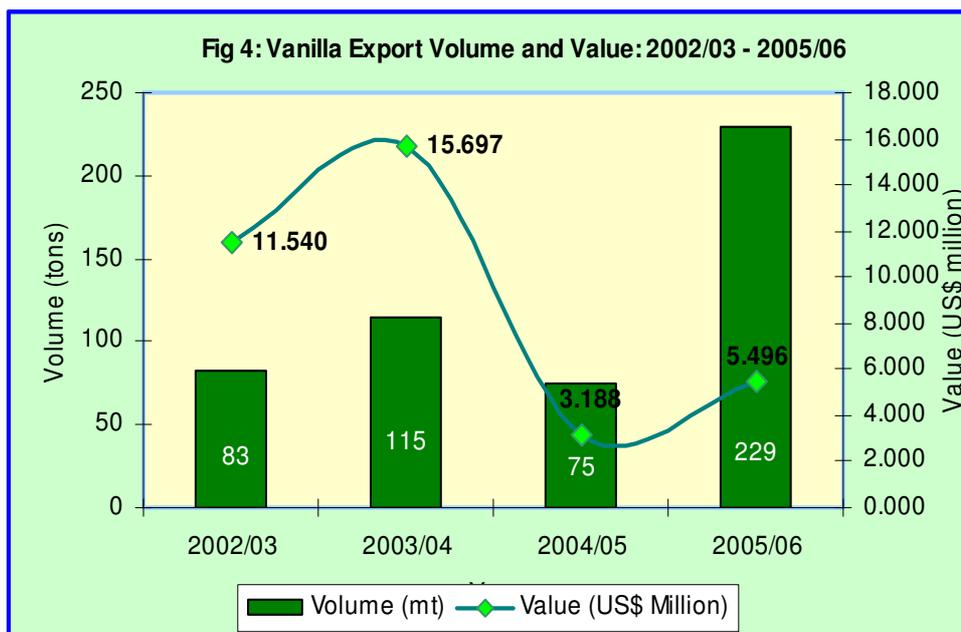
**Banana (Matooke):** During the period under review, USAID APEP continued with the provision of financial and technical assistance to banana farmers through 215 demonstration sites in 9 districts. Through these sites and farmer training, over 7,200 farmers were exposed to improved banana production and maintenance practices, with about 56% (4,030)

being females. Throughout the reporting period Matooke prices remained relatively high with farm gate prices ranging between US\$ 2,500 and 5,000 per bunch depending on location and size of the bunch. Farmers with demonstration sites that were established during the inception of USAID APEP (in 2004B season), started harvesting from their gardens. Bunch weights from these establishments were 25-35 kg depending on variety.

Through its SAF component, USAID APEP supported IITA to carry out two research contracts; one on increasing the profitability of bananas through improved agronomic management practices with focus on refining fertilizer recommendation and also testing alternative de-sucker management. The second research has focused on disseminating new banana hybrids which have been incorporated with pests and disease resistance. Furthermore, in collaboration with the National Agricultural Research Organization (NARO) and ASPS II, USAID APEP produced and distributed Banana Bacterial Wilt (BBW) posters in all of the major banana growing districts. USAID APEP remained part of a working group set up by MAAIF that had been mandated to concentrate on the provision of information, training and improved awareness about the disease.

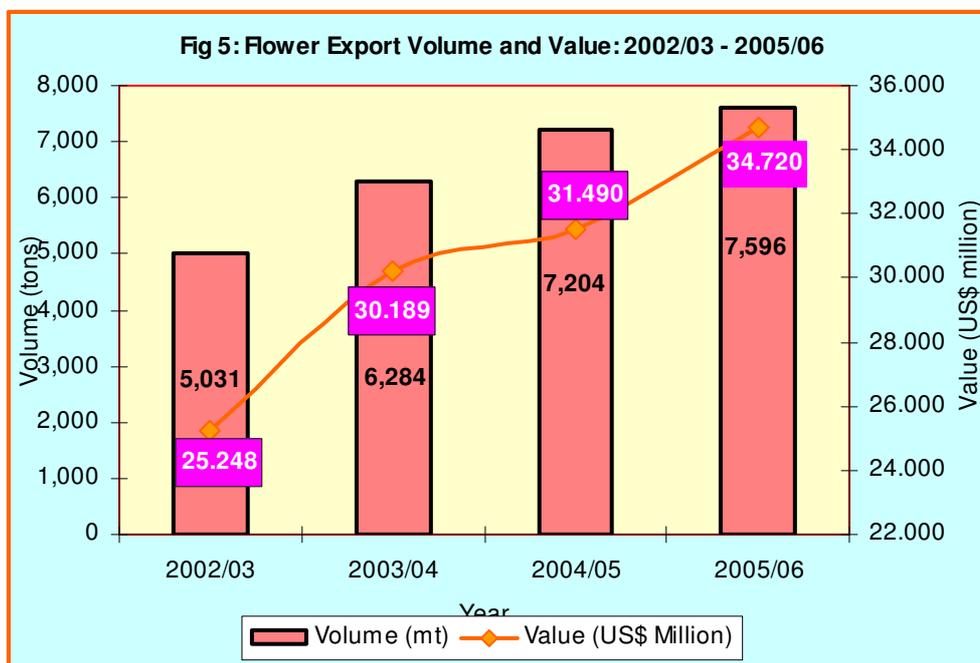
**Vanilla:** USAID APEP continued to provide both financial and technical support to the industry through the Association of the Vanilla Exporters of Uganda (VANEX). Over 12,000 vanilla growers were exposed to improved production practices through the 60 established demonstration sites and farmers outreach extension programs. Emphasis was placed on training farmers in improved field management practices such as shade management, mulching, proper looping, pollination, harvesting and quality control. VANEX extension services reached out to more farmers through weekly radio programs on three radio stations (CBS FM, VOT FM and Kiira FM). USAID APEP, working together with VANEX, embarked on implementing the Code of Practice (CoP) for the Vanilla Industry.

According to Civil Aviation Authority (CAA) records, about 174 mt of cured vanilla were exported by air during the reporting period. In addition, 55 mt of cured vanilla were exported to New York, Hamburg, Denmark and France by sea, since this is a less costly option for a commodity that has reduced in value from its historic highs. Estimated value realized from vanilla exports during the reporting period was US\$5,496,000 (Figure 4).



**Flowers:** With SAF support from USAID APEP, the Uganda Flower Exporters Association (UFEA) continued to support the industry through research, training and market promotion. USAID APEP also focused on the issue of quality assurance, standards and certification. All but one UFEA members are registered for Milieu Project Sierteelt (MPS) inspections. Thirteen farms have achieved full certification; two have applied for MPS GAP and one for EUREPGAP. During the reporting period, the industry expanded by an additional 32.2ha and continued to provide employment to about 7,000 people, with at least 60% of the employees being females.

USAID APEP entered into a cost-sharing SAF with Pearl Flowers to conduct varietal performance testing in a cooler climate at Ntungamo district in western Uganda. At the capacity building level, 18 mid-level supervisors were trained under the Applied Tropical Floriculture (ATF) program. According to UFEA, the export volume of roses and plant cuttings during the reporting period reached 7,596 tons valued at US\$34.72 million (Figure 5).



## PRODUCER ORGANISATION DEVELOPMENT

The USAID APEP PO Trainers successfully continued to impart the organizational, managerial and business skills to PO executive and members over the reporting period to enable business oriented POs transact business with USAID APEP private sector partners. Commercially oriented POs who have the requisite business, financial and managerial skills have been proficient in conducting rather large economic activities such as bulk marketing and bulk input supply activities. The relationships between the PO and USAID APEP private sector linkages have become very strong, once the private sector partners realized the full benefits of having well managed and well organized farmer owned POs. As a result, there was an increase in volumes bulked and the number of POs who actively and successfully participated in bulk marketing and input supply activities.

Table 1 below demonstrates the accelerated increases in both economic activities that occurred between the first and the third year of USAID APEP operations:

**Table 1: DC/PO Bulking Marketing Trends**

Year	DCs	POs	PO Membership	PO Members Female	Crop Bulked Tons	Crop Value
2004	-	12	264	70	311	\$59,045
2005	89	609	15,225	4,497	10,712	\$2,256,761
2006	180	1,631	44,037	13,631	22,731	\$7,944,190

## HIGHLIGHTS OF KEY ACHIEVEMENTS

The following are some of the key successes recorded during the period under review. Some of the successes were a direct result of USAID APEP interventions, while others were a result of the global market situation.

- **Coffee export value continues to rise:** Despite a significant drop in export volumes attributed to unfavorable weather conditions that led to poor bean formation due to defoliation, and continued attrition due to Coffee Wilt Disease (CWD), Uganda's export value for 2005/06 of US\$170.3 million was 5% above the 2004/05 fairly impressive value of US\$162 million. This is the second consecutive time in over six years that Uganda has earned over US\$150 million from coffee exports. On the local scene farm gate prices have remained high and this is expected to provide the necessary incentives that should result in increased adoption of improved coffee husbandry practices.
- **Sunflower outgrower schemes prosper:** For the first time, a large group of small scale farmers has been effectively engaged in an outgrower model under contract to an off-taker who is offering pre-planting contract prices. The company involved, A.K. Oils & Fats (U) Ltd, is providing a full range of support services to over 31,000 farmers registered in Lira, Apac, Masindi and Sironko districts using the USAID APEP extension model. During the period under review, about 86 mt of hybrid sunflower seed were sold to the outgrowers and 15,135 mt of sunflower grains were procured by A.K. Oils & Fats (U) Ltd resulting in farmer income of USh 5.30 billion (US\$2.9 million).
- **Flower export reaches US\$34.7 million:** With SAF support from USAID APEP, the Uganda Flower Exporters Association (UFEA) continued to support the industry through research, training and market promotion. The floriculture industry has expanded and now provides employment to about 7,000 people, with at least 60% of the employees being females. The export volume of roses and plant cuttings during the reporting period reached 7,596 tons valued at US\$34.72 million. This represents a 4% increase in volume and 6% increase in value over 2004/05 exports.
- **Increased private sector investment in upland rice:** USAID APEP upland rice collaborative effort with both the public and private sector has resulted in a total investment amounting to US\$2.9 million. During the period under review, the rice processing companies purchased a total of US\$4,567,000 of paddy rice.

## PROGRESS TOWARDS LOP PMP INDICATORS

Progress towards meeting LOP PMP indicator targets is provided in Table 2 below. From the table, it may be observed that for most of the PMP indicators, the project has made favourable progress to-date towards achieving the set targets.

**TABLE 2: USAID APEP PMP INDICATOR PERFORMANCE: 2003/04-2005/06**

Indicator	Unit of measure	Baseline Value	LOP target	2003/04	2004/05	2005/06	2005/06 as % of LOP Target
Average h/h income of APEP-supported producers (APEP-supported commodities)	US\$ p.a	185.45	260	197.49	216.70	238.37	91%
% change(over baseline) in h/h income of APEP-supported producers	%	0	40%	6%	17%	28%	--
# of h/h supported by APEP	No	0	250,000	165,000	204,603	269,494	108%
# oh h/h with disability supported by APEP	No	0	5,000	0	1,358	2,471	49%
# of on- & off-farm jobs created	No	0	80,000	13,347	30,219	67,901	85%
# of on- & off-farm enterprises created	No	0	600	311	495	771	129%
<b>Total production of APEP-supported crops</b>							
- coffee	mt	160,000	200,000	151,383	150,113	120,139	60%
- cotton	mt	29,250	64,750	30,155	46,620	18,892	29%
- sunflower	mt	10,000	40,000	10,600	16,000	25,700	64%
- rice	mt	100,000	160,000	113,000	147,000	173,000	108%
- maize	mt	315,000	750,000	550,000	620,000	580,000	77%
- flowers	mt	4,424	7,000	6,284	7,286	7,596	109%
- banana	mt	8,000,000	11,000,000	8,200,000	8,500,000	8,350,000	76%
- vanilla (cured)	mt	135	185	138	75	229	124%
<b>Yields of APEP-supported crops</b>							
- coffee	mt/acre	0.290	0.500	0.350	0.600	0.450	90%
- cotton	mt/acre	0.200	0.600	0.460	0.525	0.250	42%
- sunflower	mt/acre	0.300	0.800	0.600	0.650	0.600	75%
- rice	mt/acre	0.350	0.800	0.720	1.200	1.500	188%
- maize	mt/acre	0.550	2.000	1.500	1.500	1.600	80%
- flowers	mt/acre	11.000	15.000	12.000	12.500	13.250	88%
- banana	mt/acre	5.850	9.000	7.260	12.000	11.760	131%
- vanilla	mt/acre	0.250	0.400	0.250	0.300	0.350	88%
<b>Unit cost of production of APEP-supported crops</b>							
- coffee	US\$/kg	0.270	0.180	0.245	0.206	0.229	79%
- cotton	US\$/kg	0.310	0.200	0.290	0.237	0.260	77%
- sunflower	US\$/kg	0.250	0.140	0.156	0.141	0.121	116%
- rice	US\$/kg	0.400	0.200	0.238	0.209	0.187	107%
- maize	US\$/kg	0.080	0.060	0.072	0.065	0.066	91%
- flowers	US\$/kg	n.a	n.a	n.a	n.a	n.a	n.a
- banana	US\$/kg	0.030	0.020	0.027	0.022	0.013	154%
- vanilla	US\$/kg	0.700	0.550	0.633	0.626	0.650	85%

## Chemonics International Inc.

Value of targeted commodities marketed by APEP clients	US\$	106,000,000	150,000,000	112,448,014	122,277,184	192,910,800	129%
% change in value of targeted commodities marketed by APEP clients	%	0	40%	6%	15%	82%	--
Volume of targeted commodities marketed by APEP clients	mt	615,000	800,000	662,972	681,411	752,014	94%
% change in volume of targeted commodities marketed by APEP clients	%	0	30%	8%	11%	22%	--
Gross revenue of off-farm enterprises supported by APEP	US\$	140,000,000	225,000,000	151,482,439	166,340,898	212,201,880	94%
% change in gross revenue of off-farm enterprises supported by APEP	%	0	60%	8%	19%	52%	--
No of input suppliers serving APEP clients	No	0	400	177	281	472	118%
No of local credit service points reaching APEP clients	No	0	30	8	24	28	93%
Amount of credit provided to APEP-supported clients	US\$	612000	900,000	830,867	1,404,485	1,953,685	217%
% change in amount of credit provided to APEP clients	%		45%	35%	129%	219%	--
No of APEP-supported firms exporting agricultural products	No	0	100	19	68	74	74%
No of agricultural processors supported by APEP	No	0	50	20	52	60	120%
Output value of APEP-supported processors	US\$	65,331,921	130,000,000	65,331,921	87,984,372	146,221,505	112%
% change in output value of APEP-supported processors	%		100%	0%	35%	124%	--
No of APEP-supported firms managing outgrower schemes	No	0	25	7	12	12	48%
No of farmers involved in APEP-supported outgrower schemes	No	0	125,000	12,402	29,287	51,331	41%
No of public/private partners developed by APEP	No	0	125	29	32	40	32%
Amount of private sector resources leveraged through partnerships	US\$	0	6,000,000	1,442,203	3,171,332	11,580,464	193%
No of Depot committees (DCs) strengthened*	No	0	200	30	89	180	90%
No of producer organizations (POs) strengthened by APEP	No	0	200	290	763	1,631	--
Average group membership per PO	No	20	40	22	25	27	68%
% change in group membership of APEP-supported producer organizations	%	0	100%	10%	25%	35%	--
No of APEP-supported producers using improved technologies/practices	No	0	150,000	18,215	105,239	170,660	114%
Area cultivated using improved technologies	acres	0	150,000	74,078	99,880	142,353	95%
No of key policy/institutional constraints alleviated through APEP intervention	No	0	10	0	2	3	30%
No of key policy constraints that have been addressed through APEP intervention	No	0	15	2	5	7	47%
No of individuals trained by APEP in disciplines related to private sector agriculture	No	0	365,000	168,107	215,864	261,881	72%
No of individuals completing internships with private sector firms through APEP support	No	0	200	47	97	156	78%
No of biotech/biosafety regulations improved and in place	No	0	3	0	1	2	67%
No of APEP-funded research contracts implemented by public sector bodies	No	0	25	4	6	7	28%

\* The previous indicator about producer organizations has been replaced with the concept of depot committees (which is an aggregate of POs)

# **MAIN REPORT**

## INTRODUCTION

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The Agricultural Productivity Enhancement Program (APEP) aims to expand rural economic opportunities in the agricultural sector by increasing food and cash crop productivity and marketing. USAID APEP builds on sector successes with added emphasis on creating economies of scale that catalyze transformation of agriculture from low input/low output, subsistence farming to commercially competitive agriculture. USAID APEP addresses targeted commodities and related systems; production-to-market transactions; improvements in input distribution, technology transfer, and producer organizations (POs); and development of competitive agricultural and rural enterprises. The project is consistent with the Government of Uganda's Poverty Eradication Action Plan (PEAP), Plan for Modernisation of Agriculture (PMA), and the Medium-Term Competitiveness Strategy (MTCS).

USAID APEP uses a commodity and intervention selection system to identify market-driven opportunities and allocate resources; and to guide its selection of commodity focus and interventions. During the reporting period, USAID APEP focused on the following sub-sectors: coffee, cotton, grains & oilseeds, flowers, vanilla, cardamom, bananas and Northern Uganda food security crops (Annex A). The project has two additional components that address biotechnology and biosafety concerns as well as agricultural education.

During the third work plan year USAID APEP continued to employ approaches to support agricultural competitiveness and commercialization. These included working with business and industry leaders to design corporate structures to reach producers and working with producers to respond and organize themselves. USAID APEP also worked with POs to develop linkages, management systems and revenue streams.

### A. Organizational Structure

The organizational structure of USAID APEP is shown in Exhibit I. The project is headed by a Managing Director (MD) who acts as the chief-of-party. A monitoring and evaluation specialist works directly with the MD to implement the project performance monitoring plan (PMP). The technical core of the project comprises four units: the Commodity Commercialization Unit, the Business Expansion Unit, the Program Services Unit, and a cross-cutting Technical Support Unit:

- The **Commodity Commercialization Unit** team chooses commodities and interventions in consultation with the rest of the team, they oversee the “national business and marketing development strategies” of the “national business” commodities, and they work directly with the private sector as well as public sector and donor representatives in planning. The unit staff is divided across two portfolios. Portfolio A includes cotton, grains & oilseeds and Northern Uganda food security crops; while Portfolio B includes coffee, flowers, vanilla, cardamom and banana (matooke).
- The **Business Expansion Unit** offers supporting, specialized technical assistance services and coordination to the Commodity Commercialization Unit in PO management and commercialization.
- The **Program Services Unit** houses the Strategic Activities Fund (SAF) management and project administrative services.
- A cross-cutting **Technical Support Unit** covers biotechnology and biosafety, agribusiness finance, agricultural input supply and agricultural commercialization-focused research, education, and training.

The Chemonics Home Office (HO) provides contract management and support services through a Program Management Unit (PMU) that liaises directly with the MD.

## **B. Results Framework**

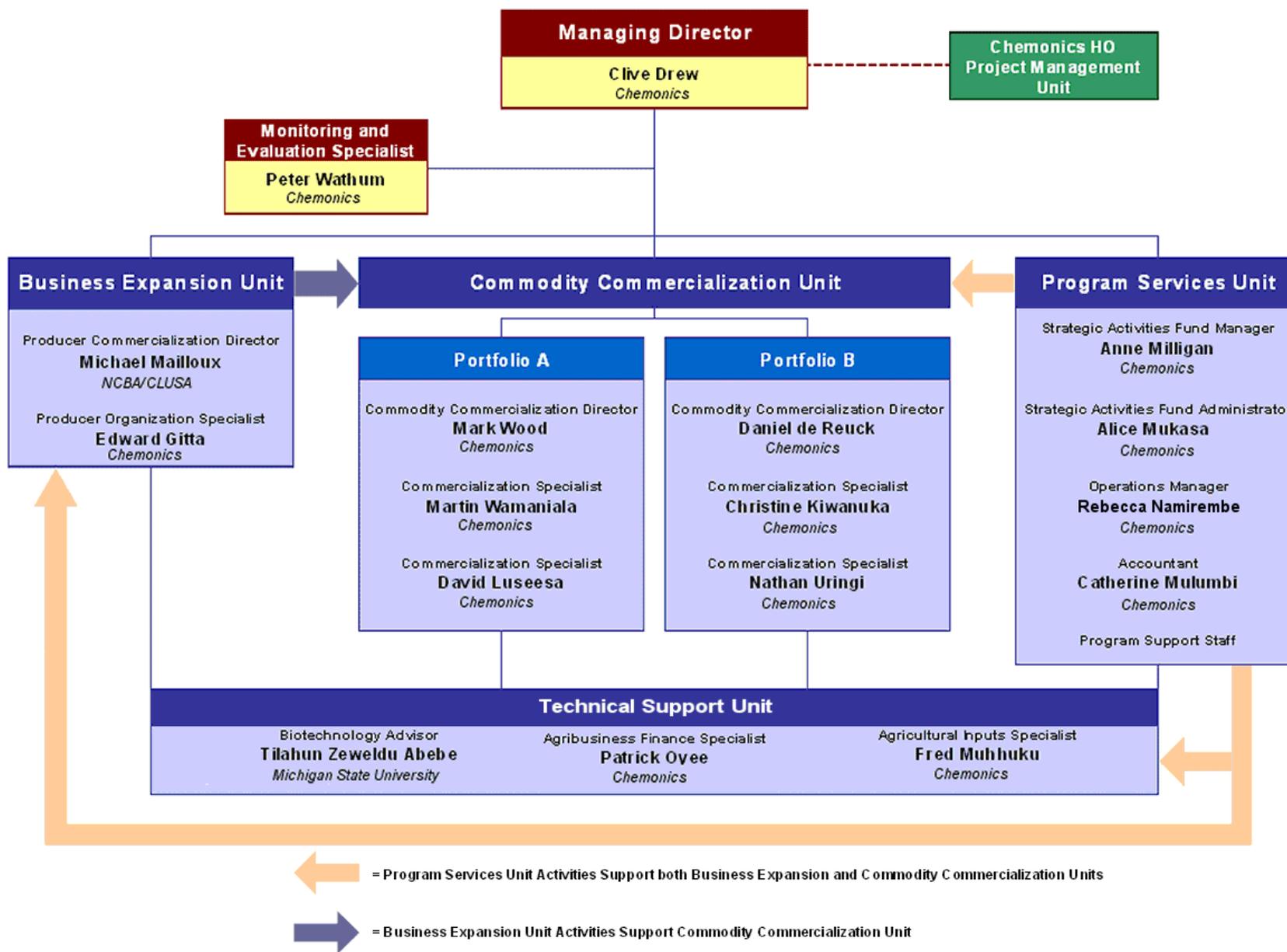
The USAID APEP Results Framework (RF), developed jointly between the USAID APEP design team and USAID/Uganda, is presented in Exhibit II. This RF encapsulates the implementation approach of USAID APEP and is used to guide the project work planning and results monitoring.

At the highest level of the project RF is SO 7—Expanded Sustainable Economic Opportunities for Rural Sector Growth. This is the project goal. While USAID APEP is expected to contribute significantly to this goal, it does this through the project's sub-objective—increased commercialization of targeted commodities. To achieve the project sub-objective that will lead to the achievement of SO 7, USAID APEP works through three project intermediate results (PIRs). These are:

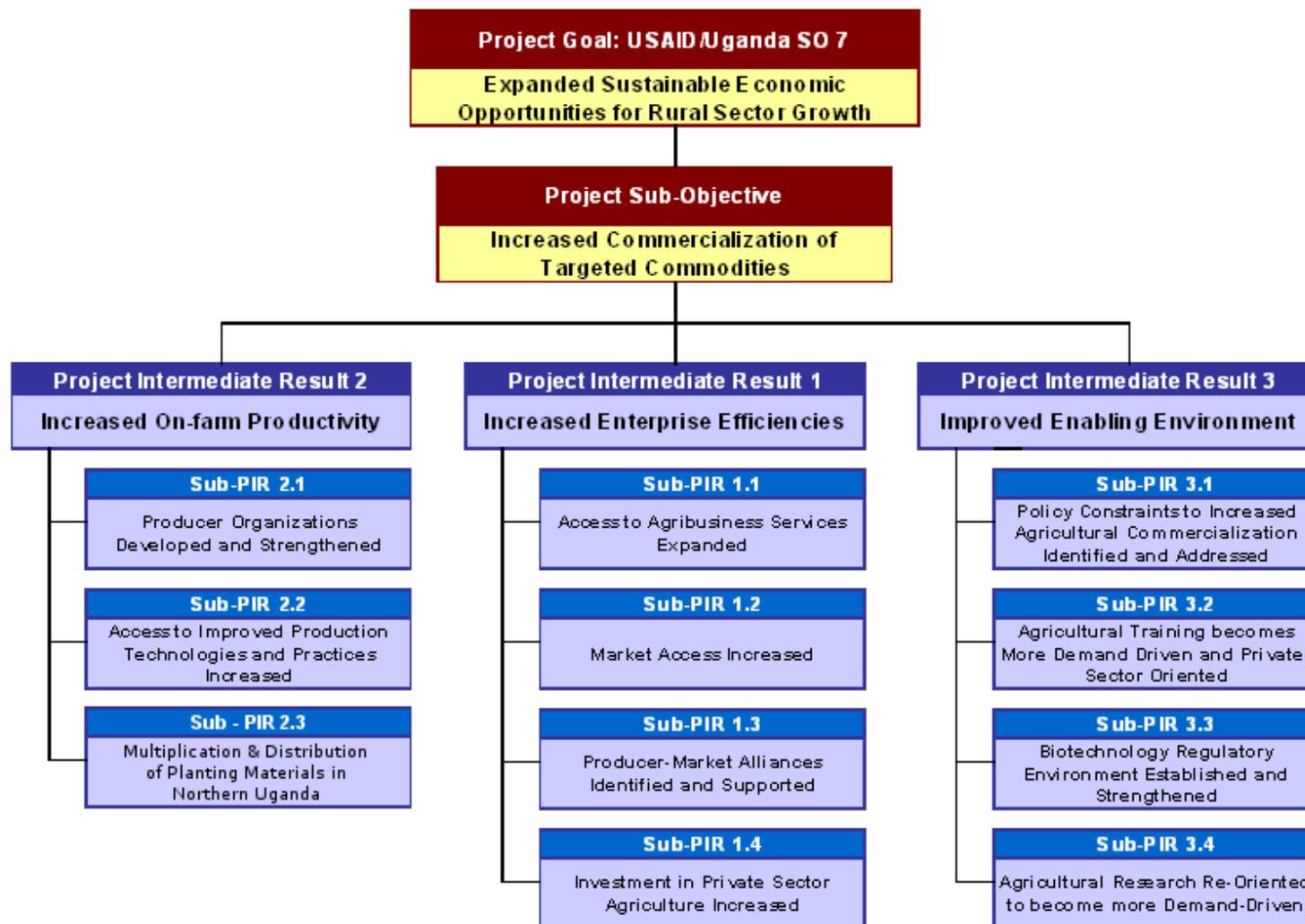
- Increased enterprise efficiencies
- Increased on-farm productivity
- Improved enabling environment.

These PIRs are further supported by sub-PIRs as shown in the RF. In this annual report, we address each sub-PIR as an objective, together with relevant life of project (LOP) targets. In the following section, we present details of the progress report for FY06 organized by PIR and objectives. Each objective has a number of benchmarks, established under the annual work plan. Under each objective, we present the LOP targets and the program strategy, and for each benchmark there is a narrative of activities undertaken, challenges and results achieved during the reporting period.

Exhibit I: APEP Organizational Structure



**Exhibit II: APEP Results Framework**



### **C. Overview of the Climatic Conditions and Commodity Prices**

2005B season started late in many areas, particularly in Northern Uganda where despite a series of encouraging rainfalls in July 2005, August and September were quite dry. The season was mainly characterized by normal to below normal rainfall distribution and a shortened season (ended in mid-November 2005). This affected proper crop development leading to below average production for most crops. The dry conditions from late November 2005 through most of March 2006 limited vegetation re-growth and water replenishment and severely affected the prospects of sweet potato vine survival at the Loro project site. Many locations experienced sporadic and in some cases unseasonable rains during January 2006, reaching above normal in mid-west, central and southern Uganda. The early cut off to the rains was clearly felt in the principal cotton growing areas of Kyoga, Lango and West Nile (Northern Uganda) where soil moisture depletion began in October 2005. This was accentuated by continued rainfall deficits in October 2005 in southern Kyoga, parts of mid western, central and eastern areas.

An indicator of below average rainfall and runoff was the declining water levels in Lake Victoria. This has resulted in electricity rationing, and increased costs of operation for agribusinesses using standby generators and expensive diesel fuel.

2006A season started off well with most of the significant production areas experiencing slightly above normal rainfall in March and April 2006. This resulted in good harvests of annual crops in general. Cotton plantings were effective and ginnery incentives to early plantings resulted in an increase in April – June plantings by an estimated 30% overall. This was fortunate as the June-July dry season was significantly drier than normal and younger cotton experienced excessive moisture stress.

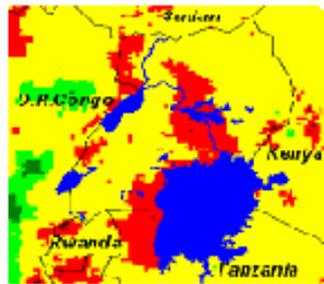
2006B season started later than usual overall with poor distribution of rainfall in most areas resulting in lower than normal precipitation. This has been the result of influence by a warm episode (El Niño) condition which developed in the tropical Pacific Ocean and is likely to continue into early 2007, with sharply increased rainfall and possible flood conditions. This is likely to result in lower than average 2006B season crop harvests.

The start to the 2006B season provided significant challenges to early planters especially in the north, where rains were scattered. Those farmers who took advantage of any early rain for establishment proved successful in that the September resumption of rains benefited the established crops. Kasese, where plantings traditionally occur in August or September suffered greatly as the September rains were significantly lower than normal, resulting in some fields being abandoned altogether.

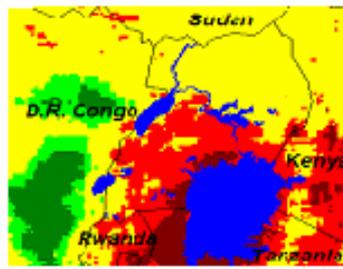
Commodity prices have been firm throughout the reporting period, with the drought in 2005B season causing prices to rise above average market conditions for cash crop grains and food crops. Cotton prices had firmed slightly on the international market which is encouraging and will result in firm farm gate prices and reduced risk for ginneries as they move into the marketing season for 2006-07. This, in conjunction with a better production season has improved both producer and processor confidence. It is still too early to predict the final outcome for cotton prices as the US harvest will hit its peak in October 2006 and global markets are still volatile. Higher local and regional grain prices have improved producer sentiment for grain production. Prices for both Robusta and Arabica coffee also remained high during the reporting period.

**Comparison of Rainfall Estimates with Long Term Average: October 2005 to Sept 2006**

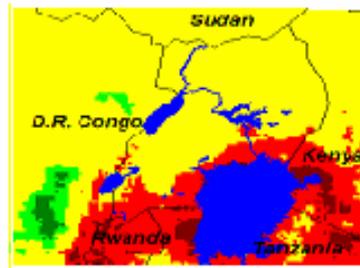
**October 2005**



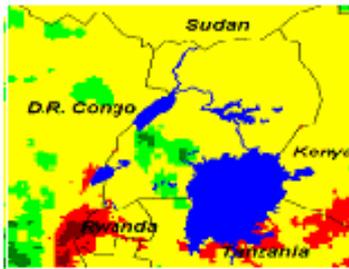
**November 2005**



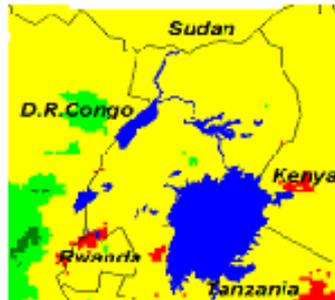
**December 2005**



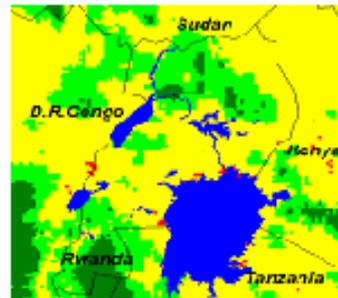
**January 2006**



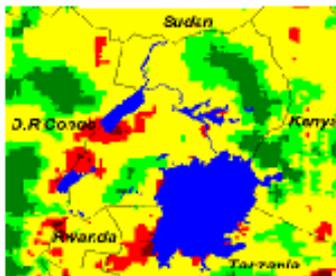
**February 2006**



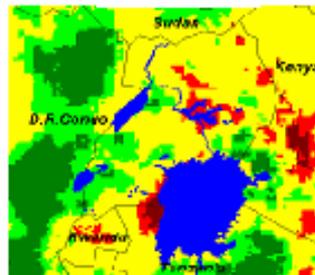
**March 2006**



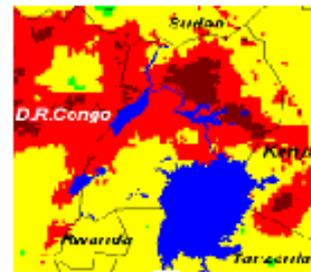
**April 2006**



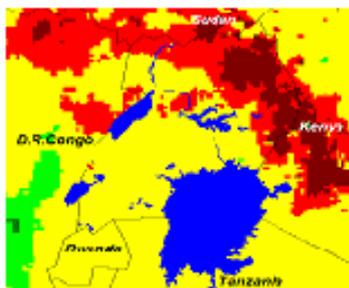
**May 2006**



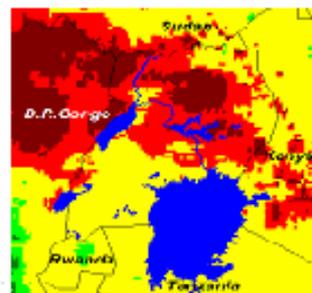
**June 2006**



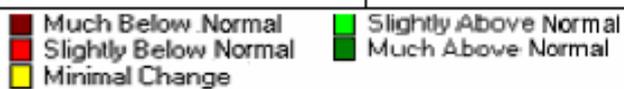
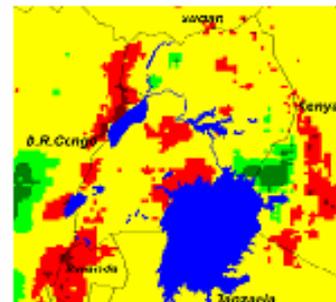
**July 2006**



**August 2006**



**Sept 2006**



Source: USGS/EDC  
Graphics: FEWS NET/Uganda, October 2006

## D. APEP Commodity Overview

### Cotton

USAID APEP continued to work closely with the cotton industry in generating technologies and technology transfer models which are applicable to the industry as a whole. By supporting the entire industry rather than a few selected ginnery businesses, each participant in the sub-sector has become directly involved in the technology transfer process. In this regard, USAID APEP continued to partner with each ginnery in the country through the designated eight lead ginners. During the 2005/06 cotton season, 7,094 demonstration sites (6,994 were funded fully by USAID APEP with an additional 100 funded by some ginners) were established in the 8 cotton production zones of the country. A total of 398 demonstrations were also established with Boweevil and Dunavant under organic cotton production bringing to a total of 7,492 field demonstration sites established in the production year 2005/06. These exposed a total of 134,458 farmers (38,992 females) to improved cotton production management practices.

The 2005/06 cotton season witnessed a drastic reduction in area planted arising out of the steep downturn in price during the previous marketing season. Prices dropped by over 50% in some cases, resulting in a lack of producer confidence going into the 2005/06 production season. This low producer price, combined with late start of the rains, resulted in reduced plantings for the 2005/06 cotton crop in many parts of the country. Based on the Cotton Development Organisation (CDO) report, the industry performance in terms of exports was 102,658 bales of lint (equivalent to 18,992 mt of lint) worth about US\$20.5 million. This represents only 42% of the volume and 46% of the value exported the previous year.

USAID APEP was able to attract the support of other donors and leverage some of their resources to finance activities under the demonstrations program for the 2006/07 season. From the Royal Netherlands Embassy, 161,898 Euros were obtained for cotton demonstrations and 26,018 Euros were obtained for organic cotton demonstrations covering exclusively the areas of Northern and North Eastern Uganda.

From the work carried out by the USAID APEP program and partners over the past 3 seasons, it has become clear that significant yield enhancements are possible and that in fact average yield per unit area has potential to increase. Some early adopters over the life of the project have seen consistent yields in excess of 700 kg per acre of seed cotton. Data obtained from focus group discussions with about 200 farmers in 6 major cotton producing districts (Exhibit III) show that production improvement has resulted in enhanced incomes, even at the fairly low producer price and unfavourable weather experienced during the 2005/06 cotton season.

Parameter	Traditional	Low input	High input
Yield (kg/acre)	200	375	700
Unit cost of production (US\$/kg)	594	421	335
Gross income (US\$/ac)	90,000	168,750	315,000
Net income (US\$/ac)	-28,700	10,950	72,400
Output:input ratio	0.75	1.07	1.30
Return to family labour (US\$/person day)	-403	262	1,642

### Coffee

According to the Uganda Coffee Development Authority (UCDA) annual report, Uganda's coffee exports for the year 2005/06 totaled about 2,002,300 60-kg bags (equivalent to 120,140 mt) valued at US\$170.34 million. Compared to the 2004/05 coffee year, this performance represents a drop in volume by about 20% and a rise in value by 5% (Exhibit IV). The drop in volume, according to UCDA, was attributed to unfavorable weather conditions that led to poor bean formation due to defoliation, and continued attrition due to Coffee Wilt Disease (CWD) at a time when replanting is almost at a standstill. On the other hand, the increase in value was a result of the general improvement in coffee prices on the world market in response to global supply deficit. On the local scene, there was a general increase in farm gate prices for Robusta from around US\$ 700-800 in October 2005 to about

US\$ 950 per kg of dried cherry (Kiboko) by August /September 2006. The price for FAQ also increased from US\$ 1,600-1,700 per kg in October 2005 to about US\$ 2,050-2,100 in August/September 2006. Similarly, Arabica parchment prices increased from US\$ 2,300 per kg in November 2005 to US\$ 2,600 per kg in August/September 2006. This is expected to provide the necessary incentives that should result in increased adoption of improved coffee husbandry practices being promoted by USAID APEP.

**Exhibit IV: Comparison of Monthly Coffee Export Volumes and Values: October – September 2005/06 and 2004/05**

Month	2005/06		2004/05		% Change	
	Vol (60kg bags)	Val (US\$)	Vol (60kg bags)	Val (US\$)	Volume	Value
October	121,696	9,279,495	185,933	8,241,652	(35)	13
November	182,053	14,472,486	182,881	8,301,451	(0.5)	74
December	180,344	14,849,249	237,406	12,369,677	(24)	20
January	228,714	19,679,281	214,723	11,455,547	7	72
February	165,762	16,113,588	214,118	12,390,484	(23)	30
March	155,960	14,630,894	195,417	13,910,846	(20)	5
April	146,642	13,744,275	211,388	15,347,589	(31)	(10)
May	123,321	10,967,328	220,025	16,777,749	(44)	(35)
June	187,098	14,550,388	229,251	18,085,768	(18)	(20)
July	176,310	13,711,673	251,013	18,690,961	(30)	(27)
August	175,526	14,393,571	219,447	16,541,894	(20)	(13)
September	158,548	13,969,847	142,288	10,032,617	11	39
<b>Total</b>	<b>2,002,324</b>	<b>170,343,587</b>	<b>2,504,890</b>	<b>162,146,235</b>	<b>(20)</b>	<b>5</b>

Source: UCDA

Much of USAID APEP activity during the reporting period centred on establishment of demonstration sites, training of farmers on quality improvement and improved agronomic practices, farmer-enterprise linkages and bulking for the market as well as development of strong partnership with local government authorities, research organizations, academic institutions and the private sector. USAID APEP TA worked closely with UCDA district staff, CORI, local authority agricultural sub-county extension staff and extension staff from the private exporters. According to field day records, a total of 44,023 farmers that included 11,213 females benefited from both the newly established and existing demonstration sites.

The benefits of adopting improved management practices are now being realized as field observations and farmer responses indicate increased yields and improved quality. For instance, during the reporting period, farmers in Producer Organizations who used tarpaulins to dry their coffee received a premium of US\$ 200-250 per kg.

More importantly, adoptions (particularly pruning, desuckering, mulching, water conservation measures and improved harvesting) have shown significant economic performance enhancements as highlighted in Exhibit V. These data are based on focus group discussions held with more than 240 coffee farmers in six major Robusta growing districts – Bushenyi, Mbarara, Ibanda, Rakai, Masaka and Kamuli.

<b>Exhibit V: Robusta Coffee Efficiency Comparison by Technology</b>			
Parameter	Traditional	Low input	High input
Yield (kg/acre) Kiboko	275	700	1,500
Unit cost of production (US\$/kg)	458	416	373
Gross income (US\$/ac)	233,750	595,000	1,275,000
Net income (US\$/ac)	107,750	304,000	715,000
Output:input ratio	1.86	2.04	2.28
Return to family labour (US\$/person day)	1,710	3,576	6,008

## Sunflower

USAID APEP continued collaboration with A.K. Oils & Fats (U) Ltd in Lira, Apac and Masindi districts resulted in about 31,291 collaborating farmers registered in an outgrower scheme (OGS). The collaborating farmers were exposed to improved production practices through 850 technology transfer sites established in the operation areas. The demonstration sites exhibited two (2) packages namely; the high external input package that demonstrates proper agronomic practices including use of herbicides and fertilizers and the low external input package that demonstrates proper agronomic practices. The average yields realized from the demonstration sites were 742 kg per acre from the high input blocks and 543 kg per acre from the low input blocks.

During the period under review, A.K. Oils & Fats (U) Ltd sold about 86,000 kg of hybrid sunflower seed to the outgrowers and procured 15,135 mt of sunflower grains, resulting in an income of US\$ 5.30 billion (with a net income of US\$ 2.07 billion, equivalent to US\$1.14 million) to the registered farmers. At the beginning of 2006A season, another alliance was developed with Sanyu Agro Industries Ltd, a new company in the oil milling industry. The company operates in West Nile sub-region where registration of farmers into an outgrower scheme continues to-date.

Data from 35 sentinel sites and focus group discussions with 85 sunflower producers in Masindi, Lira and Apac districts showed that despite the unfriendly weather, sunflower hybrid is a more profitable variety than Sunfola as shown in Exhibit VI.

<b>Parameter</b>	<b>Traditional (Sunfola)</b>	<b>Low input (Hybrid)</b>
Yield (kg/acre)	350	525
Unit cost of production (US\$/kg)	291	249
Gross income (US\$/ac)	87,500	183,750
Net income (US\$/ac)	-14,500	53,250
Output:input ratio	0.86	1.41
Return to family labour (US\$/person day)	-256	1,016

## Sesame

Through the USAID APEP alliances with Outspan Enterprises Ltd, Shares! (U) Ltd, and CARE International/UNO Trading Company Ltd, a total of 360 sesame demonstration sites were established and 4,492 farmers exposed to improved production practices. The average yields obtained from the demonstration sites of 225 kg/acre (though significantly lower than 400 kg/acre that would be expected in normal seasons) were, however, much higher than the traditional crop which gave only 30 to 100 kg/acre.

During 2006A season, one other conventional sesame trading company, Olam (U) Ltd in West Nile was included on the list of USAID APEP supported firms. The establishment of an OGS for Olam is underway with 5,659 farmers registered to-date. Technical trainings were conducted with 11 Area and 42 Site Coordinators in the Lango and West Nile sub-regions. A total of 90 demonstration sites were established in collaboration with 2 partners; Outspan Enterprises Ltd in Lira, Apac and Kaberamaido districts for organic products, and CARE International in Arua and Nebbi districts.

Although sesame is presently a minor commodity in the USAID APEP portfolio, the profile of the commodity will continue to rise as more private entrepreneurs continue to express interest in and are willing to participate in promotional programs.

## Upland Rice

USAID APEP upland rice collaborative effort with both the public and private sector continued to yield better harvest in terms of farmers exposed to technologies, increase in quality and total amount of milled rice channeled through both small and medium scale millers. These have resulted in increased investments in the rice milling industry, with a

cumulative investment of \$2.9 million over life of APEP. During the period under review, the rice processing companies such as OLAM, Uganda Upland Rice Company, NYATI Rice Millers, Rwenzori Upland Rice Company, Ecomax Foods, Kilimanjaro Rice Company and Kakiri Millers Commodities purchased a total of \$4,567,000 worth of paddy rice.

The commercial development of the rice sub-sector also contributes to the diversification of the Uganda agricultural economy away from over dependence on the traditional commercial crops like coffee, cotton, tea and tobacco that suffer from significant world price fluctuations and tend to be dominated by a small number of international buying companies.

Throughout the period under review, USAID APEP continued to work with various partners involved in promoting the rice industry using Nerica varieties. Technical assistance was provided in the form of training and service provision to National Agricultural Advisory Services (NAADS) to promote rice growing in Luwero, Bugiri and Kumi districts. The one-acre demonstration fields provided farmers with valuable information on improved upland growing techniques. In collaboration with SOS Gulu and A2N, USAID APEP provided technical assistance to 300 vulnerable youths in the war ravaged Gulu district. These groups include orphans, single mothers and war returnees trying to make a living.

Through collaborative efforts, a total of 1,748 demonstration sites (each between ½ - 1 acre) were established and 31,700 farmers exposed to new techniques in upland rice production. The Upland Rice Manual, originally produced in English was translated into Luganda in order to reach a wider range of readers. In conjunction with USAID APEP partners, the Manual will further be translated to the Iteso, Rukiga, Rutoro, Luo and Kiswahili.

On the policy level, USAID APEP provided technical assistance to the Office of the Vice President, in designing the strategy for the upland rice program in Uganda. From the input supply side, Arysta Life Science Kenya Ltd supported a local input supplier, Keith Associates, through USAID APEP inputs guarantee program to avail farmers a cheaper source of herbicides (Saturnil 60 EC).

Data from 40 sentinel sites and focus group discussions held with about 210 upland rice producers in 7 districts indicate good returns resulting from adoption of improved rice production practices (Exhibit VII).

Parameter	Traditional	Low input	High input
Yield (kg/acre) unmilled	800	1,500	2,250
Unit cost of production (USh/kg)*	291	219	210
Gross income (USh/ac)	280,000	525,000	787,500
Net income (USh/ac)	47,400	196,750	315,700
Output:input ratio	1.20	1.60	1.67
Return to family labour (USh/person day)	1,002	3,179	4,691

\* Unmilled rice (paddy)

## Maize

During the reporting period, not much was offered directly by USAID APEP, except for a few cases of TA to commercial maize farmers in the main growing districts of Kapchorwa, Mubende, Bugiri, Iganga, Kamuli and Kiboga. The commercial maize farmers in these areas received technical training with UGTL in crop husbandry and post-harvest handling, marketing as well as linkages to input and output suppliers and financial service providers.

According to the Regional Agricultural Trade Intelligence Network (RATIN) database, more than 217,000 mt of maize grain were exported (including sales to WFP) during the reporting period, representing a 31% increase over the previous

Parameter	Traditional	Low input	High input
Yield (kg/acre)	750	1,700	2,800
Unit cost of production (USh/kg)	166	120	113
Gross income (USh/ac)	150,000	340,000	560,000
Net income (USh/ac)	25,800	136,100	244,300
Output:input ratio	1.21	1.67	1.77
Return to family labour (USh/person day)	770	5,743	7,756

year. At an average price of US\$150 per mt, Uganda earned about US\$32.6 million through the cross border trade in maize grain.

Data from 35 sentinel sites and focus group discussions held with about 120 maize producers in 5 districts indicate good returns resulting from adoption of improved maize production practices (Exhibit VIII).

USAID APEP also collaborated with Rural SPEED in establishing a Warehouse Receipts System (WRS) with Kapchorwa Commercial Farmers Association (KACOFA).

## Barley

During the reporting period, USAID APEP in collaboration with Uganda Brewers Ltd (UBL) and Afro-Kai registered 3,335 farmers in Kapchorwa, Kabarole and Kasese districts in an outgrower scheme (OGS). A total of 136 demonstration sites were established. Each demonstration site was a one-acre block with a high external input package. Two varieties of seed were planted namely Karne (with a seeding rate of 40kg/acre) and Sabini (with a seeding rate of 34kg/acre). 50 kg of DAP and 20 kg of Urea fertilizer rates were applied on each demonstration plot. Average yields of 606 kg/acre and 1,355 kg/acre were obtained from the demonstration sites in 2005B and 2006A seasons respectively. The rather poor output in 2005B season was attributed to the below average rains received. About 2,530 mt of barley grains were procured during the reporting period, providing the farmers in the OGS with an income of US\$ 1.01 billion (equivalent to US\$556,480).

The start of 2006A season has witnessed the expansion phase of barley production into Western Uganda through Afro-Kai, a private grain trading company providing the link between the farmers and UBL. An OGS was established with about 2,035 farmers registered to-date. The OGS in Kapchorwa was maintained with about 1,300 farmers registered. A total of 225,000 kg of seed was distributed for planting in the OGS. This is estimated to establish approximately 5,000 acres. A SAF agreement is in place in support of UBL.

Focus group discussions held with 35 barley producers in Kapchorwa district in 2006A season indicated good returns both for low and high input adopters (Exhibit IX). Kabarole district, however, experienced disappointing outcome due to disease, lower elevation production and other technical issues.

Parameter	Low input	High input
Yield (kg/acre)	700	1,350
Unit cost of production (USh/kg)	325	282
Gross income (USh/ac)	280,000	540,000
Net income (USh/ac)	52,500	158,750
Output:input ratio	1.23	1.42
Return to family labour (USh/person day)	4,412	10,654

## Vanilla

USAID APEP continued to provide both financial and technical support to the industry through the Association of the Vanilla Exporters of Uganda (VANEX). A refreshers' training of trainers' course was conducted for VANEX staff and some NAADS coordinators. With USAID APEP and COCHRAN fellowship financial support, the VANEX Field Director attended a two-week training in Vanilla Science and Technology Course in the USA. Over 12,000 vanilla growers were exposed to improved production practices through the 60 established demonstration sites and farmers outreach extension programs. Emphasis was placed on training farmers in improved field management practices such as shade management, mulching, proper looping, pollination, harvesting and quality control. VANEX extension services reached out to more farmers through weekly radio programs on three radio stations (CBS FM, VOT FM and Kiira FM). USAID APEP, working together with VANEX, embarked on implementing the Code of Practice (CoP) for the Vanilla Industry.

According to Civil Aviation Authority (CAA) records, about 174 mt of cured vanilla were exported by air during the reporting period. In addition, 55 mt of cured vanilla were exported

to New York, Hamburg, Denmark and France by sea, since this is a less costly option for a commodity that has reduced in value from its historic highs. Estimated value realized from vanilla exports during the reporting period was US\$5,496,000.

### **Banana (Matooke)**

USAID APEP continued with the provision of financial and technical assistance to banana farmers through 215 demonstration sites in 9 districts. Through these sites and farmer training, 7,240 farmers were exposed to improved banana production and maintenance practices, with 4,030 (about 56%) being females. Although the general management of demonstration gardens has improved, yield records have shown a decline in bunch weight with a slight increase in bunch number from many sites. This has been attributed mainly to the prolonged drought. On the other hand, heavy storms (including hail) in February and September 2006 in some parts of the country destroyed a number of banana gardens. Throughout the reporting period Matooke prices remained relatively high with farm gate prices ranging between USh 2,500 and 5,000 per bunch depending on location and size of the bunch. Farmers with demonstration sites that were established during the inception of USAID APEP (in 2004B season), started harvesting from their gardens. Bunch weights from these establishments were 25-35 kg depending on variety.

Through its SAF component, USAID APEP supported IITA to carry out two research contracts; one on increasing the profitability of bananas through improved agronomic management practices with focus on refining fertilizer recommendation and also testing alternative de-sucker management. The second research has focused on disseminating new banana hybrids which have been incorporated with pests and disease resistance. Experimental design and initial work on field marking, farm characterization, collecting soil and plant tissue samples were completed. Preliminary data analysis on yields indicated better yields from demonstration gardens as compared with control plots (without inorganic fertilizers). For hybrid dissemination, 4 districts (Masaka, Mukono, Rakai and Mpigi) with high prevalence of Sigatoka, nematodes and banana weevils were selected. Planting was completed in Masaka and Mukono. The hybrids are under observation for their performance. A third research contract was entered into with INIBAP to carry out on-farm research on assessing Banana Bacterial Wilt (BBW) control options. Preliminary results have shown that the bacteria were initially restricted to the upper parts of the true stem in flower-infected plants with only male buds showing wilting symptoms. This suggests that cutting off the infected plants from the mat at early stages of flower-infection could prevent the bacteria from reaching and infecting the lateral shoots.

In collaboration NARO and ASPs II, USAID APEP produced and distributed Banana Bacterial Wilt (BBW) posters in all of the major banana growing districts. USAID APEP remained part of a working group set up by MAAIF that had been mandated to concentrate on the provision of information, training and improved awareness about the disease. A study to evaluate impact of the various awareness strategies was conducted by independent consultants in collaboration with Department of Agricultural Economics at MUK and final report submitted to USAID and DANIDA.

Data from 40 sentinel sites and focus group discussions held with about 100 banana producers in 4 major producing districts indicate good returns resulting from adoption of improved rice production practices (Exhibit X).

<b>Parameter</b>	<b>Traditional</b>	<b>Low input</b>	<b>High input</b>
Yield (kg/acre)	5,600	21,000	28,000
Unit cost of production (USh/kg)	24	22	21
Gross income (USh/ac)	480,000	1,750,000	2,450,000
Net income (USh/ac)	348,000	1,286,000	1,872,000
Output:input ratio	3.64	3.77	4.24
Return to family labour (USh/person day)	4,833	10,611	14,671

## **Flowers**

With SAF support from USAID APEP, the Uganda Flower Exporters Association (UFEA) continued to support the industry through research, training and market promotion. USAID APEP also focused on the issue of quality assurance, standards and certification. All but one UFEA member are registered for Milieu Project Sierteelt (MPS) inspections. Thirteen farms have achieved full certification; two have applied for MPS GAP and one for EUREPGAP. During the reporting period, the industry expanded by an additional 32.2 ha and continued to provide employment to about 7,000 people, with at least 60% of the employees being females. The industry experienced a set back when a storm destroyed over 15 ha of green houses. UFEA members continued sourcing alternative markets for their cut flowers other than EU markets. The first trial shipment to Miami (USA) left Uganda at the beginning of February 2006 and more exports were made thereafter. Furthermore, UFEA successfully participated in Miami Floral Expo, and as a result, some US-based flower buyers have shown interest in Uganda's flowers.

USAID APEP entered into a cost-sharing SAF with Pearl Flowers to conduct varietal performance testing in a cooler climate at Ntungamo district in western Uganda. At the capacity building level, 18 mid-level supervisors were trained under the Applied Tropical Floriculture (ATF) program. The export volume of roses and plant cuttings during the reporting period reached 7,596 tons and FOB value was estimated at US \$34.72 million.

The expansion of flower industry most of the time entails destruction of the natural ecosystem. For instance, cutting down trees during land clearing, soil fumigation, and extensive use of pesticides are a common practice in the flower industry. As a result, growers intending to open up new farms or to expand on existing ones have to obtain environmental certificates from NEMA. On the issue of pesticide usage, all growers except one have signed up MPS ABC certification. This is international environmental program created by the Dutch floricultural sector in the effort to reduce environmental impact of the floriculture. MPS ABC focuses on farm pesticide use, recycling practices, energy and water use. The UFEA members are proactive on these issues, because they know it is consumer driven. The industry has phased out the use of methyl bromide, and received accolades at the Montreal Protocol meeting. It has entered into an arrangement with UPDF to use the Nakasongola incinerator for disposal of plastics, pesticide containers and discarded pesticides.

## **E. Producer Organization Strengthening**

The USAID APEP PO Trainers have successfully continued to impart the organizational, managerial and business skills to PO executive and members over the reporting period to enable business oriented POs transact business with USAID APEP private sector partners. Commercially oriented POs who have the requisite business, financial and managerial skills have been proficient in conducting rather large economic activities such as bulk marketing and bulk input supply activities.

The relationships between the PO and USAID APEP private sector linkages have become very strong, once the private sector partners realized the full benefits of having well managed and well organized farmer owned POs. As a result, there was an increase in volumes bulked and the number of POs who actively and successfully participated in bulk marketing and input supply activities.

Exhibit XI below demonstrates the accelerated increases in both economic activities that occurred between the first and the third year of USAID APEP operations.

**Exhibit XI: DC/PO Bulking and Marketing Trends**

Year	DCs	POs	PO Membership	PO Members Female	Crop Bulkied Tons	Crop Value
2004	-	12	264	70	311	\$59,045
2005	89	609	15,225	4,497	10,712	\$2,256,761
2006	180	1,631	44,037	13,631	22,731	\$7,944,190

This rather large shift can be attributed to the following factors:

- A heavy emphasis was placed on getting as many POs as possible under a larger secondary structure called a Depot Committee. This secondary structure allowed ever larger volumes of crop to be marketed. This allowed buyers to offer much more attractive prices, with farmers working together under DCs making an extra US\$ 50-180 per kg compared to what was being offered to individual farmers.
- More corporate partners across all commodities have appreciated the value of working with organized farmers instead of individual farmers. As a result, they have engaged in organizing farmers and doing business with producer organizations. A good number of corporate partners in the cotton sub-sector have supported DCs and POs members who have planted early with incentives including free insecticide sprays to enhance productivity.
- The PO Trainers have been able to demonstrate to corporate partners the benefits that could accrue by getting farmers to work together in a transparent and business like fashion. For example, the success accruing from working with organized DCs in terms of crop quality, transaction cost reductions and marketing efficiencies has made Ibero, one of the key coffee buying companies, to change its coffee buying strategy. In Kamuli, Luwero, and Bigasa, Ibero has decided to buy coffee from only organized farmers. They are using one truck and one buying team in each region instead of three trucks and three buying teams. This trend is also industry-driven as more buyers tend to penetrate specialized markets like Utz Kapeh.
- The close field collaborations between the PO Trainers and the private sector partners have also contributed to this encouraging result.
- A large emphasis was placed on getting the Depot Committees (DCs) to start economic activities even if they had not gone through all of the institutional and organizational training sessions. They have also been guided to actively get involved in savings and internal capitalization.

## PROGRESS BY PROJECT INTERMEDIATE RESULTS

Overall project progress to-date towards meeting LOP targets are shown in Annex B. The achievements (some of which are as high as 80%-100% of LOP targets) have been made possible by a combination of factors that are highlighted in the sub-sections under the various Project Intermediate Results (PIRs). The sections that follow review progress by objective for the reporting period. Under each objective are the LOP targets and strategies adopted by USAID APEP. These are then followed by a narrative for each benchmark (highlighted in a box) under a specific objective. Against each benchmark is an overall rating of the achievement to-date (given as % of the annual target).

### A. PIR 1. Increased Enterprise Efficiencies

*LOP 600 new off-farm enterprises*

*LOP 60% Change in the total gross revenue received by off-farm enterprises*

An important strategy to achieving the overall USAID APEP goal is working with enterprises to increase their capabilities to support commercialization and participation in commercialization of agricultural commodities. PIR 1 is designed to address this part of the commodity chain. Objectives 1 to 4 are designed to generate results that contribute to the achievement of this PIR. Most off-farm enterprises created comprise process and aggregation functions. This generally involves small enterprise close to the farmer at the producer organisation level or slightly higher. For some commodities such as rice and cotton, processing enterprises are created at the highest level.

#### Objective 1: Expand Access to Agribusiness Services

*LOP 400 Input suppliers providing services to APEP supported farmers and groups*

*LOP 30 Local credit service points providing commercial agriculture credit established*

*LOP 45% Change in total amount of commercial agriculture credit provided*

- **Strategy:** Increased access to agribusiness services, including input delivery and financial services implies working on both the supply and demand sides. During the period under review, USAID APEP continued to work with individual farmers and farmer groups to promote increased use of and demand for appropriate services and inputs. USAID APEP also worked with service providers in all fields to improve their capability to deliver quality services to clients. These included the Uganda National Farmers Federation (UNFFE) District Farmers Associations as well as NAADS service providers in Lango and Teso regions. This has resulted in increased efficiencies in market linkages and contributed to increased business efficiencies for the overall commodity chains. Activities in regard to improving access to rural finance as well as support to the structured trade finance opportunities continued to be emphasized through commercial farmer associations, producer organizations, and their depot committees. Support to the emerging Agri-Input Dealers network as well as the seed sector continued to reinforce the sustainability of the input sectors.

**Benchmark 1.1:** At least 100 new input supply stockists (cumulative 300) trained and linked to suppliers by 9/30/2006  
 ~ 191 new input supply stockists (cumulative 472) trained & linked to suppliers/distributors (157% of cumulative target accomplished).

In addition to the 40 new stockists trained in Mubende/Mityana and in Ibanda/Mbarara in October 2005, 151 new stockists were trained in May 2006, bringing the total of new stockists trained in the reporting year to 191. The cumulative number of input stockists

trained and linked to suppliers by the end of the reporting period was 472. The new trainees were from the north and north-east and distributed by district as follows: Nebbi 40, Arua 36, Soroti 33, and Lira 42. The training event was co-sponsored by the Royal Netherlands Embassy (RNE) through the Uganda National Farmers Federation (UNFFE). The collaboration with the RNE is continuing and new trainings will be conducted in the 2006/07 work plan year.

Apart from training new stockists, a nationwide exercise of mobilizing new and old stockists was conducted in collaboration with UNADA. The purpose was to inform stockists and encourage them to join UNADA and to utilize the existing USAID APEP/UNADA credit guarantee scheme to expand their businesses. This exercise was very successful and highlights of its achievements include:

- 15 new UNADA branches formed, in Kampala, Kabale, Kaberamaido and Amolatar;
- Reactivation of hitherto dormant branches in Nakasongola, Mpigi, Kitgum and Pader;
- New credit users in Mubende, and increased use in Mityana and Kapchorwa;
- Decentralization of the credit guarantee scheme to regions and revision of the credit rates;
- A special meeting of suppliers to discuss some of the issues raised, and a special training session of “regional distributors” to meet the demands of the stockists;
- Strong lobbying by livestock inputs dealers, leading to discussions with the Dairy Development Authority (DDA) and Land O’ Lakes with a view to supporting their inclusion in the scheme.

**Benchmark 1.2:** Advanced stockists training manual produced by 3/31/2006  
 ~ *Preparation of USTA training manuals completed (100% accomplished).*

Following a series of discussions and correspondences within USAID APEP and between USAID APEP and its sub-contractor, IFDC, this activity was changed to read “Training Manuals for the Uganda Seed Trade Association (USTA) produced.” The USTA training was deemed more critical than the advanced stockists training earlier envisaged. This was a collaborative activity between USAID APEP, ASPSII and MAAIF whereby preparation of the manuals, funding the training and executing the actual training were to be met, respectively, by the three (Benchmark 8.1). The preparation of the training manuals has been completed and the manuals have been accepted by stakeholders.

**Benchmark 1.3:** Stockist training provided to at least 20 new PO Depot Managers (cumulative 40) by 9/30/2006  
 ~ *21 new (cumulative 61) Depot Managers trained (153% of cumulative target accomplished).*

Many DCs have started procuring inputs for their members and several have established stockist shops. For all the training events conducted this reporting period, new stockists were “mixed” with DCs. In addition DCs were not content with sending only their managers but also the secretaries and treasurers. During the reporting period, a total of 21 new (cumulative 61) PO Depot Managers/Secretaries/Treasurers were trained alongside the new stockists. Most of the trainees were from Ibanda, Mityana/Mubende and Nebbi districts.

**Benchmark 1.4:** Advanced safe use training provided to at least 30 new PO Trainers (cumulative 60) by 9/30/2006  
 ~ *Advanced safe use training provided to 15 ToTs (cumulative 45) (75% of cumulative target accomplished).*

There was also change in this benchmark occasioned by a number of considerations. Following discussions with the industry, it was agreed that USAID APEP alters the focus from training in advanced safe use to training of trainers (ToTs) in safe use. This would strengthen capacity within the industry for future training needs. For this reason, it was agreed that instead of training new POTs, USAID APEP would draw participants from a cross section of the industry so that it may have a pool of capable trainers who can be called upon to conduct training in future. Participants were thus drawn from USAID APEP, MAAIF, Industry, UNADA and AT Uganda.

The international trainer from CropLife insisted on a maximum of 15 trainees at any one session. This meant holding two training sessions for 30 participants. However, due to financial constraints both within USAID APEP and CropLife, it was agreed that the international trainer conduct one course for 15 participants, and these can then be called upon to conduct subsequent training sessions.

Therefore a ToT training course in safe use was held in Jinja from February 13<sup>th</sup> to 17<sup>th</sup>, 2006.

**Benchmark 1.5:** At least 12 agri-input stockist monthly newsletters (cumulative 21) produced and distributed by 9/30/2006  
 ~ *12 agri-input stockist monthly newsletters produced and distributed (100% accomplished).*

This activity has progressed smoothly with newsletters being printed and distributed on a monthly basis. The mailing list has grown as a number of people who have come across a copy requested to be included on the list in order to be able to receive regular supply of the newsletter.

**Benchmark 1.6:** At least 25 DCs conclude bulk inputs procurement agreements by 9/30/2006  
 ~ *97 DCs conclude bulk input procurement agreements (388% accomplished).*

In order to effectively meet the input needs of farmers, efforts were intensified at DC level to provide skills to DC managers to ensure that DCs are able to aggregate, handle, store, and distribute inputs to PO members. This has enabled farmers to estimate and consolidate input requirements, set records and negotiate with local input suppliers and arrange deliveries.

During the reporting period a total of 97 DCs (with 799 POs) concluded bulk input purchases with six input suppliers namely Sukura Agro Input Supply, Monsanto, Victoria Seeds, General and Allied, Ssinga Farm Supply and Idhatujje Fellowship Farm Agency with a view to ensuring that PO members received inputs on time and at competitive prices.

As a result, the 97 DCs who conducted bulk input procurement saved a total of US\$38,377 during the reporting period (Exhibit XII).

<b>Exhibit XII: Additional Savings- DC input bulk purchase (97 DCs participating)</b>			
<b>Input</b>	<b>Number of DCs</b>	<b>Total Savings</b>	
		<b>Uganda Shillings</b>	<b>US Dollars</b>
Improved seed	35	20,213,840	11,107
Herbicide	32	28,221,500	15,506
Fertilizer	24	4,355,200	2,393
Other Inputs	50	17,055,300	9,371
<b>Total</b>		<b>69,845,840</b>	<b>38,377</b>

**Benchmark 1.7:** At least 8 new agricultural financial service provider branches (cumulative 25) providing services to USAID APEP clients by 9/30/2006 ~ 5 new (28 cumulative) financial service provider branches providing services to USAID APEP clients (112% of cumulative target accomplished).

5 new financial service outlets commenced lending to USAID APEP clients during the reporting period in addition to the 23 financial service points as of end of second year. The 4 outlets were: CERUDEB Mbarara & Ishaka with Banana Production lending; Stanbic Kapchorwa Branch with Maize Warehouse Receipt Financing, with support from USAID Rural SPEED; DFCU Mbale with agro-machinery leasing, and CN Cotton with Agro-input credit to Cotton POs. Description of the different types of financial services offered at all the 28 cumulative service points is provided below:

- **Production Credit:** (17 outlets) 14 branches of CERUDEB, Standard Chartered Bank, and 2 SOMED branches and Uganda Breweries Ltd (UBL) and CN Cotton are providing production credit directly to USAID APEP farmer clients by the reporting period.
- **Trade Finance Credit:** (2 branches) DFCU Bank and Stanbic Bank in Kampala continued extending USAID APEP guaranteed trade finance facilities to two USAID APEP Agro-inputs clients; Keith Associates and Victoria Seeds respectively.
- **Warehouse Receipt Financing:** (1 branch) A new branch of Stanbic in Kapchorwa is the disbursement point for the Structured Maize Trade Facility by Stanbic bank. Trade Finance for maize grain is disbursed against warehouse receipts of stocks received at the designated collaterally managed warehouse in Kapchorwa. The facility was arranged with technical assistance from USAID APEP in collaboration with USAID Rural SPEED.
- **Agro-Equipment Leasing:** (1 branch) USAID APEP initiated and developed the leasing business plan for Agricultural Equipment for Kapchorwa farmers with DFCU Bank. With guarantee support from ASPSII/DANIDA, a new branch, DFCU Mbale, is now financing 27 maize threshers on the leasing arrangement worth US\$ 135 million.
- **Agro-input Credit:** (7 Outlets) In collaboration with UNADA and AT Uganda, USAID APEP is playing a more central role in the management and expansion of Stockist Credit Scheme that is guaranteed using PL-480/ATAIN funds in a bid to expand the credit outreach. The scheme was able to generate 7 new credit service points for USAID APEP stockists during the last reporting period. A total of 14 suppliers have already registered to offer credit services to UNADA stockists this reporting year. USAID APEP in collaboration with UNADA completed a massive stockist recruitment drive in Western and Southern Uganda.

**Benchmark 1.8:** At least \$800,000 in agricultural credit extended to USAID APEP small holder clients by 9/30/2006  
 ~ US\$1,922,005 in agricultural production credit extended to 5,472 clients (240% accomplished).

The equivalent of approximately \$1,922,005 was loaned to 5,472 small holder farmers between October 2005 and September 2006 (Exhibit XIII).

**Exhibit XIII: Agricultural Credit from October 2005 to September 2006**

	<b>Branch</b>	<b>Districts</b>	<b>No. of Loans</b>	<b>Females</b>	<b>Males</b>	<b>Total Amount (US\$)</b>
1	CERUDEB Mbale	Kapchorwa, Mbale, Sironko, Pallisa, Tororo	1,151	363	778	1,246,239,076
2	CERUDEB Hoima	Hoima, Masindi, Kibaale	154	29	125	214,417,584
3	CERUDEB Kasese	Kasese, Kamwenge	126	21	105	96,693,872
4	CERUDEB Mityana	Mityana, Mubende, Kiboga	79	12	67	60,182,525
5	CERUDEB Kyotera	Rakai	211	27	184	184,940,863
6	CERUDEB Tororo	Tororo, Busia	18	0	18	66,756,115
7	CERUDEB Lira	Lira, Apac	37	6	31	9,296,618
8	CERUDEB Bugiri	Bugiri, Iganga	95	17	78	123,337,514
9	CERUDEB Mbarara	Mbarara	257	67	190	286,940,863
10	CERUDEB Ishaka	Bushenyi	96	34	62	118,594,672
11	CEDRUDEB Kiboga	Kiboga	218	26	192	194,978,570
12	CERUDEB Kyenjojo	Kyenjojo	91	13	78	43,400,981
13	Standard Chartered	Kapchorwa, Hoima	11	0	11	265,000,000
14	SOMED Masindi	Masindi	351	62	291	103,200,000
15	SOMED Hoima	Hoima	502	82	422	87,720,000
16	Uganda Breweries Ltd	Kapchorwa	1,245	22	1,223	382,010,305
17	CN Cotton	Kumi, Soroti, Katakwi	830	295	535	72,000,000
	<b>TOTAL</b>		<b>5,472</b>	<b>1,076</b>	<b>4,390</b>	<b>3,555,709,558</b>
	<b>US\$ Equivalent (1 USD= US\$ 1,850)</b>					<b>USD 1,922,005</b>

The following have been recognized as prospects and challenges facing agricultural finance:

- Banana lending program is to be extended to coffee production by virtue of the inherent and compatible Banana/Coffee farming system. USAID APEP has planned to provide technical assistance to CERUDEB in the form of training of loan staff and target coffee farmer sensitization and linkage.
- The recently passed Warehouse Receipts Bill is expected to create enormous financing opportunities for farmers and traders as it now furnishes the necessary legal framework for pre-marketing discounting, by financiers, of stored produce. USAID APEP shall continue to collaborate with the Warehouse Receipts Project implementers to ensure USAID APEP clients access the envisaged benefits as soon as possible.
- Despite the above achievements, challenges still encountered in promoting agricultural production lending include; bad weather and associated crop failures greatly disrupting

agricultural credit expansion; the staff shortage in most branches limiting the expansion of the agricultural portfolios, non-participation in agricultural lending by other commercial banks, and the limited branch outreach of CERUDEB. It should be pointed out that the progress of this benchmark is partly dependent on the pace of the participating banks, yet USAID APEP does not have direct influence over the opening of new branches or the commencement of agricultural finance in existing branches not yet participating.

**Benchmark 1.9:** At least 3 banks supported to provide structured trade finance to grain traders by 9/30/2006  
 ~ 1 Bank supported (33% accomplished).

In a collaborative effort led by USAID, implementing partners USAID Rural SPEED and USAID APEP provided technical support to Stanbic Bank and WFP for the on-going KACOFA Maize Warehouse Receipt Financing Facility. Although it was initially planned that USAID APEP would collaborate with a total of three banks, Standard Chartered and Barclays were yet to fulfill the requirements of the Grain Trade DCA Guarantee.

In addition, USAID APEP, in collaboration with ASPSII/DANIDA, successfully completed the development of support software for grain price forecasting and warehouse receipt discounting for banks. The software provides valuable grain market information including forecasts to banks, traders, and other parties as acknowledged by the key stakeholders during its recent launch. It offers vital support to Grain Price Risk Management for commodity trade financing in addition to provision of vital information required for rational warehouse receipt discounting decisions (a principal financing dilemma). This is expected to facilitate new bank involvement in the finance of non-contracted grain that would benefit USAID APEP clients especially in light of the available Grain Trade DCA Guarantee and the now passed Warehouse Receipts Bill. USAID APEP is now working out the most appropriate means of hosting, maintenance and provision of the software to the key users to ensure its maximum use, cost effectiveness and sustainability.

**Benchmark 1.10:** At least 5,000 ha cotton seed production handled by the private sector by 9/30/2006  
 ~ 13,171 ha of cotton seed established (263% accomplished).

More than 13,170 ha of BPA 2002 cotton seed variety were planted in the 8 Seed Multiplication Segregated Areas (Exhibit XIV). USAID APEP worked closely with CDO and Quton Seed Company in this undertaking. Pest management aspects were also discussed with a view to improving the management of the segregated seed production areas.

<b>Exhibit XIV: Seed Multiplication Segregated Areas</b>		
<b>Ginnery</b>	<b>Acres</b>	<b>Ha</b>
Bon Holdings	8,034.0	3,213.6
CN Cotton	2,105.0	842.0
Novo	-	-
Nyakatonzi	555.0	222.0
Dunavant	8,600.0	3,440.0
Copcot EA	3,868.0	1,547.2
Western Uganda	5,766.5	2,306.6
North Bukedi	4,000.0	1,600.0
<b>Total</b>	<b>32,928.5</b>	<b>13,171.4</b>

**Benchmark 1.11:** Coffee extension support provided to at least 46,000 new coffee farmers (cumulative 50,000) farmers by 9/30/2006  
 ~ 44,203 farmers received extension support from USAID APEP (88% of cumulative target accomplished).

The promotion and dissemination of appropriate farm level coffee technologies were undertaken by trained coffee trainers from the extension agents of local private coffee exporters and the lead farmers. Support was provided through village-based training on demonstration and trials of improved technologies that included weed control management, mulching, harvesting and post-harvest technology, pruning, and conversion cycles as well as nursery management to generate clean planting materials. Training materials such as posters and brochures based on the location-specific coffee farmer calendar were also developed and disseminated for use in the promotion of technologies to expand the uptake.

Based on field day returns, improved coffee technologies were promoted and disseminated to 44,023 coffee farmers in the districts of Sironko, Manafwa, Ibanda, Mityana, Mubende, Masaka, Mbarara, Bushenyi, Mbale and Rakai and more recently Kinoni in Masaka, Iganga and Nakaseke districts.

**Benchmark 1.12:** Vanilla extension support provided in at least 3 regions by 9/30/2006  
 ~ Extension support provided in three regions (100% accomplished).

USAID APEP continued to provide both technical and financial support with a view to developing VANEX as a strong and self-sustaining association. Through the SAF, VANEX continued to provide extension services and outreach programs to farmers and farmers associations by providing information on improved production practices and quality issues, vanilla market and price trends in the three regions namely; the Central (Mukono/Kayunga, Mpigi/Wakiso/Luweero Masaka/Rakai), the Eastern (Busoga and Mbale), and the Western (Kabarole/Kasese/Kyenjojo/Mubende and Bundibugyo) regions. The weekly radio programs on 3 Radio stations and the extension services at the 60 demonstration plots were maintained. The radio training program involved live discussions followed by questions and answer sessions. During the reporting period, a total of 144 radio programs were aired on three FM radio stations - Central Broadcasting Service (CBS), Voice of Toro (VOT) and Kiira FM Radio.

Maintenance of high quality vanilla, expansion of the production base and sustainability of VANEX remains a major challenge to Uganda's vanilla industry, given that low world market prices are low and discouraging.

## **Objective 2: Increase Access to Markets**

*LOP 50 Agribusiness enterprises engaged in processing*  
*LOP 100% Change in the total value of products after processing*  
*LOP 40 Firms involved in regional and international exports of agricultural products*

- **Strategy:** The strategy for this objective remained essentially unchanged during this reporting period. This objective focuses on strengthening and developing competitive marketing strategies so that Uganda's products reach local, regional, and international markets. Improved efficiency interventions focused on:

- productivity at the farm-level;
- quality at the farm or business levels; and
- organizational efficiencies.

The approach adopted was to link established groups of producers more directly with markets where possible, develop and implement grades and standards and ensure that producer incentives were realized to sustain efforts to improve quality and quantity delivered to market. In addition to farm level support, the strategy sought to promote better quality, traceability and reliability from the farm level in order to service markets better.

Work continued with exporter clients to enable them meet requirements in the regional and international markets. Improved reliability of both supply and quality of that supply encourages internal terminal markets and processors to develop improved regional market opportunities. This has shown particular promise in the oilseed sub-sector where enhanced regional market penetration has resulted in improved regional penetration for the terminal processor. A list of active clients USAID APEP worked with during the reporting period is shown in Annex C.

**Benchmark 2.1:** Technical and market linkage support provided to at least 5 new agro-processors (cumulative 40) by 9/30/2006  
 ~6 new agro-processors (cumulative 41) provided with technical and market linkage (*102% of cumulative target accomplished*).

In addition to on-going support to the agro-processing sector, USAID APEP has developed additional technical and marketing support linkages with new agro-processors. These are in the grains and coffee sub-sectors. A new addition to the USAID APEP partnerships is Olam (Uganda). This company is a wholly owned subsidiary of Olam International. The holding company is listed on the Singapore Stock Exchange. As such, USAID APEP involvement with Olam is a significant step in the development of effective market-led procurement and agro processing of target commodities. The relationship involves Olam's interests in rice, cotton, coffee and sesame. The company in Uganda has seen the need to develop each sub-sector separately and has assigned dedicated managers to each sub-sector. As such, USAID APEP support is structured around each commodity focus. The relationship with Olam was formalized at a dedicated commodity briefing with the corporate managers from Singapore, at which all USAID APEP TA made contributions.

Olam Cotton, through its lease and toll ginning arrangements has become, in its maiden year in cotton in Uganda, the leading exporter of Lint. Olam has worked in a number of processing zones and has therefore benefited from the technology transfer activity of the project. Olam Coffee has benefited from USAID APEP support through farmer organisation at the producer organisation level. These activities have a geographical focus in Rakai and Luweero (Nakaseke). A cost-sharing SAF has been provided to Olam to assist in farmer organization. Olam Sesame has received direct support from USAID APEP technical assistance in West Nile where, supported by the Producer Organisation (PO) teams, the company has begun to secure direct procurement relationships with farmers' groups. Olam Sesame has agreed to work with an expanded target of at least 250 POs during the two 2006 production seasons. Direct procurement has given them better control over quality and premiums at the PO level acts as an incentive to supply reliably into the processor. Olam Rice is still in the formative stages. Numerous meetings and field visits have taken place between USAID APEP TA and Olam consultants and management to stimulate the establishment of a new rice milling operation in Uganda, Olam rice procurement commenced during the year with production being sourced from Busoga and Teso region and processed through a toll miller.

Additionally, USAID APEP has entered into production support partnerships with MTL coffee processors in Mbale and Ankole Coffee Processors in Western Uganda. Such partnerships emphasize improvement in corporate outreach to growers designed to improve quality and field level efficiencies of production.

As a result of the promising performance of the UBL barley partnership, East African Malting (U) Ltd (EAM) has emerged as a new partner for the USAID APEP-supported barley production program in Uganda. EAM has brought full field level management to the barley program and has become the value chain manager for supply to the consumer - UBL. EAM will continue to utilize the services of UGTL in eastern Uganda and a new addition to the procurement program, Afro-Kai in Western Uganda. EAM is keen to see the procurement of a target of 20,000 mt of barley from Uganda. This is entirely as a result of the proof of concept emerging from the UBL-USAID APEP partnership. Such off-take will be utilized not only for straight run brewing but also for malting in Kenya for Ugandan consumption. This represents a target farm gate value of \$4.4 million, up from a \$US1.4 million target set for the 2006 production seasons. The development of the western supply has been stimulated by the capacity of Afro-Kai to develop the necessary farmer linkages. The Western supply zone is strategic for UBL-EAM although technically difficult, with some poor performing areas during the reporting year. Disease levels proved significantly damaging this year, particularly in the middle altitudes.

A significant development during the third quarter of the reporting year has been the development of a new organic agro processor. Northern Uganda Eco-Organic (NUEO) was formed as an alliance of three companies. NUEO was formed to stimulate production of both organic sesame and organic cotton in the Lango zone. Despite some challenging opposition to the company's establishment initially, 21,000 farmers have been registered to produce cotton and, or sesame to international organic certified standards. This development has achieved two important elements: one, it introduces an element of competition amongst organic processors in the country which ultimately benefits the growers; and two, it creates the world's largest internationally recognized small holder organic production system. The company is committed to excellence in organic production. Dunavant Inc. is behind this development for the cotton production and Outspan Commodities is servicing the sesame producers. Start-up organisation of the registered growers and restructuring of the support staffing system was carried out by the USAID APEP PO team in conjunction with the crop TA. The company has certified for organic export its gins in Lira and Outspan will continue for the time being to utilize its sesame cleaning and organic fumigation plant in Kampala.

**Benchmark 2.2:** Technical guidance provided to 1 new agribusiness firm to develop production, sourcing and marketing plans by 9/30/2006  
*~ 1 new agribusiness firm supported (100% accomplished).*

Uchumi Commodities has been working with USAID APEP for some time as an input supplier to the farming community. It has principally been involved in fertilizer stocking and distribution of DAP and Urea in both 10kg and 50kg packs. It has been involved in rice importation over the years, but USAID APEP TA has been developing in the company an interest in local rice procurement. This intensified over the reporting period with the interest of an Indian joint venture investor. USAID APEP developed sourcing options for the proposed joint venture, which involves the establishment of at least 4,000 acres (1,600 ha) of core commercial upland rice production in conjunction with potential areas of out grower support. This intervention has involved meeting with the joint venture partners and the Uganda Investment Authority (UIA) as well as providing technical guidance to the investors. The site options for the plant have been investigated and land lease arrangements are in the final stages of negotiation. International partners are expected to begin implementation within the first 6 months of the 2006-7 work plan year. It is now highly likely that this

significant commercial development for upland rice will take place in western Gulu, northern Uganda.

**Benchmark 2.3:** Coffee sustainability market standards for Uganda small holders harmonized and utilized by at least 7,000 farmers by 9/30/06  
*~Coffee sustainability indexes partially harmonized (75 % accomplished).*

During the reporting period USAID APEP in collaboration with coffee industry, government and other development partners identified certified sustainable coffee as a viable opportunity to differentiate products and achieve sustainable international market access. USAID APEP through TA and SAF provided both technical and financial support to coffee farmers groups and their associations and collaborative exporting enterprises to enhance their capacity in meeting the requirements for the certified sustainable coffee initiatives. Under the arrangements 4 exporting enterprises participated in the initiatives including Kawacom (U) Ltd, Ibero (U) Ltd as well as UNEX (U) Ltd and more recently Olam (U) Ltd and Kyagalanyi Ltd have joined the program. In total 12,000 farmers (registered with various coffee exporters) are expected to participate in the Utz Kapeh initiative. Along the Utz Kapeh initiative, some 1,200 cooperative society members in Bushenyi district working with USAID APEP produced and exported coffee through UNEX Ltd to Fair Trade.

**Benchmark 2.4:** At least 10 flower market analysis reports produced by 9/30/2006  
*~ 8 market reports produced (80% accomplished).*

USAID APEP continued financial support UFEA through the SAF, to address research, training and market development areas. With USAID APEP financial support, the Research and Training Specialist at UFEA was facilitated to continue with quality assurance, standards and certification activities on 17 flower farms that applied for Milieu Project Sierteelt (MPS ABC) environmental certification. During the reporting period, MPS auditors carried out physical auditing and grades were accorded to the farms as follows; 7 farms were awarded MPS A; 3 farms MPS B; 3 farms MPS C; 2 participants (still use methyl bromide) and 2 no qualifications. Two farms have gone a step ahead by participating in MPS GAP (Good Agricultural Practices) with hope of being audited in December 2006. Rose trials on substrate materials at Mellisa and Belflowers are in progress.

Eight market analysis reports with updates of the industry developments and trade exhibitions were submitted to USAID APEP by the UFEA Research and Training Specialist. These reports provide monthly information on industry performance and the international market prices. Export volume of both roses and cutting were 7,596 mt, with a value of US\$34.72 million, showing an increase of about 10% over the 2004/05 value (Exhibit XV).

**Exhibit XV: Comparison of Floriculture Exports: 2004/2005 –2005/2006**

Month	2005/06		2004/05	
	Volume (mt)	Value (US\$ million)	Volume (mt)	Value (US\$ million)
October	703	2.97	565	2.52
November	648	2.78	575	2.73
December	622	2.69	517	1.88
January	566	2.53	466	1.85
February	702	3.64	774	3.95
March	593	2.70	606	2.33
April	577	2.62	621	2.77
May	628	2.85	600	3.45
June	532	2.53	592	2.12
July	645	3.09	682	2.46

August	647	2.97	630	2.93
September	733	3.35	576	2.50
<b>TOTAL</b>	<b>7,596</b>	<b>34.72</b>	<b>7,204</b>	<b>31.49</b>

The Industry is still faced with challenges that include high cost of air freight (\$2.09 – 2.20 per kg), inadequate cold storage facilities at the Airport, electricity load shedding causing use of expensive stand-by generated power, packaging and marketing, environmental regulations and increasing competition from other producing countries, especially Kenya and Ethiopia. Another setback during the reporting period was the destruction of over 15 ha of greenhouses, which was caused by storms experienced in March 2006. Despite all these, the industry has succeeded in sourcing new market outlets. In the past, about 70% of the cut flowers used to go for the Dutch auction and 30% direct sales. Currently, about 50% goes to auction and 50% to direct sales. During the reporting period, the first trial shipment to Miami (USA) left Uganda and UFEA successfully participated in the Miami Floral Expo, and as a result, some US-based flower buyers have shown interest in Uganda's flowers.

<p><b>Benchmark 2.5:</b> At least 6 vanilla market analysis reports produced by 9/30/2006 ~ 6 reports produced (100% accomplished).</p>
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Through the support provided by the USAID APEP SAF, VANEX produced 6 vanilla market analysis reports. The market analysis reports are produced every two months and highlight production and productivity of green vanilla beans at farm level, and Uganda's export performance on the international scene. During the reporting period Uganda received a new vanilla buyer, DANISCO from Denmark, to discuss market potential of Ugandan vanilla in Denmark and in the European Union and USA in general. Shanks (one of the biggest vanilla buyers) also visited Uganda. Several meetings were held to discuss the future of the vanilla industry. Vanilla Corporation of America also made a contact visit to Uganda and is interested in consummating some deals.

According to CAA and exporter records, about 229 mt of cured vanilla (Exhibit XVI) were exported during the reporting period. Out of these 55 mt was exported to New York, Hamburg and France by sea. It is estimated that vanilla exports realized US\$5.496million during the reporting period.

**Exhibit XVI: Comparison of Vanilla Monthly Exports for 2004/05 and 2005/06**

Month	2004/05 (tons)	2005/06 (tons)
October	13.1	22.0
November	8.6	41.1
December	10.5	29.8
January	1.34	19.3
February	0.52	21.5
March	18.56	18.1
April	10.20	3.40
May	10.50	0.72
June	4.60	2.92
July	2.80	3.40
August	2.80	5.42
September	41.10	6.27
<b>Sub-total by air</b>	<b>124.62</b>	<b>173.86</b>
<b>Export by sea</b>	<b>0</b>	<b>55.00</b>
<b>Total</b>	<b>124.62</b>	<b>228.86</b>

Source: Civil Aviation Authority, Curer/exporters, and Importers

**Benchmark 2.6:** The Vanilla Code of Practice implemented and adopted by 9/30/2006  
~ 65% accomplished (an on-going activity).

The Code of Practice (CoP) for the vanilla industry lays down requirements for controlling quality in the production and processing chain. Implementation of the CoP is an on-going activity. With technical and financial support from USAID APEP, VANEX aims at safeguarding the required standards so that Uganda becomes a reliable vanilla producer meeting expectations of the international trade.

During the reporting period, all the VANEX staff was provided with copies of the CoP as a reference during training sessions. USAID APEP TA together with the VANEX Field Director made several field visits to monitor the performance of demonstration plots and to verify the implementation program. Although several training events have been conducted, CoP adoption rate by farmers has been slow mainly due lack of price motivation due to low world market prices.

Copies of the CoP were also distributed to all the five VANEX members namely UVAN, UCIL, ESCO, Buiga Farm Industries and Landways. Mayawa (Tanzanian Company) which is an associate member of VANEX also received copies of the CoP. Preliminary technical visits to the above companies have been made with the objective of advising processors to adhere to CoP guidelines for improved quality and market acceptability.

Furthermore, USAID APEP held meetings with DANISCO (one of the biggest vanilla buyers) to discuss ways of formulating an education program for specific vanilla farmers who will eventually enter into fair trading system. Copies of the CoP were issued to DANISCO who complimented USAID on the advances that had been made in formulating and implementing the CoP.

Uganda's comparative strength lies in production of high quality vanilla. During the reporting period vanilla prices remained low, harvesting of immature beans was very minimal hence most of the vanilla harvested was of high quality.

**Benchmark 2.7:** At least 30 new exporter firms (cumulative 60) assisted by 9/30/2006  
~ 39 new exporter firms (69 cumulative) assisted (115% of cumulative target accomplished).

Assistance to exporter firms (many of whom are also agro processors) continued to be provided through umbrella associations. Assistance ranged from provision of TA, out grower schemes, market linkages and information services, to grants through the SAF program. In many respects, these exporters have their own established market linkages and market intelligence, so USAID APEP has not contributed significantly to developing market opportunities, except in the case of vanilla. In other cases, such as coffee, USAID APEP has linked producers to exporters. USAID APEP has also collaborated with SCOPE on industry cluster activities.

During the period under review, USAID APEP provided support to a total of 69 exporters as follows: all the 33 cotton ginner/exporters; 9 coffee exporters; 19 flower exporting firms; 6 vanilla exporters; 1 cardamom exporter; and 1 regional vegetable oil exporter.

### Objective 3: Identify and Support Producer-Market Alliances

*LOP 25 APEP supported firms managing out grower schemes*  
*LOP 125,000 Farmers involved in integrated out grower schemes*

- **Strategy:** This objective has focused on fostering linkages between producers and the rest of the commodity market chain. USAID APEP continued work in two main areas, at the business or large association level, and at the producer level through DC and PO commercialization to build producer-market linkages. Quality standards, buyer requirements, and other market chain support activities were emphasized. The strategy has focused on individual commodity chains and clusters and linked the various partners in the supply chain in order to forge formal or semi-formal marketing alliances.

Of significance has been the development of a *re-worked strategy* for the rapid development of effective POs. This has opened up the possibility of literally thousands of PO's serving the market requirements. This strategy has been piloted in the cotton sub-sector in Teso and the Tororo zones, with encouraging results. Rapid PO development has been taken to the NUEO organic production system where in a relatively short time, the program has supported the development of 840 PO's. Rapid PO development has also been utilized effectively in West Nile under the OLAM sesame and Sanyu Sunflower partnerships. The UBL-EAM partnership in Kapchorwa has seen the development of 100 POs to service the barley producer-market alliance.

It is envisaged that this important development will contribute significantly to the sustainability of the interventions of USAID APEP. POs and their aggregated DCs have shown their ability to continue to function in the absence of donor support both financially and technically. Maize POs formed at the outset of USAID APEP on the back of former IDEA interventions have continued to grow and flourish without financial support or donor involvement. The PO/DC arrangement is fully capable of integrating with the market and developing viable commercial alliances. Sustainability here is dependant on a functioning private sector without donor or GOU distortions. Strategic interventions post-USAID APEP must not ignore this.

<b>Benchmark 3.1:</b>	At least 36,000 new assisted coffee farmers (cumulative 50,000) linked with coffee exporters by 9/30/2006 <i>~44,023 coffee farmers were linked to exporters (88% of cumulative target accomplished).</i>
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USAID APEP and the collaborative coffee exporting enterprises that include MTL, Ibero (U) Ltd, Olam (U) Ltd, Kawacom (U) Ltd, UNEX, Ankole Coffee Processors and Kaweri Coffee Farmers Alliance and more recently UGACOF (U) Ltd and Kyagalanyi Ltd focused on increasing PO coverage while at the same time strengthening the existing established commercially-oriented coffee POs in the districts of Kapchorwa, Bushenyi, Rakai, Masaka, Kamuli, Ibanda, Mityana and Mbale. The program has been rolled over to the districts of Mukono, Masaka (Kinoni) Iganga and Luwero respectively. Through better management and organization, the old and the new POs as well as the societies were able to access improved coffee production technologies. A total of 44,023 coffee farmers were linked directly to the 9 major coffee exporters and the expansion program is ongoing.

The coffee intervention, including the associated SAF activity, moved slower than anticipated, since for several of the coffee exporters the farmer alliances were a new concept, so it was approached with caution so the exporter enterprises had a full understanding of the program, and the commitments required on their part.

**Benchmark 3.2:** At least one training event in specialty coffee conducted in collaboration with RATES and SCAA by 9/30/2006  
*~1 collaboration performed with EAFCA and SCAA (100% accomplished)*

USAID APEP has maintained linkages with RATES and the Specialty Coffee of America Association (SCAA) to access both regional and global coffee market information. During the reporting period USAID APEP provided financial assistance to MTL, Olam (U) Ltd and UNEX to take part in a two day coffee cupping training organized by RATES in conjunction with Coffee Quality Institute (CQI), in Kampala January 11<sup>th</sup> – 12<sup>th</sup>, 2006. CQI, based in the USA, is a technical arm of Specialty Coffee of America Association (SCAA). The objective of the training was to upscale the cupping abilities and keep the producers abreast with current requirement of the specialty segment. In total, 6 personnel from the six exporting enterprises benefited. Currently USAID APEP is working together with the coffee stakeholders to make the Uganda coffee industry participation effective in the USAID RATES annual regional conference and exhibition in Addis Ababa in early 2007.

**Benchmark 3.3:** At least 50,000 new APEP assisted cotton farmers (cumulative 120,000) linked with cotton ginners by 9/30/2006  
*~ A cumulative 134,458 farmers assisted (112% accomplished.)*

The farmers' direct link with ginners puts them in an amicable position to lobby ginners to pay them a premium price for cleaned, sorted large volumes of good quality cotton. Benefits from these alliances reveal a win – win situation for both the farmers and the ginners. Good prices for the farmers, good quality cotton for ginners and an enhanced farmer – ginner relationships through productive linkages and alliances.

USAID APEP, through its PO Trainers, assisted 570 POs to achieve legal status (through registration) in order to enable them seek an audience with ginners directly in order to begin to negotiate for improved pricing and logistics on the basis of their organizational status. The success with the program particularly in Teso and Tororo has encouraged other zones to request similar support which will be provided during the 2006-07 season. Adoption of improved technologies continued at the low input level with an increased number of farmers adopting critical technologies such as timely planting (due in part to ginner incentives) as well as early thinning.

A cumulative 134,458 cotton farmers (38,992 females) were trained and linked directly with the 33 cotton ginners country-wide. These farmers were able to sell their entire crop to one of the 33 ginners located nearest to them.

**Benchmark 3.4:** At least 15,000 existing USAID APEP assisted sunflower farmers engaged with at least 1 sunflower processing firm in OGS by 9/30/2006  
*~ 33,445 farmers were registered with an OGS linked to 1 sunflower processing firm (223% accomplished).*

The reporting period witnessed the partnership with A.K. Oils & Fats (U) Ltd continue to gain momentum in Lira, Apac, Oyam and Masindi districts with Sironko district being dropped out of the program during the 2006A season.

About 12,000 farmers were registered in the out grower scheme (OGS) during 2005B season to grow the PAN 7351 hybrid sunflower variety against a guaranteed price. A total of

40,000 kg of the same seed was sold out in the OGS estimated to establish 20,000 acres targeting a total seasonal production of approximately 10,000mt. However, due to the poor rainfall received during the season, A.K. Oils and Fats (U) Ltd procured 4,000mt only.

The company dedicated great efforts to strengthening the producer-to-market alliance during season 2006A and registered about 18,500 out growers, of which 6,631 were females. These out growers purchased 46,000 kg of PAN 7351 hybrid sunflower seed, sufficient to plant 23,000 acres.

A.K. Oils and Fats (U) Ltd offered a pre-plant guaranteed price of US\$ 350 per kg of sunflower grain ex site coordinator's store. To-date, the season 2006A harvest has reached 10,335 mt of sunflower grain indicating an average yield achieved across all the producers as at the close of the reporting period of 449 kg per acre. This represents a significant improvement over previous performance and highlights the benefits of timely planting combined with effective extension messaging.

The season 2006B witnessed an expanded OGS with the registration of up to 31,291 farmers, of which 13,358 are females. Total seed sales were 94,319kg expected to establish 47,160 acres.

The reporting period also witnessed the development of another producer-to-market alliance with Sanyu Agro Industries Ltd (SAIL), a new company in the oil milling industry. The company sought to develop an OGS in Nebbi district to produce sunflower grain for crushing. A total of 2,154 farmers, of which 949 are females, have been registered in the scheme to-date. The exercise of farmer registration in the OGS with the support of an extension team of the area and site coordinators is still continuing.

The targeted company sunflower grain procurement is about 15,000mt annually in the next 3 to 5 years. Plans to install machinery with up to 100mt of seed crushing capacity per day are underway.

**Benchmark 3.5:** At least 5 sunflower rural buying centers established under ASPS II/Mukwano partnership by 9/30/2006  
*~ 5 buying centres established (100% accomplished).*

With financial assistance from ASPS II through the Masindi District Farmers Association, 5 rural cluster centers were established in Masindi district by A.K. Oils & Fats (U) Ltd in collaboration with USAID APEP. These centers, located at Pakanyi, Kigumba, Kiryandongo, Diika and Diima, serve about 6,000 farmers registered in Masindi district as a source of technical and market information. They also serve as input distribution points and output procurement.

A.K. Oils & Fats (U) Ltd is also working with 25,000 hybrid sunflower growers in Apac, Oyam and Lira under 60 rural buying centers (Depot Committees) with the site coordinators taking the lead. Input delivery such as seed, herbicides, etc., and technology transfer and grain procurement are done through these centers.

The Mukwano sunflower program has grown to approximately 30,000 farmers under individual contract. The initial concept of cluster development has already been superseded as each site coordinator has become a cluster in its own right.

**Benchmark 3.6:** At least 8,000 existing USAID APEP assisted sesame farmers engaged with at least 4 sesame exporting firms by 9/30/2006  
 ~ 27,659 farmers directly engaged with 4 sesame exporting firms through USAID APEP interventions (346% accomplished).

The reporting period witnessed continued collaboration between USAID APEP and 2 organic sesame exporting companies namely; Outspan Enterprises Ltd and Shares! (U) Ltd to promote organic sesame production.

Outspan Enterprises Ltd operates in Lira, Apac, Oyam, Dokolo, Amolator and Kaberamaido districts while Shares! (U) Ltd operates in Lira, Apac and Oyam districts. They export organic products as well as provide extension support to growers. Two out grower schemes have been established by these companies with about 17,000 out growers registered. Lango Organic Farming Promotion (LOFP), a local NGO, which recently negotiated the title for organic certification and is now an independent provider of organic produce (cotton and sesame) to the market, was engaged as a link to Shares! (U) Ltd.

Two other partnerships were established in the West Nile region. The partnerships were established to promote the production of conventional sesame with support from USAID APEP TA. The two conventional sesame exporting firms are UNO Trading Co. Ltd and Olam (U) Ltd.

An understanding was reached with an International NGO, CARE International in Arua, Yumbe, Koboko and Nebbi to promote conventional sesame production. CARE International through a private agricultural service provider firm, Nile Pro Consult Ltd based in Arua, is involved in the formation of farmers' groups with the intent of linking them to the market. Under this arrangement, a formal producer-to-market alliance was established with over 5,000 farmers registered, being linked to UNO Trading Co. Ltd. CARE provides management oversight of the field program while USAID APEP TA provides the field training activity and technical oversight, as well as linkages, where possible, to the off take markets and supporting the demonstration program. Farmers in the OGS procured about 16 mt of sesame seed estimated to plant 5,500 acres during the 2006B season.

USAID APEP worked with Olam (U) Ltd to establish an out grower scheme in the districts of Nebbi, Arua and Yumbe. The establishment of the OGS is on going with 5,659 farmers out of which 2,807 are females registered. Farmers in the OGS procured through the export firm about 10 mt of sesame seed estimated to plant 3,500 acres during the 2006B season.

This impressive increase in sesame farmers involved in OGS would not have been possible without an effective partnership whereby the Royal Netherlands Embassy (through UNFFE and district farmers associations) is funding the direct costs of the intervention with USAID APEP providing the TA.

In total 27,659 sesame farmers are engaged with 4 sesame exporting firms as shown in Exhibit XVII.

<b>Exporting firm</b>	<b>Districts</b>	<b>Number of farmers</b>
Olam (U) Ltd	Nebbi, Arua, Yumbe	5,659
UNO Trading Co. Ltd	Arua, Nebbi and Yumbe	5,000
Outspan Enterprises Ltd	Lira, Apac, Oyam, Dokolo, Amolator and Kaberamaido	5,000
Shares! (U) Ltd	Lira, Apac and Oyam	12,000
<b>TOTAL</b>		<b>27,659</b>

<b>Benchmark 3.7:</b>	At least 3,000 new USAID APEP assisted seed growers (cumulative 4,000) linked with 5 seed marketing firms by 9/30/2006 ~ 27,530 seed growers (cumulative 28,530) trained and linked to 4 seed companies (713% accomplished).
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Due to uncertain climatic conditions, many seed companies were cautious about recruiting new seed growers and in some instances, reduced on the number of seed growers. Furthermore, some companies recruited their own growers without recourse to USAID APEP as they had developed sufficient internal capacity to train their growers. This is indeed a positive development in the industry and an indicator of sustainability. In addition, FICA, the seed company which acquired the assets of USP, planted about 750 acres and another 240 acres of various seed crops in 2006A season on Kisindi and Kimina Seed Farms respectively. This way, the company reduced on the number of contract seed growers.



*Maize and soybean seed farm at Kimina during the 2006A season*

About 130 traditional seed growers were trained in Kasese, Kabarole and Soroti districts, and linked to FICA, Harvest Farm Seeds and Victoria Seeds. In addition, 27,400 farmers planted 13,171 ha of BPA 2002 cotton seed variety in the Seed Multiplication Segregated Areas throughout the 8 production zones. USAID APEP in collaboration with CDO and Quton Seed Company provided training and technical oversights to the seed growers.

<b>Benchmark 3.8:</b>	At least 3,000 existing APEP assisted rice growers linked with 2 rice processors by 9/30/2006 ~ 15,647 farmers linked with 8 rice processors, SOMED, UGTL and UBL (522% accomplished).
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USAID APEP upland rice collaborative effort with both the public and private sector continued to yield encouraging results in terms of farmers exposed to improved technologies, increase in quality and total amount of milled rice channeled through both small and medium scale millers. Support provided by USAID APEP to Nyati Millers, Olam, Kilimanjaro Upland Rice Millers, Uganda Upland Rice Millers, Support Organisation for Micro Enterprise Development (SOMED), Kakiri Millers, Producer Organizations and Ecomax Foods (formerly Savannah Commodities Rice Processing Company) resulted in procurement of 20,778 mt of paddy worth about \$4,567,000 (Exhibit XVIII). This is a total of farmers supplying rice to the various millers mentioned, not all of which are formal OGS linkages.

**Exhibit XVIII: Farmers Linked to Different Rice Processors/Buyers**

Processor/Buyer	No of Producers Involved	Location (District)	Paddy Sold (mt)	Value (US\$)
Nyati Millers	4,301	Hoima, Kibaale	7,527	1,654,285
Sunrise	12	Kabarole	17	3,736
Ecomax (Savannah)	738	Luwero, Kumi, Kabarole, Bugiri, Pallisa	1,292	283,956
Kakiri Millers	919	Wakiso, Luwero, Mpigi	1,608	353,406
Rwenzori	1,762	Kabarole, Kamwenge	2,005	440,659
Upland Rice Millers	2,150	Kumi, Bugiri, Pallisa, Kamuli, Iganga	3,763	827,106
Kilimanjaro	700	Kumi, Iganga	796	175,092
Olam	533	Kumi, Bugiri	653	143,590
SOMED	462	Masindi, Hoima	923	202,930
UGTL and Afro Kai	3,767	Kiboga, Bundibugyo, Kamuli, Bugiri	1,727	379,560
UBL purchase from POs	303	Kamuli	467	102,637
<b>TOTAL</b>	<b>15,647</b>		<b>20,778</b>	<b>4,566,957</b>

**Benchmark 3.9:** At least 500 commercial maize farmers trained in commercial technologies by 9/30/2006  
*~ 700 farmers trained (140% accomplished).*

During the reporting period, USAID APEP TA continued to work with commercial maize farmers in the main growing areas of Kapchorwa, Bugiri, Iganga, Kamuli, Mubende and Kiboga districts. Farmers were equipped with institutional development skills that enabled them to form Producer Organizations around secondary structures called Depot Committees in order to benefit from economies of scale. They also received TA enabling them to develop marketing budgets, set up financial records, estimate crop volumes, bulk crop, negotiate and sign contracts with the buyers and arrange for crop storage and delivery. The farmers received technical training through the Producer Organization Trainers for continued productivity enhancement.

**Benchmark 3.10:** At least 1,000 barley producers linked with 1 agribusiness enterprise by 9/30/2006  
*~ 3,335 farmers linked to one agribusiness enterprise (334% accomplished).*

During the 2005B season, an OGS was established through a SAF agreement with Uganda Breweries Limited (UBL) in Kapchorwa district (eastern region). About 1,300 out growers were registered to produce barley grain using two varieties (Sabini and Karne) that were introduced from Kenya. Total procurement from 2005B season was 980 mt of barley grain. UBL used an agricultural extension system of 1 district and 2 field coordinators who are responsible for registration of farmers in the OGS, technology transfer through training and demonstrations, delivery and/or selling of inputs, delivery of market information such as quality requirements, prices, etc. and facilitating grain procurement.

During the 2006A season through a SAF agreement for the USAID APEP collaboration with UBL, there was an expansion into the western part of the country where an OGS was established with UBL through Afro-Kai Ltd as the programme managers and procurement agency. Afro-Kai Ltd, the programme managers in Kabarole and Kasese districts, set up an extension system of 1 zonal and 2 field coordinators with the responsibilities of registration of

farmers in the OGS, technology transfer through training and demonstrations, delivery and/or selling of inputs, delivery of market information such quality requirements, prices, etc. and facilitating grain procurement. A total of 2,035 farmers were registered under the new OGS for production of barley grain.

A total of 126 mt and 99 mt of seed were distributed for planting during 2006A season in the eastern and western regions, respectively. This was estimated to establish about 5,000 acres over the two zones by the 3,335 farmers all registered in the OGS. Each farmer signed a contract with Kapchorwa Commercial Farmers Association (KACOFA) who in turn held the off-take contract for UBL through the process mediation of UGTL in the eastern zone while in the western zone each farmer signed a grower's contract with UBL through the process mediation of Afro-Kai Ltd. Total procurement to-date is 1,380 mt and 172 mt from the eastern and western regions respectively. The performance of the OGS in the western region was affected by diseases. The low altitude coupled with high humidity and low temperatures in the region favoured the survival of fungal pathogens and the eventual disease outbreak.

Season 2006B seed deliveries were 104 mt and 48 mt to the eastern and western regions respectively. The seed is estimated to plant up to 3,800 acres. The OGS in the eastern region has expanded to 1,550 farmers while the one in the western has reduced to 1,010 farmers.

#### **Objective 4: Increased Investment in Private Sector Agriculture**

*LOP US\$6,000,000 in resources leveraged by USAID APEP  
LOP 125 Public/Private partnership developed by USAID APEP*

- **Strategy:** This objective involves activities supporting investment in private sector agriculture. During the reporting period, USAID APEP continued to provide the catalyst to such investments, promoting and actively seeking out opportunities for investment in the selected commodity sectors. The bulk of the leveraged investment continued to come through the SAF partnership where partners, stimulated by SAF support, invest their own resources. USAID APEP TA continuously sought out viable investment opportunities in each intervention sector. These investment opportunities were clearly and simply documented to provide a template for private sector intervention.

USAID APEP TA worked with each investor not only in the initial investment decision-making process but also throughout the process of implementation and development to bring added comfort to the process and help reduce investment risk, perceived or real. This involved working closely with firms, financial institutions, technical service providers and international markets. A modified strategy was adopted this reporting period, where USAID APEP TA increase their role as leveraging agents with other donors and partners. NAADS, the Royal Netherlands Embassy, UNDP through Africa 200 Network as well as the DANIDA ASPS II continued to be valuable partners. This undertaking seeks to reinforce the sustainability of the project activities by engaging funding partners who will be able to support nascent or immature interventions after USAID APEP closure in 2008.

<b>Benchmark 4.1:</b>	At least 2 new investments (cumulative 6) in the coffee sub-sector in place by 9/30/2006 ~ No new investments in place (0% accomplished, investments expected to be in place by December 2006).
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USAID APEP in collaboration with the coffee industry has continued to support the promotion of value-added green coffee through central pulping stations. During the reporting period, USAID APEP provided technical assistance support to MTL and Ankole Coffee Processors to increase yields and improved quality as well as a better cherry collection system from farmers. In line with the overall industry strategy of increased production and export of Washed Robusta, USAID APEP, in conjunction with Kaweri Coffee Farmers Alliance and Kawacom (U) Ltd are in the process of establishing central coffee washing stations for Robusta in Mubende and Bushenyi respectively to reintroduce the production of washed Robusta in these two areas. This structural change in rural processing will contribute to increased production and export of washed Robusta. A SAF is also in place with Ugacof Ltd for the introduction of mobile semi-washed Becolsub® units as prototypes for testing.

Furthermore, USAID APEP has assisted MTL identify and make an order from Brazil for one extra 10 ton artificial coffee dryer to increase the wet parchment drying capability to mitigate the effect of unpredictable wet weather and increased volume of parchment that adversely affect the quality of coffee during the months of November – December. The dryer is expected to be installed and become operational before the fly crop coffee season 2007.

<b>Benchmark 4.2:</b>	At least 2 new investments (cumulative 4) in the cotton sub-sector in place by 9/30/2006 ~ 3 new investments (cumulative 5) confirmed in the cotton sub-sector (125% of cumulative target accomplished).
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The SAF partnerships with cotton ginners acted as catalysts for investments in the industry. Despite the decline in cotton production during the year, 2 new investments in the cotton industry were made by JITCO in Lira and Country Farm in Soroti, which took the form of new installations of gins, improvements in processing capacity of newly acquired ginneries.

In May 2006, the formerly defunct Bunyoro Kitara cotton ginnery owned by Magnetic Enterprises in Hoima was purchased by Olam (U) Ltd. Investment activities at the newly acquired ginnery have taken on the forms of the refurbishment of the stores and improvement in the storage capacity, staff quarters and the administration block, a complete overhaul of the gins, plus continued support of the extension programs with farmers. This takes to 3 the number of investments made in this sector, including the two that were made by JITCO and Country Farm in Soroti.

<b>Benchmark 4.3:</b>	At least 2 new investments (cumulative 4) in the grains sub-sector in place by 9/30/2006 ~ Three new investments (cumulative 5) in the rice sub-sector in place (125% of cumulative target accomplished).
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Investment in the grains sub-sector continued to centre on the rice sub-sector. During the period under review USAID APEP provided support to Olam (U) Ltd and a private investor with a view to putting into operation new rice mills in central and eastern Uganda. Additionally, 3 new medium mills were installed in Natete Kampala, Uganda Upland Rice Millers in Jinja and Rwenzori Upland Rice Company in Kabarole and these 3 new mills are operational. Exhibit XIX below shows investment attached to the rice industry due to the promotional effort by USAID APEP and collaborating partners in upland rice production. Total investment on rice machines between 2004 and 2006 is \$858,566. It is encouraging that practically all of this investment in rice mills has been private sector response to the increase in availability of local paddy (rough rice).

**Exhibit XIX: Total Investment in Rice Milling Industry by the Private Sector**

Processor/Buyer	Location	Number of new mills)	Value in US\$ million	Value (US\$)
Apac district	Apac/sc	3	16.2	8,9 00
Kaliro district	Kamuli road	8	44	24,175
Mbale	Industrial road	13	71.5	39,285
Iganga	Busembatia	21	115.5	63,461
SOMED	Masindi	1	128.7	70,714
Masindi	Kyandongo	2	11.2	6,153
Hoima Millers	Hoima/Kibaale	60	330	181,320
Nyati Millers	Hoima	4	22.0	12,087
Rukungiri	Bwabara sub county	19	104.5	57,417
Kilimanjaro Upland Rice Company	Natete	1	72.5	39,835
Rwenzori Upland Rice Millers	Kabarole	1	72.5	39,835
Uganda Upland Rice Miller	Jinja	1	114.1	62,692
Kayunga	Police road Kayunga	9	49.5	27,197
Others(Agro/Sokoni/Hunphia)		79	426.6	234,395
<b>TOTAL</b>		<b>222</b>	<b>1,578,8</b>	<b>858,566</b>

**Benchmark 4.4:** At least 1 new investment (cumulative 2) in the agri-inputs sub-sector in place by 9/30/2006  
~ 2 new investments (cumulative 3) in the agri-input sub-sector established (150% of cumulative target accomplished).

Uchumi Commodities, one of the major importers of fertilizers in Uganda, has opened a store and sales point in Mbale in Eastern Uganda and has in stock DAP and Urea in 10kg packets. This region has probably the biggest fertilizer market among the smallholder farmers in Uganda, and so far only speculative seasonal, or cash-and-carry, traders have been supplying fertilizers. The region is also a hot spot for fake or adulterated products including fertilizers. Having a dealer who is ready to hold sizeable stocks of genuine products, moreover in small packs, is a big boost to the market.

FICA Seed Company has successfully introduced, tested and officially released two new maize hybrids for highland areas. These hybrids were developed in Mbeya, Southern Tanzania, by the government Highland Research Institute, Uyole, and are rated very highly in East Africa today. During the period under review, FICA launched the materials in Kapchorwa, set up demos and distributed over 2 tons of seed free of charge for promotional purposes. Should these hybrids prove popular, they will provide an alternative to Kenya Seeds and offer farmers a choice. In this exercise FICA has gone into partnership with Highland Seed Growers Company based in Mbeya, Tanzania.

**Benchmark 4.5:** At least 1 new investment (cumulative 2) in the flowers sub -sector in place by 9/30/2006  
~ 1 new investment (cumulative 2) in the flowers sub-sector in place (about 50% accomplished, on-going activity).

Market reports from flower auction in Holland have shown that Ugandan flowers do not fetch very good prices on the auction because of their small head sizes and shorter length (affect of high diurnal temperature). The industry needs to expand into upland growing areas that have cooler weather. Increasing volumes by diversifying and expanding product range will boost Uganda's competitiveness on the international market.

During the period under review, USAID APEP supported Pearl Flowers Ltd. to expand and diversify into high altitude growing roses that attract a premium of about 20% above the small headed varieties grown in Uganda. After conducting a careful environmental impact assessment and receiving the NEMA certificate, Pearl Flowers Ltd acquired land, imported green house structures and irrigation system for hydroponics technology.

Four modern greenhouses covering about 4 ha were installed and planted. Pearl Flowers Ltd continued with the investment in construction of stores, and packing station. The success of Pearl Flowers could result in expansion of this enterprise and attract more investors into production of roses at higher altitude.

## **PIR 2. Increased On-Farm Productivity**

*LOP 33% change in value per unit of targeted commodities marketed*

Another important pre-requisite to achieving the project sub-objective of increased commercialization of targeted commodities is the transformation of a significant number of Ugandan farmers from subsistence farming to profitable commercial enterprises. The aim is to add all the elements that support PO/DC development including crop productivity enhancement, organizational strengthening, and market linkages. Production and marketing efficiency increases are important to sustain this transformation. They may be obtained in a number of ways, including productivity or yield increases through improved farming practices and proper application of appropriate inputs; product cost reductions through better planning and organization to achieve economies of scale; improved quality of commodities; bulk marketing activities that enable farmers to benefit from economies of scale; and added value through improved harvest and post-harvest techniques and product transformation. Organizational strengthening is aimed at guiding POs to ensure good governance through democratic leadership and decision making, transparency and accountability.

Initiatives for multiplication and distribution of planting materials in Northern Uganda are included in this PIR. Objectives 5, 6 and 7 are designed to generate results that contribute to the achievement of PIR 2.

### **Objective 5: Strengthen and Develop Producer Organizations**

*LOP 200 Depot Committees developed and strengthened*

- **Strategy:** During the period under review, USAID APEP continued to focus on six main areas to address weaknesses and constraints facing POs and their secondary tier DCs. The six areas emphasized were: PO and DC management training, contracting for specialized services, farmer-to-farmer extension, membership management and incentives, credit management and savings, financial and bookkeeping training, developing capacities to handle bulk output marketing and procurement of inputs. Emphasis was also placed on guiding POs and their DCs to open up and manage commercial bank accounts to boost transparency and ensure security for all business transactions. Additionally, USAID APEP guided PO/DCs to establish formal linkages with buyers and suppliers and establish formal business contracts as they do business with them.

During the reporting period USAID APEP TA initiated a new strategy aimed at building the capacity of corporate partners to take the lead in PO development activities. Emphasis was placed on equipping corporate field staff with the group organizational and development technical skills that enable the corporate to continue to strengthen the DCs and POs working with them. Involved in the new strategy are 190 site coordinators in Busia/Tororo (70 site coordinators) and Teso (120 site coordinators) cotton zone, who have been trained and are actively involved in PO

development and strengthening. Each site coordinator is managing an average of 10 POs. Furthermore, through SAF support, 6 site coordinators attached to the OLAM (U) Ltd coffee project in Nakaseke and Rakai and 9 site coordinators attached to Ugacof (U) Ltd coffee project in Iganga, Kamuli and Kinoni are involved in PO formation and development.

USAID APEP TA worked towards strengthening the existing POs by placing emphasis on secondary structure DC strengthening. Expansion into new geographic areas was reduced in order to consolidate and further strengthen the existing POs and their DCs. An emphasis was also placed on internal expansions such that POs that did not have 25-30 members were encouraged to have more members, while DCs who had less than 10 PO members were assisted in their drive to screen and add new PO members.

It should be noted that Objective 5 and Objective 3, "Identify and Support to Producer-Market Alliances" go hand-in-hand as the commercialization of POs and their DCs is a critical means towards the development and strengthening of successful POs.

**Benchmark 5.1:** At least 160 new coffee POs (cumulative 200) trained and conducting bulk input supply and marketing activities by 9/30/2006 ~ 666 new coffee POs (cumulative 919) trained and conducting bulk input supply and marketing activities (460% of cumulative target accomplished).

Following a roll out of SAF activity, there was a significant expansion of PO development activities in the coffee sub-sector in the second work plan year, with an additional 666 coffee POs with an active membership of 11,079 farmers having been established around 46 DCs. They were all involved in bulk marketing activities during the reporting period.

A total of 112 POs organized under 12 DCs from Kamuli bulk-marketed 205.7 tons of *kiboko* coffee to Ibero and an additional 26.5 tons of FAQ to Simba Café E.A. Ltd and KAWACOM (U) Ltd. They received on average a price that was US\$ 200 per kg higher than average farmer prices from the three buyers they worked with. In Bigasa, 69 POs working under 8 DCs also successfully bulked 354.4 tons of coffee and sold to Ibero. Similar activities were carried out in Luwero where 56 POs working under 10 DCs bulked 276.8 tons of coffee and sold it to Ibero. The POs in Bigasa and Luwero received, on average, an additional US\$ 200 more per kg for their bulked crop. Furthermore, 309 POs in Ibanda/Mbarara/Bushenyi operating under 30 DCs also bulk-marketed a total of 4,610.4 tons of coffee (2,316.7 tons unprocessed and 2,293.6 tons FAQ) to UNEX and Ankole Coffee Processors Ltd. In Sironko, 71 POs organized under 3 DCs bulk-marketed 848.5 tons of Arabica coffee into MTL earning an extra US\$ 140 per kilo. In Rakai, a total of 51 POs under 7 DCs bulked 84.3 tons (FAQ) into OLAM. OLAM paid an extra US\$ 200 per kg for this coffee. The 251 POs organized under 16 DCs in Mityana and Mubende districts bulk-marketed 821.1 tons of coffee into the Kaweri Coffee Farmers Alliance (KCFA).

As a result of bulk marketing activities coffee POs were able to earn an extra \$284,531. USAID APEP provided technical training on coffee agronomy, pre- and post-harvest handling, and quality control and traceability aspects in collaboration with the commercialization unit through demonstrations and technical training. Additionally, linkages to various coffee buyers were strengthened especially with Ibero, MTL, OLAM, Ugacof, UNEX, Simba Café, KAWACOM, Ankole Coffee Processors and KCFA.

In order to meet and strengthen some of the social criteria, a series of HIV/AIDS trainings was carried out by the PO Trainer in conjunction with the business partner USAID/PART

project. Ibero also used local government adult literacy trainers to help combat the rather high levels of illiteracy in the project area. Furthermore, various certification schemes are well underway with Ibero linked farmers.

To ensure continuity and sustainability, 5 PO Trainers have been placed with 2 corporate partners: Olam (U) Ltd; and Kyagalanyi (Volcafe) coffee project in Nakanyonyi in the coffee sub-sector. The aim is to build capacity of these corporate partners' staff members to appreciate the value of working with organized farmers and be able to take the lead in institutional development. A similar arrangement is underway in Kamuli, Iganga and Kinoni where site coordinators attached to Ugacof are receiving training and participating in PO development. Another 3 PO trainers have received training and are attached to Kyagalanyi (Volcafe) Nakanyonyi coffee project in Mukono. The Kyagalanyi Nakanyonyi coffee project aims to organize 5,000 farmers in 4 parishes by the end of USAID APEP in July 2008. Of these, 2,400–2,700 farmers will be organized into 135 POs by the end of 2006. Exhibit XX gives details of planned PO target and a summary of progress to date.

<b>Exhibit XX: Summary of Project Targets for Ugacof, Olam and Kyagalanyi Coffee Activities</b>					
<b>Corporate Partner</b>	<b>Area</b>	<b>Target Number</b>			<b>Current situation</b>
		Farmers	PO	DC	
Ugacof	Iganga	2,000	80	10	Total of 83 POs has been formed and plan to bulk 120 tons of coffee during Oct '06 - Feb '07 coffee season
	Kamuli	2,000	80	10	
	Kinoni	1,000	40	5	
Olam (U) Ltd	Rakai	3,000	120	15	Over 75 POs will be functional by end of 2006
	Nakaseke	3,000	120	15	
Kyagalanyi (Volcafe) Nakanyonyi Coffee Project	Nakanyonyi - Mukono	5,000	200	25	Utz Kapeh certification process has started and process of establishing 135 POs by end of 2006 is underway.

<b>Benchmark 5.2:</b>	At least 200 new cotton POs (cumulative 250) trained and conducting bulk input supply and marketing activities by 3/31/2006 ~ 120 new cotton POs (cumulative 316) trained and conducting bulk input and marketing activities (126% of cumulative target accomplished).
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During the reporting period, the field PO Trainers working under the cotton sub-sector continued to strengthen and train existing POs and to expand into new areas. All 11 PO Trainers working in the cotton sub-sector participated in the ginners planning meetings and are now working in close collaboration with the ginners and the USAID APEP technical trainer. As a result of the intensive expansion, a total of 120 new POs were established during the reporting period resulting in a cumulative total of 316 POs working around 19 DCs in the districts of Kumi, Pallisa, Kasese, Mbale, Tororo, Bugiri, Iganga, Nebbi, Masindi, Kamuli, Lira and Apac. These POs were able to bulk 2,260.9 tons of seed cotton. USAID APEP TA continued to train farmers on the necessary management and organizational skills required to manage large volumes of crop during the marketing season. In all cases, PO members negotiated price with the ginners, arranged storage and transport facilities to the buyers. The 316 POs who conducted bulk marketing activities earned a total of US\$17,872 more than the non-member farmers.

The DC/PO bulk marketing success was a clear demonstration to corporate partners that it pays to work directly with the farmers. In preparation for bigger achievements in the 2006/07 cotton season, lead ginners and their support ginners in the Kumi, Soroti, and Tororo cotton zone have become directly involved in formation of POs. With the guidance and supervision of USAID APEP PO Trainer in the area, all site coordinators have been trained and given practical skills to participate in establishment of POs. By the end of the third annual work plan year, over 1,600 new POs had been established and are being guided and

strengthened to conduct bulk marketing activities during the forthcoming cotton season. This is a very positive step towards ensuring sustainability and continuity after USAID APEP since corporate partners will have the skills and the will required to sustain POs. In Kumi and Soroti the lead ginner, CN Cotton, supported the initiative further by putting in place a system that aims to reward farmers who planted early and who will do bulk marketing. For example if a PO bulk markets over 24 tons of seed cotton, each farmer will get a bicycle, if they bulk over 16 tons each farmer will receive a spray pump.

**Benchmark 5.3:** At least 210 grains POs (cumulative 250) trained and conducting bulk input supply and marketing activities by 9/30/2006  
 ~ 765 POs (cumulative 1,009) trained and conducting bulk input supply and marketing activities (404% of cumulative target accomplished).

An additional 756 grain POs were trained and conducted bulk marketing activities (resulting in a cumulative total of 1,009 grain POs). These POs have been fully established around 122 DCs. A crop-by-crop breakdown is shown in Exhibit XVIII. A total of 523 maize POs working under 65 DCs successfully bulk-marketed 6,301.1 tons of maize grains to the following buyers: UGTL, WFP, IDS (U) Ltd, Kahola Enterprises, Central Purchasing and Aponye Uganda Ltd and other buyers.

A total of 101 sunflower POs established under 17 DCs conducted bulk marketing activities with Mukwano Industries in Lira and Apac. They sold 3,112.6 tons of quality sunflower to Mukwano for an average of US\$10 more per kg for their bulked crop. Mukwano is also planning an expansion into West Nile and is keen to work with the POs that have already been trained and established there.

In Kapchorwa, the 32 POs under their 5 DCs marketed 1,802.4 tons of barley to Uganda Breweries Ltd (UBL).

A total of 273 rice POs working around 35 DCs bulk-marketed 1,727.2 tons of quality paddy and milled rice to UGTL, Busia Quality Traders and Afro-Kai Limited.

Farmers have really realized the benefits from consolidating their crop and selling it to reputable buyers. The financial results from these POs carrying out and managing bulk marketing activities amounted to US\$135,053 in additional revenue compared to their non-PO farmer counterparts during the reporting period as indicated bellow (Exhibit XXI).

<b>Exhibit XXI: Additional Revenue Accruing from Bulk Marketing of Grains</b>			
<b>Crop</b>	<b>Volume Bulked (Kilograms)</b>	<b>Additional Revenue</b>	
		<b>Uganda Shillings</b>	<b>US Dollars</b>
Maize	6,301,134	144,361,445	78,033
Rice	1,727,207	90,549,360	48,946
Sunflower	3,112,698	0	0
Sesame	298,750	14,937,500	8,074
Barley	1,802,450	0	0
<b>Total</b>	<b>13,242,239</b>	<b>249,848,305</b>	<b>135,053</b>

In addition, 982 POs bulk purchased 82.0 tons of improved seed, 2,950 litres of herbicides, 278 boxes of Round-up Max®, 2,783 bags (50kg) of DAP and Urea, resulting in a saving of US\$28,536 (Exhibit XXII).

<b>Exhibit XXII: Savings Accruing from Bulk Inputs Purchased</b>			
<b>Crop</b>	<b>Volume Bulked</b>	<b>Total Savings</b>	
		<b>Uganda Shillings</b>	<b>US Dollars</b>
<b>Improved seed</b>			
Maize – Hybrid (kg)	21,254	6,761,300	3,655
Maize- OPV (kg)	43,708	9,232,600	4,991
Upland Rice (kg)	16,968	4,219,940	2,281
<b>Sub total (seed)</b>		<b>20,213,840</b>	<b>10,927</b>
<b>Herbicide</b>			
Roundup EC (litres)	2,950	6,682,500	3,612
Roundup Max (boxes)	278	21,119,000	11,416
Butanil (litres)	120	420,000	227
<b>Sub total (herbicide)</b>		<b>32,576,700</b>	<b>15,255</b>
<b>Fertilizers</b>			
DAP (bags)	1,915	2,887,700	1,561
Urea (bags)	868	1,467,500	793
<b>Sub total (fertilizers)</b>		<b>4,355,200</b>	<b>2,354</b>

**Benchmark 5.4:** At least 60 new Depot Committees (cumulative 70) trained and conducting bulk input supply and marketing activities by 9/30/2006  
~ 91 DCs (cumulative 180) trained and conducting bulk input and marketing activities (257% of cumulative target accomplished).

To benefit from economies of scale, 91 new DCs (with a total number of 916 POs) conducted bulk marketing activities bringing the cumulative total to 180 DCs (with a total number of 1,631 POs) who concluded bulk crop marketing and input purchase. The produce buyers they dealt with included UGTL, WFP, IDS (U) Ltd, Kahola Enterprises, Central Purchasing and Aponye Uganda Ltd, UBL and Mukwano Industries in the grain sub-sector; Ibero, MTL, UNEX, OLAM, Ankole Coffee Processors, Simba Café E.A. Ltd and KAWACOM (U) Ltd in the coffee sub-sector; and all the ginneries the cotton sub-sector. The DCs also had dealings with six input suppliers namely Sukura Agro Input Supply, Monsanto, Victoria Seeds, General and Allied, Ssinga Farm Supply and Idhatujje Fellowship Farm Agency. As a result the 156 DCs earned an additional US\$437,453 (Exhibit XXIII) through bulk marketing.

<b>Exhibit XXIII: Total DC Additional Income from Bulk Marketing (156 DCs participating)</b>			
<b>Crop</b>	<b>Number of DCs</b>	<b>Additional Revenue</b>	
		<b>Uganda Shillings</b>	<b>US Dollars</b>
Maize	65	144,361,445	78,033
Rice	35	90,549,360	48,945
Coffee	85	526,381,485	284,530
Sunflower	17	0	0
Sesame	12	14,937,500	8,074
Barley	7	0	0
Cotton	19	33,062,720	17,871
<b>Total</b>		<b>827,768,570</b>	<b>437,453</b>

The 117 DCs that carried out bulk input procurement benefited by saving a total of US\$37,754 in input procurement costs (Exhibit XXIV).

<b>Exhibit XXIV: Additional Savings- DC Bulk Input Purchases (97 DCs participating)</b>			
Input	Number of DCs	Total Savings	
		Uganda Shillings	US Dollars
Improved seed	63	20,213,840	10,926
Herbicide	52	28,221,500	15,255
Fertilizer	35	4,355,200	2,354
Other Inputs	83	17,055,300	9,219
<b>Total</b>		<b>95,784,840</b>	<b>37,754</b>

Comparing the number of DCs conducting bulk input purchase over the last two seasons indicates a steady increase in the number of DCs involved. Thus, in the third work plan year, 117 DCs conducted bulk input procurement as compared to 38 during the second work plan year. This is because more and more members are becoming commercially-oriented as a result of the technical training received from USAID APEP TA and the internal extension system spearheaded by the lead farmers.

**Benchmark 5.5:** At least 25 Depot Committees assisted to have formal buyer contracts by 9/30/2006  
 ~ 66 DCs assisted to have formal buyer contracts (264% accomplished).

To ensure that farmers establish and benefit from formal business relations with buyers and suppliers, DCs were encouraged to conclude formal buyer contracts with produce buyers. A total of 59 DCs serving 742 POs concluded formal contractual marketing arrangements with buyers during the reporting period. They were able to gain an additional US\$174,950 in incremental revenue as highlighted in Exhibit XXV.

<b>Exhibit XXV: Total DC Additional Income from Bulk Marketing – Formal Contracts (59 DCs participating)</b>			
Crop	Number of DCs	Additional Revenue	
		Uganda Shillings	US Dollars
Maize	25	95,913,920	51,845
Rice	9	4,290,000	2,319
Coffee	18	215,776,090	116,636
Cotton	7	7,678,350	4,150
<b>Total</b>		<b>211,335,300</b>	<b>174,950</b>

On the other hand, 121 DCs conducted bulk marketing activities without signing formal contracts. These also benefited from bulk marketing their throughput and earned an additional US\$254,431 in revenues as a result of bulk marketing activities (Exhibit XXVI).

<b>Exhibit XXVI: Total DC Additional Income from Bulk Marketing – Non Formal (97 DCs participating)</b>			
Crop	Number of DCs	Additional Revenue	
		Uganda Shillings	US Dollars
Maize	40	48,447,525	26,188
Rice	26	86,259,360	46,627
Coffee	67	310,605,395	167,895
Cotton	12	25,384,370	13,721
<b>Total</b>		<b>485,634,150</b>	<b>254,431</b>

A total of 180 DCs participated in bulk marketing activities. This was a significant increase from the second work plan year marketing activities where 89 DCs participated, with 30 concluding formal contracts. PO Trainers continued to assist in setting up initial contacts with commodity buyers, while involving PO representatives and depot managers throughout the activity in order to create sustainability. The majority of USAID APEP TA for DCs consisted of budgeting and capital mobilization, input needs assessment, estimating crop output, contract negotiating and procurement, receiving and distributing bulk input supplies and delivering agreed volumes of crop to buyers.

### **Objective 6: Increased Access to Improved Production Technologies and Practices**

*LOP 150,000 producers using improved production technologies and practices*

- **Strategy:** For all commodities under USAID APEP, production enhancement has been carried out through demonstration activities. Site coordinators who are either part of the local public or private extension community or lead farmers working within established or newly formed producer organizations have been responsible for managing the demonstration sites. The size, site and management structure of the demonstration plots varied from commodity to commodity, but all are focused on production, harvest and post-harvest aspects to enhance efficiencies. Each demonstration site continued to focus strategically on the “see the difference” principle, with unit cost of production as the foundation of technology support and adoption. A strategic adjustment was effected during the 2005-06 work plan year. In anticipation of significant reductions in funds available for field demonstration activity, increased effort was made to engage donor partners in similar work. This has been effective with the inclusion of Royal Netherlands Embassy support for sesame and sunflower in West Nile, cotton and sesame in Lango and cotton and rice in Teso. The Uganda National Farmers Federation (UNFFE) is providing field support through their district offices, further providing sustainability to post-USAID APEP activities.

Additionally, corporate partners are taking on more and more of the field extension and support activities. This is evident in cotton, where the technical support at the farmer level is seen as critical to increased growth and stability of the sub-sector. It is likely that the combination of a broadened donor support base in combination with corporate commitment and effective producer organisations will help maintain the majority of USAID APEP production technology interventions even after its closure.

**Benchmark 6.1:** At least 1 new coffee processing technique (cumulative 2) introduced and evaluated by 9/30/2006  
*~No new coffee processing technique introduced (0% accomplished, expected by March 2007).*

USAID APEP TA in collaboration with the coffee industry stakeholders continued to promote the re-introduction of washed Robusta processing techniques as well as the appropriate washing facilities to take farmers to the next level of the value addition chain in the productive efforts. USAID APEP, through the SAF, assisted in identifying small and compact environmentally friendly semi-wet coffee Colombian Becolsub® technology as the most appropriate and compatible technology suitable for the small scale farming system in Uganda and appropriate to encounter adverse effects on the environment associated with washed processed coffee facilities. In collaboration with UGACOF (U) Ltd two Becolsub® units have been ordered from Colombia and will be available and operational in the country by the middle of coffee Season 2007.

**Benchmark 6.2:** Improved coffee fertilizer recommendations submitted by IITA by 9/30/2006  
*~No improved coffee fertilizer recommendation submitted (0% accomplished).*

Through the SAF, USAID APEP provided financial support for collaborative work with International Institute for Tropical Agriculture (IITA) on refining improved fertilizer recommendation in banana–coffee cropping systems. Despite the slow progress encountered at the beginning of the year due to political campaigns and elections which interfered with the exercise, a significant progress has been made. Soil and foliage sampling in most of the districts have been accomplished and waiting for analysis.

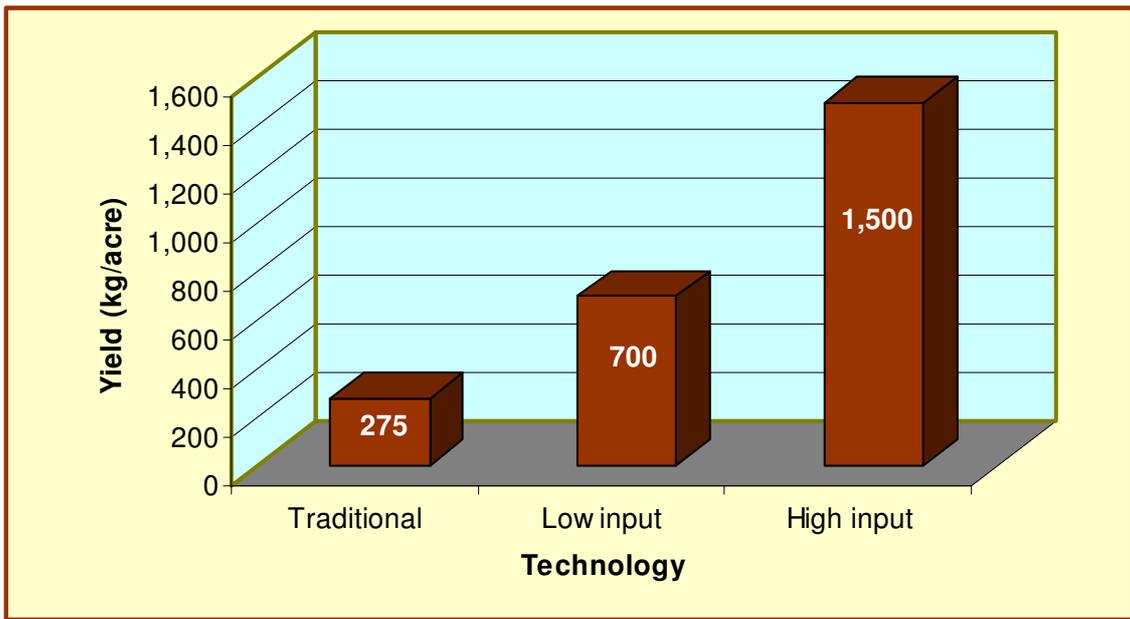
In addition to the study in refining inorganic fertilizer recommendation, USAID APEP in collaboration with the local district authorities and collaborative exporting firms have continued to encourage farmers to use available organic manure/composite materials to address the declining soil fertility.

**Benchmark 6.3:** At least 20,000 existing coffee farmers exposed to improved production techniques through 500 demonstration sites by 9/30/2006  
*~44,023 coffee farmers exposed through 980 demonstration sites (220% accomplished).*

In a stakeholder workshop held in Kampala in November 2005, the low productivity of coffee was cited as a major concern to the industry. In this regard USAID APEP, in collaboration with district local authorities, sub-county crop extension staff and the coffee enterprises involved in transfer of technology at farm levels, intensified farmer training through the expansion of coffee demonstration sites. A total of 980 established field demonstration sites were used as a means to reverse the declining trend.

During this reporting period, USAID APEP TA continued to monitor and provide technical support to the existing and new coffee demonstration sites. At these demonstration sites, 44,023 farmers of which 11,213 were women, were exposed to improved coffee technologies and good management practices within their localities. The coffee technology transfer sites have demonstrated that under good high input management, coffee crop tolerates dry weather or droughts and can be picked virtually throughout the year. Demonstrations have shown significant yield performance enhancements as is highlighted in Exhibit XXVII below.

**Exhibit XXVII: Robusta Kiboko Coffee Yield by Technology: 2005/06 Coffee Year**

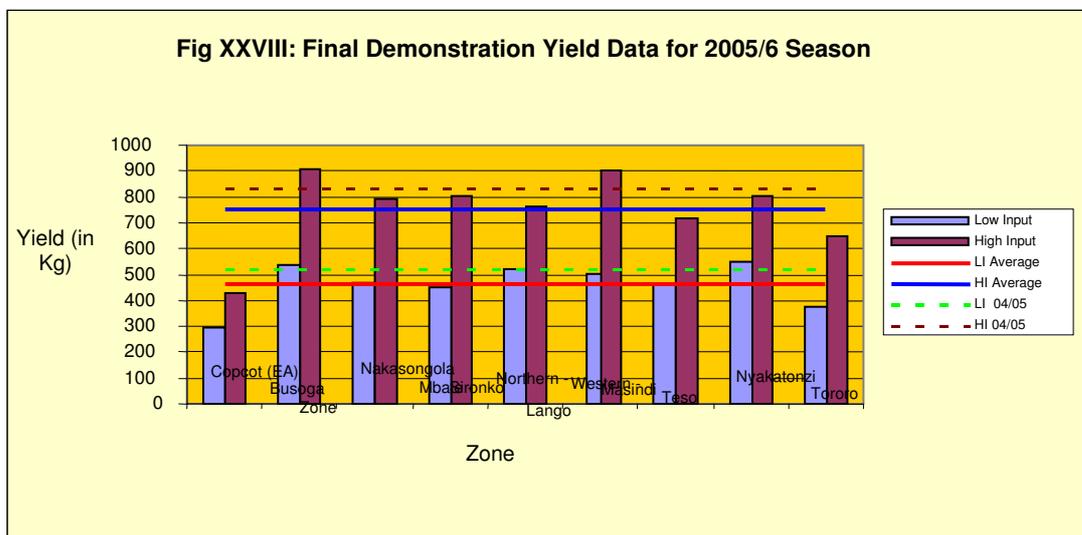


**Benchmark 6.4:** At least 50,000 existing cotton farmers exposed to improved production techniques through 2,000 demonstration sites by 9/30/2006  
 ~ 134,458 farmers exposed (289% accomplished).

Nearly 6,810 demonstration sites directly supported by USAID APEP and 92 by NBCC exposed 134,458 farmers to improved cotton production management practices amongst the 8 designated production zones. USAID APEP has directly supported activities of the demonstrations sites by promptly providing demonstration kits to lead farmers as an improved technology package to boost the production needs for the lead farmers.

Through efforts duplicated at demonstrations sites, lead farmers and their collaborating farmers were consistently engaged in hands-on exercises on the best agronomic practices. At the sites, farmers appreciated the differences that accrued from the low and high inputs (XXVIII), and consequently translated those efforts and skills obtained at the sites to their fields.

**Fig XXVIII: Final Demonstration Yield Data for 2005/6 Season**



The technology package designed by USAID APEP for improved organic cotton production was greatly appreciated by farmers. It included soil fertility management options with the additional of vermiculite, improved pest management with Neem oil, molasses traps for moth counting, the use of liquid soap for early sucking pest control and a full pest scouting package using pegboards and similar decision making tools that are available to the conventional program. Financial support to the BoWeevil organic cotton program was received from ASPS II while Dunavant covered the cost of their operations.



*Integrated Pest Management: First scout for pests then spray according to recommended practices*

In consultation with CDO and UGCEA, it was agreed that outreach to farmers in the production year 2006/07 be organized around groups formed by farmers themselves. Trainings were conducted February and March 2006 by USAID APEP to equip site coordinators with skills of spearheading group formations in their areas. It was also agreed that group members would themselves select their own lead farmers who would in turn be trained to host demonstrations and support other cotton farmers during the season.

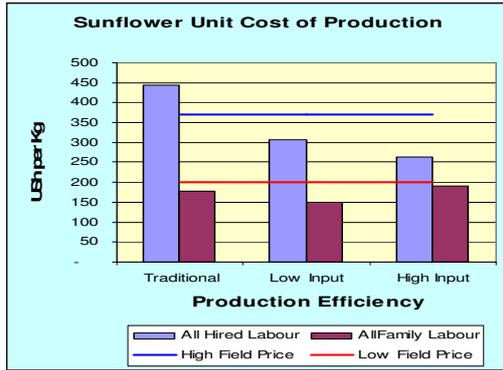
USAID APEP was also able to attract the support of other donors and leverage some of their resources to finance activities under the demonstrations program. From the Royal Netherlands Embassy, 161,898 Euros were obtained for conventional cotton demonstrations and 26,018 Euros were obtained for organic cotton demonstrations covering exclusively the areas of Northern and North Eastern Uganda. NAADS also provided financial support towards procuring a portion of the fertilizers, training of site coordinators and lead farmers.

**Benchmark 6.5:** At least 20,000 sunflower farmers exposed to improved production techniques through 1,000 sunflower demonstration sites by 9/30/2006  
 ~ 16,464 sunflower farmers exposed through 850 sunflower demonstration sites (83% accomplished).

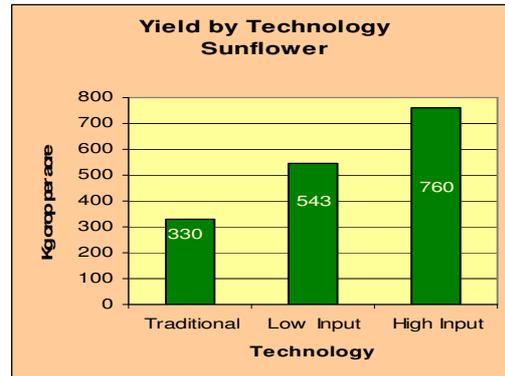
During the 2005B season, A.K. Oils and Fats (U) Ltd in collaboration with USAID APEP established 850 demonstration sites in Lira, Apac, Masindi and Sironko districts. The demonstration sites exhibited low and high external input packages to show the farmers the visible advantages between the available technologies. A total of 16,464 collaborating farmers, (3,868 females) were exposed to improved production technologies during the season. During season 2006A, 816 one-acre demonstration sites exhibiting the same technologies as in the previous season were set up in Lira, Apac, Oyam and Masindi districts under A.K. Oils and Fats (U) Ltd. Technical training was provided to 97 site coordinators and 816 lead farmers. Yields achieved across the 816 established sites averaged 543 kg per acre for the low input and 760 kg per acre for the high input blocks.

Comparisons of the unit cost of production and yields by technology are shown in Exhibits XXIX (a) and XXIX (b) below.

**Exhibit XXIX (a): Sunflower Unit Cost of Production**



**Exhibit XXIX (b): Sunflower Yield by Technology**



The 2006B season technology transfer program witnessed the establishment of 1,428 one-acre demonstration sites exhibiting the low (no fertilizers and herbicides) and high input (with fertilizers and herbicides) blocks in Lira, Apac, Oyam and Masindi districts under the A.K. Oils and Fats (U) Ltd partnership.

During season 2006B, SAIL, another oil milling company through a team of 1 USAID APEP POT, 2 SAIL extension officers, 1 field advisor from Nebbi District Farmers Association and 15 site coordinators established 150 one-acre demonstration sites to train farmers in technologies that give an opportunity to increase productivity. The demonstration sites were divided into two portions; low and high input packages to give an opportunity to the farmers in Nebbi “see the difference”. The low input block exhibited proper agronomic practices and hybrid seed only while the high input block exhibited good seed, proper agronomic practices and use of external inputs such as fertilizers and herbicides. The demonstration program exposed 2,154 farmers, out of which 949 were females, to the improved technologies.

In regard to barley, 2005B season witnessed further collaboration of Uganda Breweries Limited with USAID APEP. Thirty two (32) one-acre demonstration sites were established in Kapchorwa district. Each demonstration site had a complete high external input package. This showed good production practices that included site selection, land preparation, timely planting and weed and pest control. This also incorporated additional inputs of a planting fertilizer, DAP and a top-dressing fertilizer, Urea. A total of 550 collaborating farmers, (272 females) were exposed to improved production technologies during the season through the demonstration sites. During season 2006A, 104 one-acre demonstration sites were established in the eastern and western regions, with 54 demonstrations in Kapchorwa district and 50 demonstrations in Kabarole and Kasese districts using the package above.

In Kapchorwa, 5 depot committee training managers (DCTMs), 54 lead farmers (LFs), 3 UBL Field Officers and 7 KACOFA officials received technical training on improved production and post harvest handling technologies of barley. The demonstration sites were hosted by the lead farmers each in a particular producer organization. The DCTMs, LFs and the UBL Field Officers were responsible for technology transfer to the other PO members through the demonstrations. A total of 1,205 farmers (555 females) were exposed to improved technologies. Yields achieved across the 54 established sites averaged 1,355 kg per acre. In the western region, training on production and post harvesting technologies was offered to 26 LFs, 2 Afro-Kai Ltd district coordinators, 1 training coordinator and 1 zonal coordinator. 44% of the demonstration sites (22 out of 50 sites) were successfully established and used as technology transfer tools. Farmers exposed to improved technologies through these demonstrations were 298 out of which 109 were females.

**Benchmark 6.6:** At least 20,000 existing upland rice farmers exposed to improved production techniques through 600 upland rice demonstration sites by 9/30/2006  
*~ 31,700 upland farmers exposed through 1,393 demonstration sites (159% accomplished).*

A total number of 1,748 demonstration sites were established in collaboration with USAID APEP partners and a total of 31,700 farmers (14,674 females) were reached as shown in Exhibit XXX.

**Exhibit XXX: Rice Demonstration Program Outreach**

Partner	No. of Demonstration Sites	No. of Farmers Reached
MADFA	10	150
RNE	180	2,700
ACDI/VOCA	34	765
Office of the Vice President	58	3,500
Africa 200 Network	685	12,330
Sunrise Ltd	126	1,890
Savannah Company	100	1,510
NAADS Program	355	5,325
SG2000 Uganda	160	1,800
Nyati Millers	40	750
SOMED Micro-Finance	70	1050
<b>Total</b>	<b>1,748</b>	<b>31,700</b>

**Benchmark 6.7:** At least 8,000 existing sesame farmers exposed to improved production techniques through 400 sesame demonstration sites by 9/30/2006  
*~ 2,946 sesame farmers exposed through 44 surviving demonstration sites in 2005B season (37% accomplished.).*

In 2005B season, 270 demonstration sites were established in collaboration with three partners. These were: Outspan Enterprises Ltd and Shares! (U) Ltd in Lira, Apac and Kaberamaido districts for organic products; and CARE International in Arua and Nebbi districts. The sesame technology package is the low external input package consisting of 3 kg of seed and sisal string for line planting. A total of 2,946 farmers (873 females) were exposed to improved production technologies such as timely and proper land preparation, timely planting, proper spacing, and weed and pest control. However, due to delayed and poor rainfall distribution in the Lango region, over 80% of the demonstration sites were established late into the season and even after establishment, there was too little rainfall received. This led to a failure of the sesame programme and eventual cancellation to allow enough lead time to organize for season 2006A. In West Nile, there was delayed on-set of rains resulting in reduced performance at demonstration sites. About 60% of the established demonstrations yielded results for the programme. Yields obtained in sesame demonstrations "Sesim II" were about 225 kg/acre compared to 30-70 kg/acre for the old variety.

With financial assistance from the Royal Netherlands Embassy, USAID APEP continued to work with Shares! (U) Ltd, Outspan Enterprises Ltd and CARE International including a new client, Olam (U) Ltd. Olam (U) Ltd operates in Nebbi, Arua and Yumbe districts. In conjunction with UNFFE, technical trainings were conducted in Arua for CARE International and Olam (U) Ltd; and Lira for Shares! (U) Ltd and Outspan Enterprises Ltd. A total of 110 participants received technical training as coordinators, field officers, USAID APEP POTs and/or site coordinators.

During the 2006A season, Care International and Outspan Enterprises Ltd established 90 demonstration sites. A total of 1,546 farmers, out of which 601 were females, were exposed to the improved sesame production technologies. Yields from the demonstration sites in the Lango region averaged 220 kg per acre. During season 2006B, 420 conventional sesame demonstration sites were established in West Nile by Care International and Olam (U) Ltd. In the Lango region, 218 organic sesame demonstration sites were established by Outspan Enterprises Ltd and Shares! (U) Ltd.

<b>Benchmark 6.8:</b>	At least 15,000 existing vanilla growers exposed to improved production techniques through the vanilla outreach program by 9/30/2006 ~ 12,955 <i>vanilla farmers exposed to improved production practices (86% accomplished).</i>
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With financial and technical support from USAID APEP, VANEX continued to train farmers in improved methods of vanilla production and quality control. A training of trainers refresher course for VANEX coordinators, extension workers and some NAADS staff was held by USAID APEP, together with VANEX in February 2006. The workshop attracted a total of 70 participants. The training also included an HIV/AIDS component with the USAID-funded Business PART project. USAID furthermore organized a two-day gender workshop, also in February, which aimed at promoting equality and equity amongst agricultural households. All the regional coordinators and the Field Director of VANEX attended. Furthermore, USAID APEP in conjunction with Cochran Fellowship Program sponsored the VANEX Field Director to attend a two weeks vanilla science and technology training course in USA in August 2006. Among topics covered were long-term storage of cured beans, DNA technology to identify vanilla species, extraction technology and cooking with vanilla.

USAID APEP TA and financial assistance to VANEX continued during the reporting period. VANEX provided technical services to vanilla growers through the outreach program and extension services linked to the 60 demonstration plots and other training venues. Regular training events focused on improved field management practices such as shade management, mulching, proper looping, pollination, harvesting and quality control. Training returns submitted by VANEX showed that during the period under review, 12,955 farmers, of which 30% were females, were exposed to improved practices through the demonstration sites and extension workers efforts.

<b>Benchmark 6.9:</b>	At least 1 new improved banana farming practice (cumulative 3) disseminated by 9/30/2006 ~ <i>No new banana technology (2 cumulative) disseminated (67% of cumulative target accomplished)</i>
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With financial and technical support from USAID APEP, the International Institute of Tropical Agriculture (IITA) is carrying out on-farm research focusing on improved production techniques/practices in banana production. The proposed practices include improved sucker management; rapid multiplication of clean planting materials, and improved fertilizer recommendations. During the reporting period, sites were identified and marked. Necessary equipment was bought and distributed to farmers. Soil and plant tissue samples have been collected from all the districts of operation and awaiting laboratory analysis. Agronomic and economic data collected include; farm characterization data; prices of inputs; yield data both from demos and control plots.

**Benchmark 6.10:** At least 10,000 existing banana farmers exposed to improved production techniques through 200 banana demonstration sites by 9/30/2006  
 ~ 7,240 banana farmers exposed (72% accomplished).

USAID APEP TA to banana growers continued through demonstration activity. All lead farmers received inputs such as fertilizers and mulch. USAID APEP TA, together with agricultural extension workers at sub-county level continued providing training focusing on improved agronomic practices and crop protection measures including Banana Bacterial Wilt (BBW) awareness campaigns.

During the reporting period, the prolonged dry weather coupled with the effect of banana pests, especially the banana weevils and nematodes, caused a lot of damage to banana plantations, especially in the central region. USAID APEP TA together with Local Government Agricultural staff therefore focused on integrated pest control measures. On-farm training events were carried out at the demonstration plots and other collaborating farmers' gardens. Based on returns from site coordinators, 7,240 farmers (4,054 females) were reached through 215 demonstration sites and other extension services.

Results from the majority of the demonstration plots under the rehabilitation program indicate slight decline in bunch weight (from average of 25 kg to 20 kg) especially in the central region (Masaka, Rakai, Luweero, Wakiso and Mpigi). This was attributed mainly to the excessive drought conditions. However, there was a slight increase in the number of bunches harvested and general management of the banana plantations has improved at most of the demonstration plots.

All the established gardens have come into production. Varieties planted included Mpologoma, Kisansa, Nakitembe, Katwalo and Kibuzi. For Mpigi, Wakiso, and Rakai which were planted between October and November 2004, the first harvest occurred in November 2005. Bunch weight ranged between 15-49kg. Average growth period (from planting to harvesting) was 15 months except for Bushenyi district which was about 18 months. Growth rate, sucker production and bunch size depended on variety and management practices.

Mpologoma tends to grow faster and, under good management produces very big bunches and hence is preferred by many farmers. However, it was noted to be a very poor performing variety under water stress conditions.



*Banana garden with good management practices (spacing, mulch and de-suckering).*

**Benchmark 6.11:** At least 40,000 BBW posters distributed to various banana producing districts, reaching an estimated 40,000 banana farmers by 9/30/2006  
 ~ 40,000 cartoonized posters distributed (100% accomplished).

During this reporting period USAID APEP was actively involved in Phase III of the overall BBW program. Phase III of the awareness and training campaign, like the first two phases, is also funded by ASPS II and USAID/ECOTRUST with a contribution from MAAIF to monitor and know the impact of the campaign. The main components of the continuous effort to control the spread of the BBW disease to new unaffected areas are listed below:

- Production of graphic arts, printing and distribution of 40,000 posters for primary schools targeting training of teachers to raise awareness among children in selected schools.
- Design, production and setting up of 20 special billboards at selected banana depots (Pilot project). This is a new concept focusing on delivering BBW messages on billboards in major selected banana depots.
- More airtime to launch the radio spots already developed.
- Going public sessions for the assigned task force.
- Training of NGO's providing services.

A set of 3 posters, one on BBW symptoms, one on how BBW spreads and one on how to stop BBW was produced. The installment of 20 billboards was accomplished in strategic places in 7 districts: Bushenyi, Mbarara, Ntungamo, Masaka, Mbale, Sironko and Manafwa. The first set of vinyl stickers' posters was produced for the anchored billboards delivering with visual impact two short messages on how to recognize and control BBW. IITA has also moved nearer to the BBW Working Group to assess the use of the printing material in Burundi, Rwanda, Tanzania and the eastern DRC.

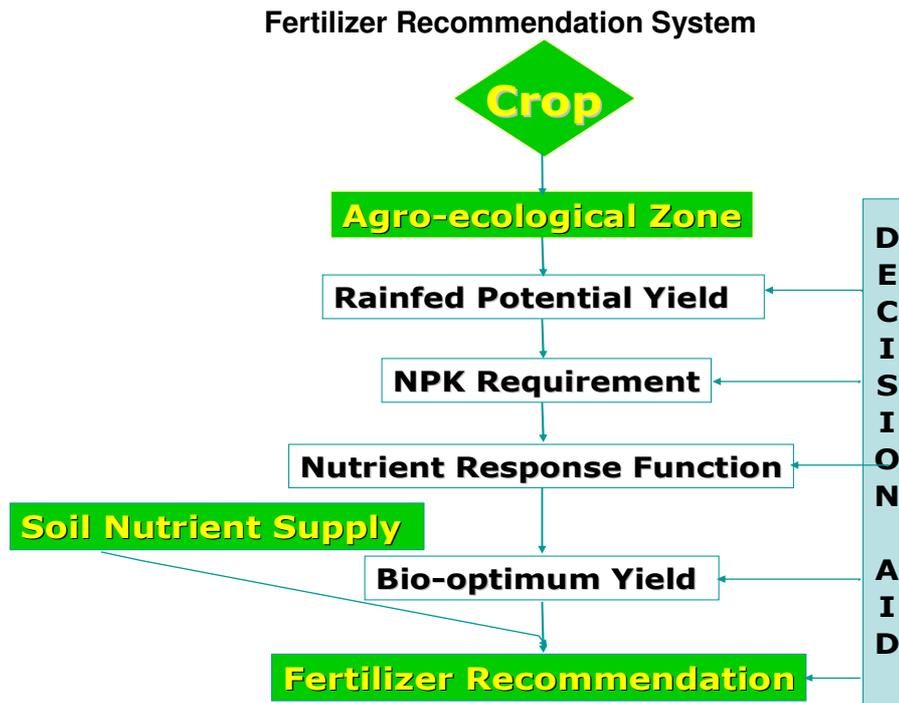
Empirical findings on BBW awareness campaign have revealed that BBW is still a big threat across all regions. All players involved in the BBW awareness campaign believe that it has been a success story though full control has not yet been achieved. Farmers highly ranked radio as the major source of information during the campaign. The disease has been contained in most parts of South Western Uganda. It has been contained in 3 of the 5 sub-counties that were initially affected in Mbarara, while it was reported to be completely wiped out in all the 2 of the 4 affected sub-counties in Bushenyi. More success stories are emerging from Mukono and Kayunga, where the disease started. Despite all these, the disease is still spreading although at a low rate.

**Benchmark 6.12:** At least 700 cardamom farmers exposed to improved production techniques by 9/30/2006  
 ~ 913 cardamom farmers exposed (130% accomplished).

With financial support from USAID APEP through the SAF, Rwenzori Vanilla Project Development Association (RVPDA) continued to offer training in production technologies to cardamom growers in Bundibugyo. Through this program, a total of 913 farmers were exposed to improved cardamom production practices that include planting in straight lines, spacing, shade management, weeding, mulching, and pruning. In addition, Uganda Crop Industries Limited (UCIL) continued to provide extension support to cardamom farmers in Mukono district. Dry weather was particularly problematic, and some of the cardamom stands were lost. Harvesting and curing of the earlier planted materials in underway.

**Benchmark 6.13:** Refined fertilizer recommendations developed for at least 2 key USAID APEP commodities by 9/30/2006  
 ~ Refined fertilizer recommendations developed for 4 USAID APEP commodities (200% accomplished).

Fertilizer recommendations drafted by the IFDC have now been discussed by stakeholders and confirmed. They are for cotton, maize, bananas and coffee. Two additional crops, upland rice and sunflower, have not been included yet due to efforts that were devoted to confirming recommendations for the original 4 crops. The fertilizer recommendation system is schematically illustrated below.



A way forward has also been agreed on for further refining of the recommendations. Some scientists are to be identified and trained in the use of the computer model, and Makerere University Soil Science Department was identified as the repository of the information required. Further discussions on this issue continue.

**Benchmark 6.14:** At least 40,000 additional farmers (cumulative 80,000) adopting USAID APEP demonstrated improved technologies and practices by 9/30/2006  
 ~ Cumulative 150,812 farmers adopting low input technology packages (189% accomplished).

Adoption of USAID APEP partnership technologies is basically either low or high input adoption (except for vanilla and sesame where no high input option is promoted). Low input adoptions involve the uptake of improved seed utilization (as this is considered a basis for any technology improvement regardless of technology characterization), and basic agronomic practice (timeliness of activities performed, plant population/spacing, thinning/pruning, moisture conservation practices, integrated pest management practice, improved pesticide application techniques and post-harvest handling). High input adoptions build on the low input package, and specifically target the use of fertilizers, weed control products, or improved pesticide use.

Exhibit XXXI shows the number of farmers exposed and those adopting improved production practices/technologies. Overall, the number of farmers who have adopted improved low input practices was 150,812 (representing a 56% adoption rate across all USAID APEP commodities for farmers exposed) while those who have adopted improved high input practices was 3,714 (a 1.4% adoption rate across all the USAID APEP commodity portfolios). These figures are derived from field day attendance (exposure) and sentinel sites (adoption by technology).

**Exhibit XXXI: Farmers Adopting APEP Promoted Technologies**

Crop/Enterprise	Number of farmers exposed	Adoption of high input technology	Adoption of low input technology
Cotton	134,458	672	87,398
Upland rice	31,700	793	19,020
Sunflower	31,291	501	18,775
Barley	3,335	1,001	2,668
Sesame	4,492	0	1,123
Coffee	44,023	704	11,006
Banana	7,240	43	4,344
Vanilla	12,955	0	6,478
<b>Total</b>	<b>269,494</b>	<b>3,714</b>	<b>150,812</b>
<b>Percent adoption across USAID APEP commodities</b>		<b>1.4%</b>	<b>56%</b>

As a result of repeated demonstration efforts, and some improvement in commodity farm gate prices, the number of adopters has improved. However, most adoptions are still at the low input level, despite yield enhancements and reductions in unit cost of production demonstrated with the high input technologies. All development partners are experiencing similar outcomes. Even the lead farmers that have had the benefit of USAID APEP supplying the high inputs for ½ the demonstration site do see the difference, but revert to the low input option. Obviously, weather and commodity prices cause farmers to be risk averse. But, we need to become a lot smarter in understanding what motivates farmers to become “fully modernized”.

### **Objective 7: Multiplication and Distribution of Planting Materials in Northern Uganda**

*LOP 20 tons of certified finger millet and sorghum seed distributed  
LOP Planting materials multiplied and distributed from 200 acres of mother gardens in Northern Uganda*

- Strategy:** This objective commenced in 2005 as a supplemental activity when prospects for peace in Northern Uganda looked promising. The strategy adopted by USAID APEP was to ensure availability of quality planting materials for reintegrating Internally Displaced Persons (IDPs). Under its resource envelope, USAID APEP procured 8 tons of certified finger millet seed and 12 tons of certified sorghum seed. USAID APEP also established 100 acres each of mother gardens of improved cassava and sweet potato varieties. Distribution of sweet potato vines commenced in September 2005. Much is predicated on cessation of hostilities, but at least in the interim, something can be accomplished. Strategic refocusing of this objective became necessary during the work plan year as continued funding became limiting. “Take over” options had to be evaluated.

<p><b>Benchmark 7.1:</b> 8,000 kg finger millet seed distributed by 5/30/2006 ~ 8,000 kg of finger millet seed distributed through WFP (100% accomplished).</p>
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This seed remained in stock against the eventuality of peace returning to Northern Uganda. Although there has been no such dramatic event during the reporting period, there is indication that IDP camps in Gulu, Pader and Kitgum are starting to decongest. This provides an opportunity for the seed to be distributed through appropriate organizations to benefit these families. These include IRC (a partner in Northern Uganda in conjunction with the Dunavant cotton program) and WFP (a beneficiary of the cassava cuttings program in Pader District). Distribution outcomes will be realized in the subsequent reporting period. WFP was finally selected and accepted to take over the production program and received the 8,000 kg millet seed for distribution as seed in northern Uganda.

<p><b>Benchmark 7.2:</b> 12,000 kg sorghum seed distributed by 5/30/2006 ~ 12,000 kg of sorghum seed distributed through WFP (100% accomplished).</p>
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As for benchmark 7.1, the World Food Program took over the 12,000kg sorghum seed for onward distribution.

<p><b>Benchmark 7.3:</b> 30,000 bags sweet potato vines distributed by 5/30/2006 ~ 21,459 bags of vines distributed (72% accomplished).</p>
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The Loro vegetative cutting activity continued to receive attention during the reporting period with the first crop of sweet potato cuttings being handled by the middle of October 2005. Letters of Agreements with FAO were signed with 9 implementing partners in 9 districts and 21,459 bags of sweet potato vines were distributed to 21,663 beneficiaries (Annex D).

The objective under this production system was to allow the sweet potato cuttings to ratoon after the dry season of 2005-06. Unfortunately the rains cut off in November 2005 and only resumed in April 2006. The extremely long dry period resulted in many of the vines desiccating. There was also massive infestation of sweet potato weevil which reduced sprouting to almost zero with the onset of the rains in 2006. Even if pesticide use had been determined and approved under the USAID APEP PERSUAP it is unlikely that the significant pest challenge could have been overcome. No further delivery of vines took place, leaving the achievement at 72%. WFP took over the Loro activity in June 2006 and ploughed and began replanting of sweet potato vines in areas released from cassava production as well as some new land.

<p><b>Benchmark 7.4:</b> Cassava cuttings from 100 acres mother garden distributed by 5/30/2006 ~ 6,117 bags cassava cuttings distributed from 90 acres (90% accomplished).</p>
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The cassava planting material was inspected by the NARO cassava program during early February 2006. 10 acres were rogued as it was found to be infected by the Cassava Brown Streak Virus. This reduced the total area available for distribution to 90 acres. Yield per stool was estimated at 10 cuttings. Cutting and distribution (this time with the beneficiary paying

for transport) began in late March 2006 and was completed by the last week of April 2006, allowing for a timely close out and hand over to WFP at the end of May 2006 when program funding was discontinued. The distribution of cassava cuttings by organization is shown in Exhibit XXXII.

**Exhibit XXXII: Distribution of Cassava Cuttings by Organization**

Organization	Initial Request	Revised supply	Actual Delivery
ASB	750	565	565
Hunger Alert	500	375	500
GOAL	250	190	400
World Vision-Gulu	440	330	440
World Vision-Kitgum	250	190	250
CEASOP	500	375	-
NRC-Gulu	500	375	390
NRC-Kitgum	500	375	360
Action Against Hunger	800	600	600
CRS/Caritas-Gulu	500	375	296
CRS/Caritas-Kitgum	500	375	
CRS/Caritas-Pader	500	375	158
CRS/COU-Gulu	500	375	
FAO	1,000	750	800
Church of Uganda-TEDDO	1,500	1,125	-
WFP			750
CARE			408
Save the Children (USA)	-		
Starcas			100
Uganda Prisons Gulu			100
Uganda Grain Traders			100
Loro Prison			50
RPC Gulu, OC & farm manager Loro			100
	<b>8,990</b>	<b>6,750</b>	<b>6,117</b>
<b>Performance</b>			
Revised supply as a percentage of initial estimation	75%		
Actual Final Delivery as a percentage of Initial Request	68%		
Actual Delivery as a proportion of revised delivery	91%		

As at the handover to WFP, 90 acres of cassava were ratooning well and had been top dressed with the final amount of Urea budgeted under the program. All fields were weed free and the technical team from WFP Lira was in a position to advise and arrange for land preparation for new cassava as well as sweet potato plantings.

An additional activity was initiated in Northern Uganda through a SAF, with Dunavant as the partner, and collaboration with International Rescue Committee (IRC). A total of 736 acres were opened up and ploughed in Kitgum district in the vicinity of Internally Displaced Persons (IDP) camps, under an arrangement where at least ½ the fields would be devoted to cotton, and the remainder for food security crops.

### **PIR 3. Improved Enabling Environment**

#### *LOP 10 Key policy and institutional constraints alleviated*

To support activities carried out under PIRs 1 and 2, there are certain policy, regulatory or bureaucratic issues, as well as cross-cutting issues that USAID APEP should address. PIR 3 is designed to support these activities, which aim to address and alleviate constraints to increasing commercialization of agricultural commodities. Objectives 8 to 11 are designed to generate results that contribute to the achievement of PIR 3.

## Objective 8: Identify and Address Agricultural Policy Constraints

### *LOP 15 Key policy constraints addressed*

- **Strategy:** This objective covers the identification and provision of support to mitigate policy, regulatory and bureaucratic bottlenecks to targeted commodity production and marketing. Although policy and regulatory change is beyond USAID APEP manageable control, the project continued to support this undertaking by providing expert opinion, guidance, and issue profiles. However, USAID APEP took care not to become totally engaged in any of the processes, but leveraged industry and public sector (donor and GoU) in order to address the issues.

**Benchmark 8.1:** STTA provided to private sector seed inspectors in partnership with ASPS II to develop training manuals by 9/30/2006  
 ~ *Training manuals for private sector seed industry completed (100% accomplished).*

During the period under review, a consultant worked with stakeholders and completed the training manuals, which were validated in a workshop held in Kampala, on May 18<sup>th</sup> 2006. In total, seven manuals were produced covering the following topics: seed certification systems for management; seed sampling; seed certification procedures; field crop inspection; performance testing of varieties; control plot testing; and basic seed testing.

**Benchmark 8.2:** TA provided in compiling rice quality standards developed and presented to EAC policy makers by 9/30/2006  
 ~ *(100% completed)*

USAID APEP introduced the National Agricultural Cooperative Marketing Federation of India Ltd rice standards to the trade for trialing. The moisture content was raised to 14% in order to minimize breakage. USAID APEP continued to provide TA where appropriate and it is hoped that the pre-tested quality standards can be used to provide a Uganda standard that will differentiate the output from the new mills in the local market. It is this standard that has been suggested to the warehouse receipt activities as one that could be adopted to improve the application of WRS to rice procurement.

**Benchmark 8.3:** TA provided in support of common external tariff agreements at EAC level by 9/30/2006  
 ~ *Support continued to be provided (100% accomplished)*

USAID APEP continued to play the role of professional and unbiased advisor to the industry during the reporting period. Data regarding production, yield efficiencies and costs of production were sent through the Vice President's Office to the Ministry of Tourism Trade and Industry (MTTI) for inclusion in the Regional Trade discussions held in Arusha. CET agreement was reached with a 75% East African tariff imposed to support regional rice production. This has been well received by the production sector, although quite expectedly was met with strong resistance from the importing sector. USAID APEP TA continued to be provided to the rice trade industry with the necessary information to respond to trade concerns during this period.

## Objective 9: Stimulate Demand Driven Commercial Agricultural Training

*LOP 200 Individuals completing internships with private sector firms  
LOP 365,000 Individuals trained in private sector agriculture disciplines*

- **Strategy:** As stated in the PMA, Uganda's challenge is to develop education and outreach programs that are increasingly farmer-driven and farmer-oriented while also increasing the participation of the private sector. In this regard, USAID APEP continued to assist the GoU agencies and institutions by providing more demand-driven commercially oriented formal and informal educational programs; supporting private sector training and outreach initiatives; and providing commercially oriented project training delivered directly by USAID APEP or by partners and SAF awardees.

**Benchmark 9.1:** 50 new MUFA internships (cumulative 150) placed with private firms and public sector institutions by 9/30/2006  
~ 59 interns (cumulative 156) placed in June 2006 (104% of cumulative target accomplished).

Fifty nine (59) Makerere University Faculty of Agriculture (MUFA) interns were screened and selected using the same criteria from previous years. Discussions were held with the new Internship Coordinator and there was some leveraging of funds from Rockefeller Foundation and GoU to accommodate the extra nine interns. USAID APEP-supported agribusiness firms and institutions hosted and provided field supervision to the interns. The internship program has to-date placed a cumulative, 156 students with local agribusinesses.

**Benchmark 9.2:** Expanded training program implemented at the Busitema Cotton Training Centre in collaboration with UGCEA by 9/30/2006  
~ (0% accomplished).

Training at the Busitema Cotton training center was not carried out during the reporting period, although support was received from Crop Life International to catalyze the activity. The training and use of the Crop Life International funds did, however, take place at Kumi under the direction of Mr. Mazaririe – a Zimbabwean pest management specialist with over 30 years experience in cotton pest management. This resulted in the “super trainers” courses which has stimulated significant interest in improving pest management awareness and increased the ability of each zone to train its own extension staff in this vital aspect of the sector.

**Benchmark 9.3:** At least 5 seed company personnel attend short courses on seed technology by 9/30/2006  
~ No short courses yet organized for seed company personnel (0% accomplished).

During the reporting period, no short courses were organized for seed company personnel. This was because no appropriate scholarships were identified. It is, however, expected that at least 3 seed company personnel shall attend short courses on seed technology and related industry concerns during the next work plan year.

**Benchmark 9.4:** 3 PhD candidates placed at US universities by 3/31/2006  
 ~ 3 PhD scholars were placed and one of them has successfully completed his one year study in the US (100% accomplished).

The USAID APEP supported formal educational plan with MUFA with 3 PhD scholars being placed at US universities under the “sandwich program.” To-date one of the PhD scholars, Michael Kidoido has returned from Ohio State University after a successful completion of his one year study in Agricultural Economics and two of the scholars; Richard Miiro studying Agricultural Extension & Education at Iowa State University (January – December, 2006) and John Bosco Kawongolo studying Agricultural Engineering at Michigan State University (September 2006 – August 2007) are still in their first year.

**Benchmark 9.5:** 5 MSc candidates placed at MUK by 3/31/2006  
 ~ 6 MSc and 2 PhD candidates have been placed at MUK (160% accomplished).

USAID APEP has sponsored 6 MSc and 2 PhD candidates at MUK. The selected candidates were drawn from MUFA, NARO and MAAIF (both at the central and local government levels). To-date all the candidates have been placed and are undertaking courses in USAID APEP-related commodities such as bananas, vanilla, cardamom and coffee; and other USAID APEP activities like agricultural extension and farmer group strengthening.

**Benchmark 9.6:** 110 MUFA staff and students complete “faculty on wheels” study tour by 7/31/2006  
 ~ Activity canceled due to budget limitations (0% accomplished).

Given the current budget limitations, this activity has been canceled.

**Benchmark 9.7:** 2 guest professors complete attachments to MUFA by 9/30/2006  
 ~ Activity canceled due to budget limitations (0% accomplished).

Given the current budget limitations, this activity has been canceled.

**Benchmark 9.8:** 2 MUFA staff complete retooling short courses by 9/30/2006  
 ~ Activity canceled due to budget limitations (0% accomplished).

Given the current budget limitations, this activity has been canceled.

**Benchmark 9.9:** African Crop Science Conference proceedings published by 3/31/2006  
 ~ Parts I & II funded by USAID APEP (100% accomplished).

In partnership with MUFA, USAID APEP supported the publication of the proceedings from the 7<sup>th</sup> African Crop Science Conference, which was held in Entebbe, 5 - 9<sup>th</sup> December, 2005. Parts I and II were funded by USAID APEP and Part III was funded by the African Crop Science Society due to limitation of USAID APEP funds budgeted for this activity. USAID APEP was duly acknowledged.

**Benchmark 9.10:** At least 16 new participants (cumulative 32) from floriculture industry complete the Applied Tropical Floriculture course by 6/30/2006  
*~18 full-time (cumulative 36) participants trained (113% of cumulative target accomplished).*

The ninth Applied Tropical Floriculture Course (ATFC 9) was opened in November 2005 at Xpressions. It was organized by UFEA in conjunction with Makerere University Continuing Agricultural Education Centre (CAEC). The course aims at building capacity of supervisors and middle managers in the floriculture sub-sector. It received technical and financial support from USAID APEP. Two modules of ATFC were taught each month for seven months. A total of 18 participants (16 from flower firms and 2 from MAAIF) registered as full-time participants. However, on average 25 participants attended each module. Out of the 18 participants; 5 were University degree holders; 2 diploma holders; 2 UCAE certificate holders; 7 UCE holders and 2 primary leavers. The course covered all aspects of flower growing and marketing issues. A total of 15 modules were conducted and two external visits to Kenya and the Netherlands were done. The market visit aimed at exposing participants to quality issues pertaining to flower products within the market chain. A technical training report of the 8<sup>th</sup> ATFC was prepared by CAEC and copies submitted to UFEA and USAID APEP.

**Benchmark 9.11:** At least 200,000 participants locally trained in various agricultural disciplines through APEP's training events by 9/30/2006  
*~ 261,941 participants trained (131% accomplished).*

Exhibit XXXIII shows the number of participants trained in various agricultural disciplines. The numbers have been categorized under two training approaches; field days, and formal and informal training. The formal training events refer to well-structured training such as the ATFC, Internship program, group/association training, seminars, etc. Details of the formal/informal training events are provided in Annex E. Overall, 261,941 individuals (29% of whom were females) were trained during the reporting period.

**Exhibit XXXIII: Number of Individuals Trained in Various Agricultural Disciplines**

Training Category	Number Trained		
	Males	Females	Total
Field days	168,827	70,901	239,728
Formal/informal training	16,938	5,275	22,213
<b>TOTAL</b>	<b>185,765</b>	<b>76,176</b>	<b>261,941</b>

**Benchmark 9.12:** At least 20 agricultural bank staff trained in agricultural lending practices by 9/30/2006  
*~ 143 bank staff trained (715% accomplished).*

In a bid to foster agricultural lending countrywide, USAID APEP conducted the Agricultural component of the regional trainings of all CERUDEB Loan Officers sponsored by ASP5 II

/DANIDA. 79 loan officers from southern and western region branches and 57 loan officers from Eastern region branches were trained. In addition, USAID APEP conducted a comprehensive Banana Production Finance and Credit training for 10 agricultural loan officers of CERUDEB branches of Rakai, Mbarara and Ishaka. In total 143 bank staff were trained during the period under review. This significantly higher than planned number was a result of collaboration and leveraging resources with ASP/DANIDA.

The USAID APEP Agricultural modules covered *inter alia*:

- Concepts of Commercial Farming;
- Profitability of Crop Production Enterprises;
- Unit Cost of Production Concept in Assessing Financial Viability;
- Levels of Production Technologies/Commercialization for Bankable Farmers;
- Price Discovery of Selected Commodities and Associated Price Risks;
- Indicative Cost of Production of Selected Commodities;
- Profitable Yield Levels for Key Crops as a Basis for Client Selection;
- Major Inputs, Advantages and Financing Risks of Selected Commodities.

**Benchmark 9.13:** USAID APEP technology packages realigned to address IEE concerns by 9/30/2006  
 ~ *Technology packages realigned (100% accomplished).*

All technology transfer training activities reflected the necessary changes due to the introduction of new crop protection chemicals into the program. All products that have been removed are no longer mentioned and those that are in the process of re-introduction are being promoted at the level of the corporate (especially in cotton as they are the principal promoters of the crop protection products) and at the level of the grower through the training sessions at demonstration centres in cases where new products are available at this time.

**Benchmark 9.14:** At least 6 pesticide and fertilizer safe-use trainings conducted by 9/30/2006  
 ~ *7 pesticide and fertilizer training events conducted (117% accomplished).*

USAID APEP TAs were fully briefed as to the treatment of demonstrations and the handling of CPCs around protected areas. Cotton demonstration sites were established well back from the park boundary in the south-west and demonstration centres in both cotton and sunflower in the area surrounding the Murchison Falls National Park were treated in the same manner. Field partners were made aware of the issues with pesticide and fertilizer use in these sensitive areas. All field staff training events included safe use of pesticides and fertilizers. It was felt that the training in safe and effective use and disposal of agro inputs was essential to all of USAID APEP partners. In total 7 pesticides and fertilizer safe use training events were conducted during the reporting period

**Objective 10: Establish and Operationalize Biotechnology Regulatory Environment**

*LOP 3 Biotechnology and Biosafety regulations improved  
 LOP Biosafety committee has capacity to review applications for trials*

- **Strategy:** Biotechnology applications in agriculture have the potential to maximize productivity. Biotech crops can increase productivity, reduce pesticide, fuel, and water usage, promote commercialization of smallholder agriculture, and tackle nutrition issues in malnourished communities. USAID APEP activities in biotechnology continued to be supported by other initiatives, including the Program for Biosafety Systems (PBS) and Agricultural Biotechnology Support Program II (ABSP II). USAID APEP TA activities continued to focus on three areas of biotechnology support. These included the strengthening of the biotechnology and biosafety regulatory and policy framework; strengthening of the National Biosafety Committee (NBC); and provision of managerial, technical and financial support to agricultural biotechnology research and technology transfer undertakings in Uganda.

**Benchmark 10.1:** Technical and financial assistance provided towards strengthening the National Biosafety Secretariat at the UNCST by 9/30/2006  
 ~ *Technical and financial assistance provided (100% accomplished).*

The Biosafety Desk Office at the UNCST is fully operational and regular technical advice and financial support continued to be provided. During the period under review, the USAID APEP Biotech Advisor maintained regular contact with the Desk Office at UNCST and established a very good working relationship with the Council as a whole. As the result of this capacity building, the NBC is fully equipped to receive and process GMO applications. Recently the NBC approved field testing application of transgenic banana - the first time in Uganda. This is a very encouraging development and more field testing applications on transgenic cotton are under preparation and shall be submitted in the new work plan year.

**Benchmark 10.2:** Technical assistance provided towards final approval of national biotechnology and biosafety policy and regulatory framework by the Uganda Government in collaboration with PBS and UNCST by 9/30/2006  
 ~ *(About 20% accomplished, an on-going effort to obtain approval of parliament).*

This activity was not undertaken to the extent expected due to elections conducted in the country during first half of the work plan year which made it difficult to mobilize policy makers and legislators. There were also changes in cabinet posts and sessional committees. This activity remains a very challenging one all along. The UNCST which is the lead agency of the policy document has been trying to push it for Cabinet approval and still remains as a pending issue. The new Executive and the Legislative body of the country seem to be busy with other more pressing issues than Biotechnology and Biosafety policy. Therefore this remains as an ongoing effort until the document is approved.

**Benchmark 10.3:** At least 1 participant sponsored for bio-safety short course training at MSU by 9/30/2006  
 ~ *Three Ugandans sponsored for bio-safety courses (300% accomplished).*

Three Ugandans instead of one were sent for Biosafety short course training at MSU in collaboration with the Cochran Fellowship Program. The trainees were Andrew Kiggundu, Geoffrey Arinaitwe (both NARO) and Barbara Zawedde (from the PBS National Program).

Cochran supported the stateside costs, and USAID APEP covered the international travel. This was the final year for this particular component, which has been successfully accomplished.

**Benchmark 10.4:** One communications/outreach module developed and disseminated in collaboration with PBS-Uganda by 9/30/2006  
*~One (1) module developed (100% accomplished).*

A biotechnology communication strategy was developed in collaboration with PBS. Ugandan Journalists training on biotechnology communication was conducted and the USAID APEP Biotech Advisor provided technical support and training to the journalists. The first issue of Biotechnology Quarterly Newsletter known as "Biovision" was published in June 2006. All costs associated to development and publication of the newsletter were covered by PBS. The Biotechnology Advisor of USAID APEP played a key role in the development of the Newsletter. A Biotechnology website is still under development within UNCST as a biotech and biosafety portal to the world for Uganda.

**Benchmark 10.5:** GM Cotton technology transfer and confined field testing started by 9/30/2006  
*~ GM cotton confined field testing has not commenced (0% accomplished, however preparatory work fully underway).*

The National Task Force for GM Cotton Technology Transfer was formed and permission for GM Cotton technology transfer and testing obtained from MAAIF top management. NARO requested multiple partners to collaborate in this initiative (Syngenta, Monsanto, D&PL, Dow Agro Sciences and Bayer Crop Sciences). Positive responses were received from Monsanto and D&PL and consequently, technology and partnership negotiations with Monsanto, D&PL and NARO are underway. In the interim, Monsanto has now acquired D&PL. Two GM cotton confined field testing sites were identified. A principal Ugandan cotton breeder was also contracted to provide a technical document on the implementation of the confined field testing. The draft report on this study was received. USAID APEP sponsored 3 NARO scientists to South Africa to liaise with Monsanto on completing the application for submission to the IBC and NBC. Because of delays in the technology negotiation this benchmark was eventually deferred to the 2007 planting season. Currently research agreements and technical preparation for the 2007 crop season is fully underway. This benchmark therefore could not be successfully completed in the current reporting period and was carried over to 2007.

**Benchmark 10.6:** One external study tour completed for key biotech stakeholders in collaboration with PBS-Uganda by 9/30/2006  
*~ No external tour organized (0% accomplished).*

The USAID APEP Biotech Advisor is in discussion with PBS Coordinator to organize the study tour for key Ugandan policy makers and biotechnology users to RSA. The study tour could not be conducted in this reporting period because of delays in formation of the national executive and legislative bodies and therefore missing the right cropping season to travel to South Africa. This benchmark was therefore carried over to the fourth work plan year.

## Objective 11: Stimulate Demand Driven Agricultural Research

*LOP 25 Research contracts implemented by public sector*

- **Strategy:** As with commercially oriented agricultural education and training, the GoU challenges the PMA and private sector to develop farmer-driven, commercially oriented agricultural research. USAID APEP mandate is to help in this process by determining, with the various commodity sub-sectors, the real research needs of each sub-sector. These needs have been met by linking demand for the results of such research to the respective industry. This linkage has served to stimulate continuing relations between research service providers (public and private) and the demand for results. Research activities under USAID APEP have not been long-term, generating results within 3 years at a maximum.

**Benchmark 11.1:** At least 2 cotton research contracts addressing PERSUAP requirements established by 9/30/2006  
*~ 2 research contracts established (100% accomplished).*

Some of the recommendations in the PERSUAP include selected phase out and introduction of alternative crop chemicals for the cotton sub-sector. In support of such pesticide changes, the following research activities were undertaken during the reporting period:

1. Balton Uganda has continued to work to promote the release of commercial Acetamiprid as a sucking pest control option for cotton. The company is progressing well and the product is in final year of testing with the current cotton season. This will replace Dimethoate as the first spray until the industry has a full adoption of a recommended seed dressing. Results in the field to-date have indicated that the product will receive registration license from the Agricultural Chemicals Board and it is anticipated that Acetamiprid will be commercially available for the 2007/8 crop.
2. Demonstration work continues under the organic cotton production program to stimulate the uptake of Azadirachtin (Neem Oil). The product is registered in Uganda, but uptake and adoption requires proof of efficacy (POE). The POE is being carried out under partnership arrangements with BoWeevil and Dunavant. The development of a new partnership in organic cotton production (Northern Uganda Eco-Organics) has assisted in further introduction of Azadirachtin. The company, being fully committed to a real organic program (compared to “zero input, organic by default”) has procured commercial volumes from Bukoola Chemicals in 1 litre-packs, which is ideal for the smallholders in the sub-sector. Farmer response has been good and pest control practices with Azadirachtin have improved since product introduction.

**Benchmark 11.2:** At least 3 new banana research contracts established by 9/30/2006  
*~ 3 new research contracts established (100% accomplished).*

Through the SAF, USAID APEP supported IITA to carry out two research contracts, one focusing on increasing the profitability of bananas through improved agronomic management practices and another focusing on disseminating new banana hybrids which have been incorporated with pests and disease resistance. A third contract was established with INIBAP to carry out on-farm research on assessing Banana Bacterial Wilt control options.

With technical and financial support from USAID APEP, IITA embarked on monitoring agronomic and economic impact of USAID APEP banana activities that focus on improved

management practices (mulching, de-suckering crop protection and inorganic fertilizer) as they impart on plant health and yield. IITA is focusing on fine-tuning fertilizer recommendation and also testing alternative de-sucker management that allow farmers to better synchronize harvest with high market prices and periods of food insecurity. Field marking, farm characterization, soil and plant tissue sampling were completed for all the nine districts of operation. Yield indicator parameters such as number of clusters and size of girth were taken from marked plants. Average mulching depth and spacing were also recorded. Selected farmers were given weighing scales and modified yield data record sheets. Data recording is a continuous activity. Depending on the outcome from soil and plant tissue analysis as they relate to agronomic practices, fertilizer recommendations will be refined.

For the dissemination of banana hybrid contract, four districts (Masaka, Rakai, Mpigi and Mukono) were selected based on the prevalence of black sigatoka and nematodes. Selection of farmers was completed in the four districts. The first batch of planting materials was delivered and planted in October 2005 to selected sub-counties in Masaka District. They started flowering in July 2006 and they are under observation for their performance and pest resistance. Because of prolonged drought, planting was not completed in Mpigi and Rakai.

INIBAP, working together with USAID APEP TA, selected farmers with heavily infected BBW gardens in 3 sites from Luweero (Zirobwe, Kalagala and Kasangombe) and one site in Mukono (Kimenyede sub-county) district. INBAP together with USAID APEP TA continued to monitor the plants. Farmers' research groups (FRG) attached to the four sites were formed to disseminate the outcomes of the trials. Trials on evaluation of low-cost BBW control options are in the final stages and results are to be disseminated thereafter. However, preliminary results showed that the bacteria was restricted to the upper parts of the true stem in flower-infected plants with only male bud wilting symptoms. This suggests that cutting off the infected plants from the mat at early stages of flower-infection could prevent the bacteria from reaching and infecting the lateral shoots. These results were submitted to the 4<sup>th</sup> International Bacterial Wilt Symposium, 17-20 July 2006, York, England. A workshop to demonstrate management practices on how to contain BBW was also held in August 2006 in Kimenyedde Mukono district and it attracted 34 participants.

<p><b>Benchmark 11.3:</b>    2 coffee research contracts established by 9/30/2006                                     ~ 2 research contract established (100% accomplished).</p>
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During the period under review, USAID APEP TA together with CORI and the industry continued to work on the IPM program for coffee. Based on the preliminary survey of the pests and disease situation carried out in Bushenyi, Masaka and Mbale, a broader approach of Integrated Crop Management (ICM) has been adopted. Currently a participatory coffee IPM research is being piloted in Sironko, Mbale and Manafwa Arabica region. The parties involved under MoU arrangements with USAID APEP include MTL, CORI, and IPM/CRSP. A baseline survey was conducted and the biological monitoring and evaluation is in progress. USAID APEP has continued to provide technical assistance for the pilot project. In addition to the ICM pilot project, USAID APEP in collaboration with IITA embarked on research activities to identify opportunities and constraints for improvement of the coffee-banana intercropping system. Identification and characterization of select farmers with coffee banana intercrop was completed. Foliage and soil sampling were carried out in most of the project areas and is awaiting analysis.

**Benchmark 11.4:** 1 new flowers research contract established by 9/30/2006  
~ *No contract established (0%, accomplished).*

Pearl Flowers Ltd. is expanding into high altitude rose growing in Ntungamo district. Through a SAF, USAID APEP has provided financial support to set up a small trial greenhouse of different rose varieties to determine the best performers. USAID APEP TA together with the UFEA training specialist drafted a training program for Pearl Flowers and also conducted two modules, one on safe use of pesticides and the second on MPS was conducted for supervisors. Two new varieties (Tropical Amazone and Sulaya) have been planted. Other varieties planted include; Inka, Akito and Red Calypso. Trial shipments to Holland were undertaken. In preparation of the expanded trial, propagators have been contacted and are preparing candidate varieties for the trials.

**Benchmark 11.5:** 1 sunflower research contract through technology transfer partnership established by 9/30/2006  
~ *One technology transfer partnership established between NARO and Mukwano (100% accomplished).*

Progress on sunflower research has been hampered by the late acquisition of funds and subsequent late operations. In addition, development of new locally developed hybrid materials has been hampered by issues of isolation as well as a scarcity of inbred lines available to research outside the commercial arena. In order to ensure that the pipeline remains full of new materials coming onto the market in a timely manner, USAID APEP, VODP, Mukwano and the sunflower team from Serere held a meeting to discuss the way forward. A total of 8 trials were established in conjunction with Mukwano, 16 varieties in total per trial; 2 Monsanto (South Africa – likely to be released in 2006), 3 Agrico (South Africa, supported by Victoria Seeds), 3 Australian, 5 Indian, 1 Kenyan plus Pannar PAN 7351 (local release and commercial variety) in addition to the local open pollinated check. These trails were established during the 2006A season, data for which is being compiled at the time of this report.

The 2005B season data continued to highlight the potential for new materials introduction and also highlights the good performance of the current hybrid PAN7351. The data was received for 3 specific sites only, early rainfall cessation during this season limiting the utility of data from other sites.

**Benchmark 11.6:** At least 2 new rice production technologies tested by 9/30/2006  
~ *Two rice technologies evaluated (100% accomplished).*

18 new varieties of upland rice were tested with farmers in Kumi district in collaboration with the West African Rice Development Association (WARDA). The aim is to provide farmers with better varieties to overcome the shortcomings on the recent promoted variety. These varieties were evaluated based on the following parameters: adaptability, disease resistance, grain type, threshing ability and yield.

The 14 promising varieties have



*Testing of the new upland rice varieties in Kumi*

been forward for advanced yield trials in Kumi. NERICA 1 and 2 are both aromatic and bird repellent varieties while NERICA 7, 8, 9 and 10 are high yielding with better grains.

After the successful demonstrations of the rice planter, more units of rice planters (10 new units) have been purchased by different organizations and farmers in the country. The second official phase testing of the promising Bird Shield® has been concluded. However, due to the nature of the product, a third requirement of testing will be carried out in 2007A season and a restricted release of the product is expected with selected stockists and farmers in Uganda.

## **PROGRAM MANAGEMENT**

Project Management, Monitoring and Evaluation are integral parts of the project. There are four essential components to USAID APEP management: SAF management, environmental compliance, monitoring and evaluation, and project administration.

### **Strategic Activities Fund Management**

The Strategic Activities Fund (SAF) under USAID APEP is established to complement core project activities and contribute to achieving the project sub-objective of increased commercialization of targeted commodities. The SAF serves as a leveraging tool by providing funds for direct interventions to awardees as part of larger targeted opportunities, maximizing resources available to Ugandan partners. Support through SAF local contracts, grants, cost-sharing agreements, and purchase orders has been provided to public sector institutions, associations, businesses, NGOs, and individuals whose proposed activities meet USAID APEP eligibility/evaluation criteria, as well as contribute to project results (Annex F).

### **Objective 12: Implement an Effective SAF Program**

- **Strategy:** By leveraging SAF resources, USAID APEP has continued to target opportunities for strategic intervention with clients and partners. The technical team and SAF manager continued to identify activities within USAID APEP commodity portfolio that contribute to the program's overall objective. SAF awards have been issued and governed according to the procedures established in the SAF Instruction Manual and the SAF Operations Manual. In addition to developing cost-sharing relationships with clients, the SAF manager has fostered strategic alliances with private sector partners.

**Benchmark 12.1:** SAF activities report submitted by 10/31/2005 and 4/30/2006  
~ (100% accomplished).

The SAF activity reports are submitted in combination with the USAID APEP semi-annual and annual progress reports. The SAF activity reports were submitted on 10/31/05 with the annual report, and on 4/28/2006 with the semi-annual progress report. The current SAF report is included in Annex F. This report shows all activities and programs awarded since the start of USAID APEP implementation.

**Benchmark 12.2:** At least \$3,500,000 of SAF committed by 9/30/2006  
 ~ US\$3,331,076 of the SAF has been committed to-date (95% accomplished).

As shown in Annex F, US\$3,331,076 of the SAF has been awarded to-date. USAID APEP has continued to award grants and subcontracts through the SAF and to date has made a total of 59 awards, all of which followed the award process established in the SAF Operations Manual. These awards include activities in each of program's commodities.

All of the SAF programs continue to be championed by a USAID APEP commodity specialist, who is responsible for overseeing the technical implementation of the activity. Each long-term program includes benchmarks and a comprehensive monitoring system that typically involves monthly or quarterly financial and technical reporting.

As a result of budget cuts to APEP that occurred during the year, the overall SAF funding line item has been reduced to \$3,735,196.

**Benchmark 12.3:** Annual Program Statement (APS) published by 3/31/2006  
 ~ APS published on 2/13/06 (100% accomplished).

The revised SAF Annual Program Statement (APS) was published in Uganda's nationwide newspapers, *The New Vision* and *The Monitor* on 2/13/06. The APS is also published on the USAID APEP website, [www.apepuganda.org](http://www.apepuganda.org) and available for download. The APS provides a general overview of USAID APEP and outlines the commodities with which the project is working. It describes the SAF and its function, gives guidance for proposal submittals, lists evaluation and selection criteria, and details other specifics as required by USAID regulations. Since the APS appeared in the newspapers, the SAF office has received over 430 concept letters in response to the solicitation.

## Environmental Compliance

As per the contract Section 3.3 and in accordance with 22 CFR 216, Chemonics included in the third annual work plan a section on environmental compliance that outlines the mitigation plan for the work plan year for all activities that were identified in the IEE as having a negative determination with conditions.

## Objective 13: Implement and Maintain an Environmental Compliance and Mitigation Plan

- **Strategy:** As guiding documents, USAID APEP has an Initial Environmental Examination (IEE) with categorical exclusions and a negative determination with conditions that apply to: pesticide use, requiring a Pesticide Evaluation Report and Safer Use Action Plan (PERSUAP); fertilizer inputs; biotechnology applications, including biosafety; introduction of new seed varieties; training on safe use of pesticides and fertilizers; and an environmental review process for SAF awardees. These include mitigation and monitoring measures. Environmental compliance cuts across all IRs and sub-IRs and this objective synthesizes the reporting.

**Benchmark 13.1:** PERSUAP submitted to USAID by 12/31/2005  
 ~ Clearance by MEO and SREO on 12/08/2005 (100% accomplished).

The PERSUAP was drafted, in conjunction with other SO7 partners, PRIME/W and Title II partners. It was finalized by the consultant, James Litsinger. Discussions were held with the MEO and the document submitted in early December 2005. Clearance from the MEO and SREO was obtained by December 08, 2005. We now await BEO clearance, which is beyond Chemonics manageable interest. As of 9/30/2006 there has been no final feedback. USAID APEP previously received a waiver from the CO to procure commercial fertilizers for demonstration plots.

**Benchmark 13.2:** GM Cotton technology transfer and confined field testing started by 9/30/2006  
 ~ GM cotton technology field testing not started (0% accomplished).

Refer to benchmark 10. 5

**Benchmark 13.3:** USAID APEP technology packages realigned to address IEE concerns and PERSUAP recommendations by 9/30/2006  
 ~ (100% accomplished, on-going activity).

Introduction of any new seed varieties, in many cases, will be NARO varieties. Introduction of new candidate varieties, such as sunflower hybrids and NERICA rice, will be carried out in concert with NARO and MNCs and private sector partners. Documentation of approval of new varieties through the Variety Release Committee (VRC) will be obtained before such varieties are promoted by USAID APEP through demonstrations, input stockists or private sector partners. Training activities have included the recommendations made in the Krahl report as to positioning of demonstrations as well as the positioning of cropping activities in proximity to environmentally sensitive areas. These adjustments are reflected in training outlines for cotton and oilseeds.

**Organic cotton** has received attention by the program with the support of the private sector. Northern Uganda Eco Organics emerged as a new player in organic cotton production this year and was firmly committed to a full package of practices including organic pesticide application rather than relying on the dubious "black ant" as the only recourse to pest pressure. *Azadirachtin* has been commercially sourced and has been placed in all organic demonstrates as well as crop protection support by the corporate entity. Aphid control has been effective with *soapy water* sprayed using knapsack applicators. (ULV cannot be used in this case since effective under leaf application is impossible.) Since there were no CPC applications in organic cotton, these developments represent new improved pest control measures and not replacements to existing product use.

**Conventional cotton** remains a challenging arena as far as CPC is concerned. All pyrethroids use is recommended for replacement over the life of the project. Bollworm is the most significant concern amongst cotton farmers, and the only potential alternative currently is the suggested replacement by Acephate. This product was used by the industry in 2004/5 with disappointing results. USAID APEP TA in conjunction with the industry confirmed some under-strength product and some issues with the shelf life. This was a major setback for the replacement of pyrethroids. The company supplying the product has been improving the product and has continued supplying to the general CPC trade with good results. It has

agreed to begin re-supply and promotion of the product in the current cotton crop (ideally Kasese where the crop is traditionally late and therefore suitable for late season activity). This will allow a full season of promotion in the crop prior to phase out recommendation in 2008. Since there is *only one* proposed replacement, this does raise the critical objection of pesticide resistance and this will have to be dealt with. Spinosad is a possible alternative to Acephate in any pesticide rotation. This however has been hampered by the inability of the project to procure (due to PERSUAP not being finalized) product for promotion and extensive field demonstration. Without this, the industry is unlikely to adopt the product and the supplier is unlikely to develop a marketing approach that will stimulate commercial adoption. Ultimately, Bt cotton may be available as an alternative protection against bollworm, but only after several years of confined field testing and gene introgression/ backcrossing into suitable varieties. Registration of Acetamiprid as a replacement for Dimethoate is expected by December 2006. Balton Uganda has registered the product as *Golan* and has been working to promote this within the trade.

**Floriculture** through UFEA has been proactive and has made some important progress on environmental issues, partly in response to being MPS compliant. The purchase of methyl bromide has ceased, and UFEA received accolades for this bold step from the Montreal Protocol. The industry has also reached agreement in principle for the UPDF incinerator in Nakasongola to be used for disposal of spent plastic, and spent pesticides and pesticide containers.

A summary of activity relating to PERSUAP during the reporting period is presented in Exhibit XXXIV.

#### Exhibit XXXIV: Summary of PERSUAP Activities

Replacement product	Replacing - Product/Month/Year	Commodity Targets	2005/06 Annual Report Progress
Lambda Cyhalothrin	Oct 2005	Cotton	Sold as Ambush Super and Ambush CY as pure form products. Removed from CDO recommendation list as of May 2005. No longer promoted in any of APEP technology packages.
Paraquat	Oct 2005	Coffee	Sold as Gramoxone. Product removed from all recommendations with immediate effect - May 2005.
Coumatetralyl, Coumachlor	Oct 2005	Upland Rice	Not recommended at all in APEP programs. All rodent control is by cultural methods with effect project implementation.
Cypermethrin	Oct 2005	Upland Rice	Not part of upland rice package with effect March 2005 plantings
Deltamethrin	Oct 2005	Coffee	Not part of coffee package with effect October 2005
Fenitrothion	Oct 2005	Coffee	Not part of coffee package with effect October 2005
Pirimiphos-ethyl	Oct 2005	Bananas	All banana technology packages promote pseudostem trapping as the only IPM method current for weevil management with effect October 2005. Imidacloprid (Confidor) being tested in demonstration plots with heavy infestation (where mulching recommendations produce a moist environment conducive to weevils). Work with NOGAMU has been initiated to support the import and development of commercial <i>Beauveria bassiana</i> control measures.
Fluazinim	Oct 2005	Coffee	No technology package recommended for CBD control through 2005 – Benomyl available in the market place available for promotion
Bromoxynil	Oct 2005	Barley	Replaced by Iodosulfuron-methyl-sodium (Hussar) on a limited scale during the 2006 first and second plantings.
Imidacloprid (Confidor)	Chlorpyrifos (Dec 07) Carbosulphan (Apr 08) Fenitrothion (Apr 08)	Coffee	Determined availability and efficacy of Confidor in coffee through CORI. Awaiting finalization of recommendation to be included in technology package.

Imidacloprid (Gaucho seed dressing)	Dimethoate (June 07) Bronopol (Apr 08)	Cotton	3,305 acres treated with Imidacloprid for the 2005/06 season with some encouraging results. Despite early season dryness, sucking pest control was noticeably improved over spray treatments with lower losses due to Lygus. This is especially important with BPA 2002 as it is slightly earlier.
Malathion	Chlorpyrifos (Dec 07)	Coffee	Establishment of demonstrations under SAF with new partnerships, activity initiated with no Crop Protection Chemical as part of the technology package. Pest incidence very low except with one instance of Root Mealybug due to poor planting material with Ibero. Otherwise no pest problems in Robusta
Carbaryl	Chlorpyrifos (Dec 07) Dimethoate (Dec 07)	Coffee	Establishment of demonstrations under SAF with new partnerships, activity initiated with no Crop Protection Chemical as part of the technology package. Pest incidence very low except with one instance of Root Mealybug due to poor planting material with Ibero. Otherwise no pest problems in Robusta
Acephate	Profenophos (Apr 08) Fenvalerate (Apr 08) Fenitrothion (Apr 08) Cypermethrin (Apr 08) Deltamethrin (Apr 08) Diazinon (Apr 08)	Coffee, Cotton, Upland Rice, Barley	Discussions with the trade supplier ongoing as to reintroduction of Acephate into the cotton sector and opportunities to promote in other seasonal and perennial crops. Agreement reached on reintroduction and promotion in the 2007/08 planting as well as modest promotion where opportunity arises in 2006/07. Dunavant agrees to include Acephate in the GDA partnership in entirety thus opening an opportunity for commercial scale promotion
Benomyl	Copper oxy – chloride (Oct 05)	Coffee	Results and applicability determined from Kenya experience in Arabica CBD and Leaf Rust control. Rates and timings determined for Uganda conditions. Currently working with IPM CRSP to evaluate additional alternatives
Dithianon	Copper oxy – chloride (Oct 08)	Coffee	Results and applicability determined from Kenya experience in Arabica CBD and Leaf Rust control. Rates and timings determined for Uganda conditions. Currently working with IPM CRSP to evaluate additional alternatives
Acetamiprid	Profenophos (Apr 08) Fenvalerate (Apr 08) Fenitrothion (Apr 08) Cypermethrin (Apr 08) Deltamethrin (Apr 08) Diazinon (Apr 08)	Cotton	Ongoing encouragement of Balton as the principal supplier to continue registration for inclusion in the 2007/08 cotton season early sucking pest control regime. Will replace Dimethoate in the technology package and supplement late season aphid control in the 2006/07 season
Thiamethoxam	Dimethoate (June 07) Bronopol (Apr 08)	Cotton	Continued discussions with cotton ginners as to the need for an early introduction of Thiamethoxam as a viable alternative to control early season sucking Lygus and aphids. Initial Masindi district response being transmitted to the ginners to further encourage serious consideration of at least limited commercial introduction in 2007/08
Spinosad	Profenophos (June 08) Fenvalerate (June 08) Fenitrothion (June 08) Cypermethrin (June 08) Deltamethrin (June 08) Diazinon (June 08)	Cotton	No progress due to inability of the project to procure promotional volumes. Supplier skeptical about the potential market - due to cost considerations, and reluctant to invest in registration and promotion. Continued discussions having limited results in the absence of some promotion activity.
Azadiractin	Chlorpyrifos (Dec 07) Dimethoate (Dec 07)	Cotton, Coffee, Upland Rice	Successfully introduced with positive results in the organic cotton sector. Commercial supplier identified and linkage with the manufacturer made to ensure correct pack size applicable to Uganda smallholder production.

Dazomet	New introduction - replacing Carbofuran (Apr 08)	Banana nematode control	Farmers in central areas who have been used to using chemical control for nematodes are being sensitized as to the use of alternatives. Dazomet still unregistered but local suppliers are being apprised of the market potential and the benefits of product registration. Work with NOGAMU in developing biologicals is underway in conjunction with Indian suppliers.
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**Benchmark 13.4:** At least 6 pesticide and fertilizer safe-use trainings conducted by 9/30/2006  
~ 7 pesticide and fertilizer safe use trainings conducted (117% accomplished).

Three training sessions, involving over 200 farmers, PO Depot Managers, Lead Farmers, and Extension Workers in Kapchorwa were conducted in November-December 2005 specifically in safe use and handling of CPPs and fertilizers.

In June 2006, four training sessions were conducted in the Western cotton zone, with emphasis on protecting the Queen Elizabeth National Park, and taking into account guidelines developed in conjunction with PRIME West. These trainings involved 84 site coordinators and lead farmers in Kasese, Bushenyi and Kamwenge districts. Issues of safe use continue to be routinely covered during the business development trainings of agri-input dealers.

Training on IPM and safe use of pesticides and fertilizers is being conducted and recorded in the USAID APEP training log for activities carried out with farmers, POs, DCs and input stockists. Additional safe use training was conducted in conjunction with Crop Life Uganda for cotton IPM managers from each of the cotton zones to enhance the pest management systems and to improve safe and timely use of pesticides. A total of 15 "Pest Scouts" completed the two-part training conducted in June and August 2006 in Kumi district. By enhancing the cotton managers' ability to identify and manage pests systematically, the training will contribute to economic use of pesticides, reduce production costs of cotton and increase profits, and reduce negative environmental affects due to pesticide use.

**Benchmark 13.5:** All SAF awardees environmental reviews completed by 9/30/2006  
~ Environment reviews completed (100% accomplished).

During the periods under review, all current awardees' activities were inspected during the normal course of delivering TA to determine compliance with environmental and mitigating actions, including identification of any additional environmental issues that have arisen, including appropriate mitigation measures to be adopted. All new SAF applicants have also completed the Environmental Review Form.

**Benchmark 13.6:** At least 2 cotton research contracts addressing PERSUAP requirements established by 9/30/2006  
~ Two cotton research contracts established (100% accomplished).

Various actions were carried out during the work plan year, such as phasing out of certain pesticides guided by the PERSUAP.

Under the PERSUAP, Spinosad and Aceptamiprid are recommended as replacements for higher toxicity pyrethroids and systemic aphicides respectively. In addition, both Imidacloprid and Thiamethoxam are recommended as seed dressings to obviate altogether systemic early sprays in cotton. During the reporting period, Balton Uganda continued with its registration work to release Aceptamiprid as a cotton-registered sucking pest product. It is likely that this will be available commercially for the first time in the following cotton season (2007/8).

The principal suppliers of both Imidacloprid and Thiamethoxam have expressed interest in presenting to the cotton sub-sector this calendar year in preparation for competitive bidding for seed dressing the cotton seed volume in 2007/8. This is dependant additionally on the industry perspective since cotton seed will be forced by economics to graduate from a free right to a costed product. Quton (the industry seed consultants) is keen to see either or both of these products introduced as soon as possible. USAID APEP continues to council the cotton industry as well the international suppliers regarding strategy. Work carried out by NARO at the Serere Agricultural Research Station has confirmed its preference for Thiamethoxam as the seed dressing of choice and it is likely that here will be commercial adoption of this product at the ginnery level.

**Benchmark 13.7:** New guidelines established for input use around protected areas in conjunction with UWA and PRIME/W by 9/30/2006  
 ~ *Guidelines established (100% accomplished).*

Following preliminary discussions with the PRIME/West Consultant during the later part of 2005, USAID APEP briefed the cotton sub-sector stakeholders as to the need to introduce improved environmental compliance guidelines in areas associated with environmentally sensitive production activity. This is particularly important for cotton, but also for other annual and perennial crops grown around such areas. The final Krahl report has been utilized in establishing the agreed guidelines in time for the 2007/8 cotton season. The main points included in the cotton extension message were:

- a) Incorporating training in proper handling, use, and disposal of pesticides in any activities that directly or indirectly promote the use of pesticides.
- b) Locating demonstration plots that may use pesticides at least 15 meters upwind and 30 meters up gradient from the boundaries of any protected areas.
- c) Managing the use of pesticides on demonstration plots so that they are not applied when the wind is blowing towards protected areas and when the wind speed is 15 kilometers per hour or greater (i.e., when wind is strong enough to move small branches and raise dust).<sup>1</sup>

These issues were also incorporated into the training of site coordinators and lead farmers in the Western cotton zone. A total of 84 were trained in four sessions held at Mahyoro, Kyambura, Kasese and Bwera in June 2006. All cotton corporate partners operating around protected areas have been briefed and the training by USAID APEP TA includes recommendations carried from the Krahl report.

## Monitoring and Evaluation

Monitoring progress and evaluating results are key management functions in APEP. Performance monitoring is an on-going process that allows APEP and USAID managers to determine whether or not the project is making progress towards its intended results.

<sup>1</sup> Krahl, L.: 'Pesticide Use Near Protected Areas', Final Draft 2005

## Objective 14: Implement and Maintain an Effective Monitoring and Evaluation System

**Strategy:** The USAID APEP M&E system is based on an impact design linking activities to desired outcomes and impacts. This design is reflected in the USAID APEP RF presented in the first section of this annual progress report. The M&E system is intended to provide the foundation for tracking the project's delivery of expected outputs and quantitative impacts to measure progress, as well as support USAID's M&E needs by providing input to the mission's SO7 and associated IR indicators. During the third work plan year, USAID APEP continued to use a distributed approach to M&E where all project team members and partners were responsible for collecting M&E data in their technical areas. The M&E Specialist coordinated this effort and consolidated all data collected and generated aggregate data for the M&E indicators. Close liaison was maintained with the USAID SO7 team and Monitoring and Evaluation Management Services (MEMS).

**Benchmark 14.1:** PMP revised and approved by CTO by 12/31/2005  
~ *Approval of CTO obtained (100 % accomplished).*

During the reporting period, the M&E Specialist held a series of discussions with USAID and MEMS aimed at streamlining indicator definitions and targets. The M&E system was accordingly updated to meet USAID M&E needs, as well as ensuring the flexibility that allows other project TAs to input data. The M&E office, in response to USAID and other client needs, did provide updates on project activities and indicators. New indicators and their targets were incorporated into the USAID APEP PMP to address IEHA requirements. These indicators continued to be tracked on a seasonal basis.

**Benchmark 14.2:** M&E system updated and made consistent with SO7 requirements by 09/30/2006  
~ *M&E system and indicators updated (100 % accomplished).*

The modules on sentinel sites, producer organizations and site coordinators were refined to meet additional data needs (on disability) and the USAID APEP Program Assistants were inducted and utilized during the data entry process. The modules have been useful in generating project achievements for the key indicators identified in the PMP.

**Benchmark 14.3:** Secondary data collected and updated by 9/30/2006  
~ *Secondary data updated (100% accomplished).*

The M&E Specialist, with support from USAID APEP TA continued to maintain close working relationships with data providers identified during the previous years of project activities. USAID APEP now receives regular industry-wide data on cotton, coffee, flowers and vanilla. Other data sources of relevance to the project include the Uganda Bureau of Statistics (UBOS), the Bank of Uganda (BoU), and project collaborators including ASPs II, NAADS, PMA, SCOPE, USAID Rural SPEED and FEWSNET.

As a way of gauging adoption rates and associated project impact at the household level, 330 sentinel sites covering the key commodities supported by APEP were established as shown in Exhibit XXXV.

The sentinel sites are made up of a representation of USAID APEP clients sampled from the list of collaborating farmers around a demonstration site. These sites continued to be used to generate data regarding changes in production practices, input usage, income levels, on-farm jobs and changes in area, output, yields, and volumes and values of commodities marketed.

<b>Exhibit XXXV: APEP Sentinel Sites</b>		
<b>Commodity</b>	<b>No. of sites established</b>	<b>No. of districts</b>
Cotton	120	14
Coffee	60	6
Banana	40	5
Upland rice	40	5
Sunflower	40	3
Maize	30	6
<b>Total Number</b>	<b>330</b>	

**Benchmark 14.4:** At least one verification/impact study conducted by 09/30/2006  
~ *Cost of production study conducted (100% accomplished).*

As a way of ascertaining economic returns from adopting the technologies promoted by USAID APEP, the M&E Specialist together with the Finance Specialist conducted a series of cost of production and profitability analyses. The study which covered the project's key commodities - cotton, coffee, banana, upland rice, sunflower, barley and maize compared three production practices/technologies broadly categorized as "traditional", "low input" and "high input". The methodology adopted for the study was focus group discussions, where producers were grouped according to crops produced.

**Benchmark 14.5:** At least 9 APEP impact stories produced by 9/30/2006  
~ *Ten impact/success stories produced (111% accomplished).*

During the period under review, the M&E Specialist in consultation with the USAID APEP TA undertook a number of field assessments to ensure that USAID APEP was making strides towards achieving its LOP goals and targets. A few early successes and lessons learned were identified. These were mainly in the areas of technology adoption, input supply, producer organization bulk marketing and depot committee formation, and enterprise-farmer linkages.

Ten highlights were prepared under a combination of success stories: "impact stories", "case study"; "photo caption"; and "first person interviews" as shown in Exhibit XXXVI. These success stories, some of which will be revisited over LOP, can be found on the USAID APEP website [www.apepuganda.org](http://www.apepuganda.org)

**Exhibit XXXVI: APEP Success Stories**

<b>Category of Story</b>	<b>Title of Story</b>
Case Studies	<ul style="list-style-type: none"> <li>▪ Promoting Improved Arabica Coffee Seedlings through USAID APEP-MTL Partnership</li> <li>▪ USAID APEP Banana Commercialization and Production Finance Program in Mbarara</li> <li>▪ USAID APEP-Mukwano Partnership Results into a Successful Outgrower Scheme</li> </ul>
First Person	<ul style="list-style-type: none"> <li>▪ USAID APEP Internship Program</li> <li>▪ USAID APEP-UBL Corporate Linkage in Promoting Barley Production</li> </ul>
Photo & Caption	<ul style="list-style-type: none"> <li>▪ Best Producer Organisation Practices</li> <li>▪ The Privatization of the Seed Industry in Uganda</li> <li>▪ Controlling the Spread of Banana Bacterial Wilt (BBW)</li> </ul>

Before and After	<ul style="list-style-type: none"> <li>▪ Contribution of the Floriculture Industry in Uganda</li> <li>▪ Ingredients to a Successful Commercial Farming Venture</li> </ul>
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## Project Administration

Chemonics places great emphasis on providing effective administrative and logistical support to all field program; as well as assuring contract compliance. A home-office Project Management Unit (PMU) is assigned to each project. This unit comprises a project supervisor who works closely with the field-based chief-of-party in all aspects of contract management; a project administrator who liaises directly with the field-office operations management to provide administrative and logistical support; and an assistant project administrator. Chemonics is committed to supporting USAID APEP so the project will achieve results on schedule, within budget and in compliance with all applicable rules and regulations. The Chemonics Home Office PMU is not a direct cost to USAID APEP, except where there are specific field assignments, pre-approved by the CTO.

### Objective 15. Provide Effective Contract Administration

- **Strategy:** The PMU has continued to work closely with the project office to assure contract compliance, to assist with regular contract reporting, and to provide financial analysis for management.

**Benchmark 15.1:** Financial reports and pipeline analyses provided to USAID quarterly, by 12/15/2005, 03/15/2006, 06/15/2006 and 09/15/2006  
~ *Four financial reports submitted (100% accomplished).*

As required by USAID APEP contract Section I.1, Chemonics submitted quarterly financial reports and pipeline analyses to USAID on 12/15/2005 and 03/16/2006. A Limitation of Funds notification was also submitted on 03/16/2006. The remaining two financial reports were submitted on 06/15/2006 and 09/15/2006. These reports were compiled and submitted by the HO PMU. Monthly vouchers were also submitted.

USAID notified Chemonics in March 2006 that SO7 funding for FY06 would be limited, hence the need to scale back on expenditures. Two HO personnel visited Uganda and held discussions with USAID, USAID APEP, USAID SCOPE and USAID Rural SPEED (all 3 projects are implemented by Chemonics) in preparing a mini-max solution to budget cuts. A Plan of Action was submitted for USAID consideration on 03/31/2006 and a contract modification was executed on 06/02/2006 that resulted in a \$600,000 reduction in USAID APEP funding. Obviously, these budget cuts will negatively impact USAID APEP service delivery and support to clients over the remaining two years. USAID APEP expatriate LTTA Commodity Commercialization Director, Daniel de Reuck and Producer Organization Director, Michael Mailloux, will both terminate on 10/31/2006. There are also reductions in SAF and Training budgets.

**Benchmark 15.2:** VAT payment and reimbursement report provided to USAID by 11/17/2005 and 04/16/2006  
~ *VAT report submitted in November 2005 and April 2006 (100% accomplished).*

As required by USAID APEP contract Section H.14, in November 2005 and April 2006, Chemonics submitted the final VAT reports for USAID APEP on items exceeding US\$500. The report was compiled and submitted by the HO PMU and was based upon charges incurred. On a monthly basis, USAID APEP has submitted VAT reclaim reports to USAID for items less than US\$500. To-date, since the commencement of the project, USAID APEP has not received any VAT reimbursement. It is now time-sensitive for the US Government to resolve this matter with GoU since the accumulated receivable in the form of VAT reclaim will be constraining USAID APEP operating budget.

**Benchmark 15.3:** 2<sup>nd</sup> annual project progress report submitted to USAID by 10/31/2005  
 ~ Report submitted on 10/17/2005 (100% accomplished).

The 2<sup>nd</sup> annual progress report was submitted on 10/17/2005. It covered the period October 2004 to September 2005. Home Office PMU, M&E, POT, SAF and Training resources were utilized to continue tracking performance indicators. Various extracts of the report were utilized by MEMS and also for IEHA reporting purposes.

**Benchmark 15.4:** Semi-annual project progress report submitted to USAID by 4/30/2006  
 ~ Report submitted on 05/03/2006 (100% accomplished).

This semi-annual progress report covered the period 10/01/2005 through 03/31/2006. It was prepared with joint input from all the TAs on USAID APEP. It was reviewed by SO7 and approved after revisions were completed on 5/22/2006.

**Benchmark 15.5:** Annual property report submitted to USAID by 10/31/2005  
 ~ Report was submitted on 02/03/2006 (100% accomplished).

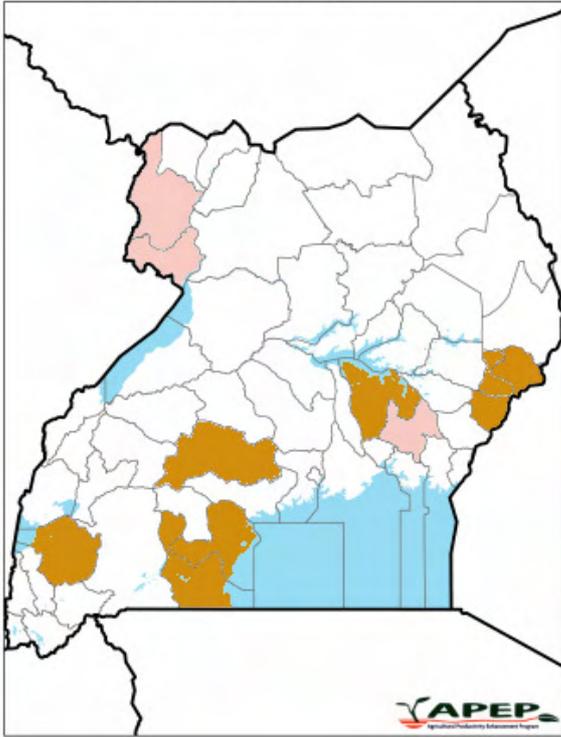
CTO and CO approval is obtained for commodity procurements in excess of US\$100,000. As each non-expendable commodity exceeding US\$500 in value is procured, it is inventoried according to USAID regulations. This annual property report was submitted on 02/03/2006, about 3 months behind schedule. The report covered Office items and Expatriate household items. The compilation and maintenance of the inventory is done by the USAID APEP Operations Manager. USAID APEP project management, the project accountant and the HO PMU also contributed. Procurements were minimal during the reporting period.

**Benchmark 15.6:** 4<sup>th</sup> annual work plan for FY07 submitted to USAID by 9/30/2006  
 ~ 4<sup>th</sup> Annual Work Plan submitted on October 3, 2006 (100% accomplished).

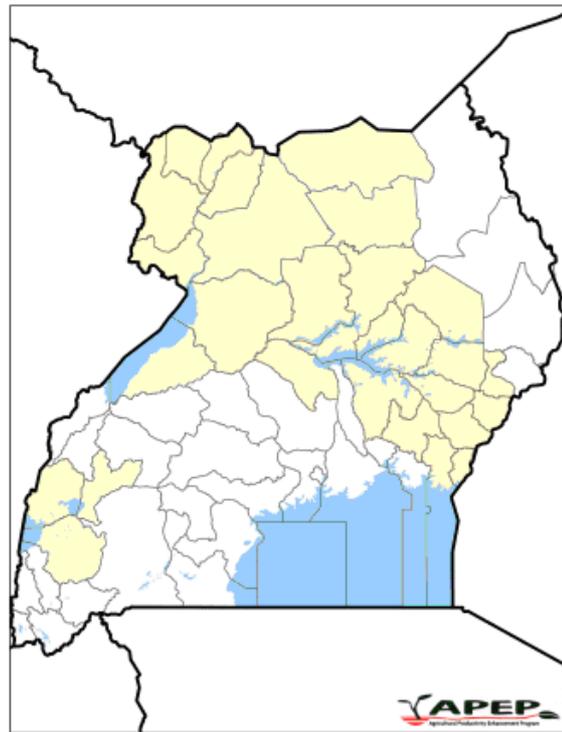
This 4<sup>th</sup> Annual Work Plan covered the period 10/01/2006 through 09/30/2007. It was prepared with joint input from all the TAs on USAID APEP, the HO PMU and SO7. It was reviewed by SO7 and the final draft submitted after revisions on 10/03/2006.



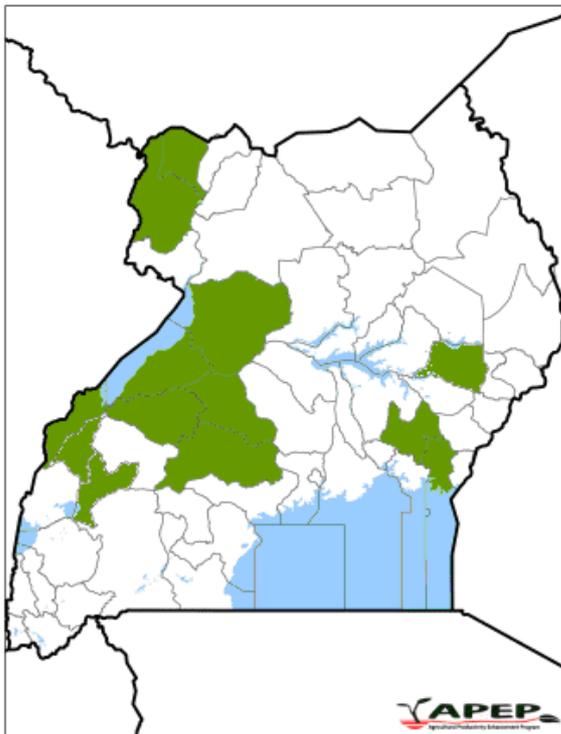
**APEP Coffee Intervention Areas**



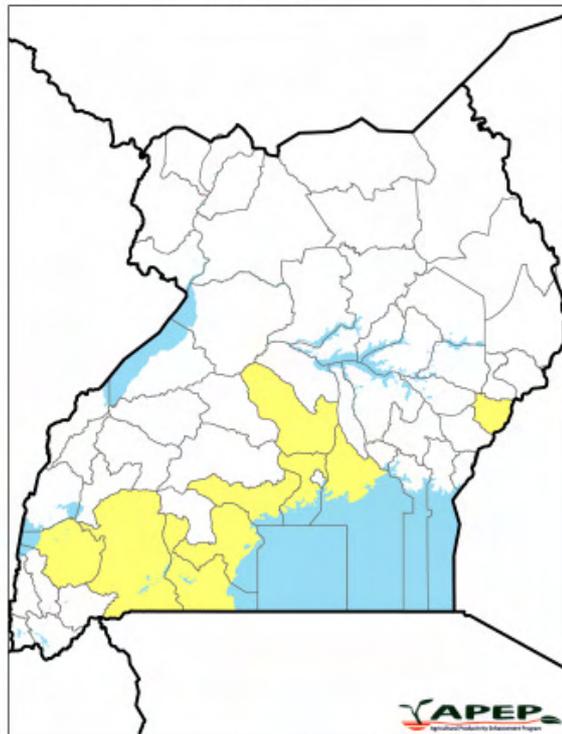
**APEP Cotton Intervention Areas**



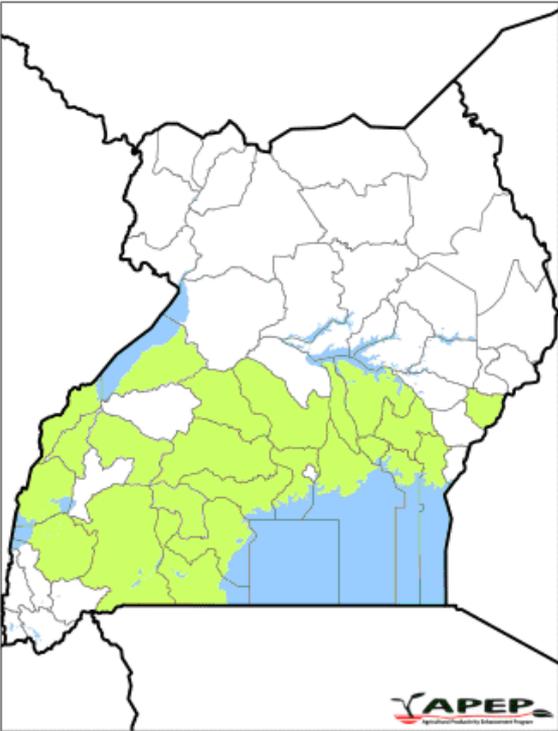
**APEP Upland Rice Intervention Areas**



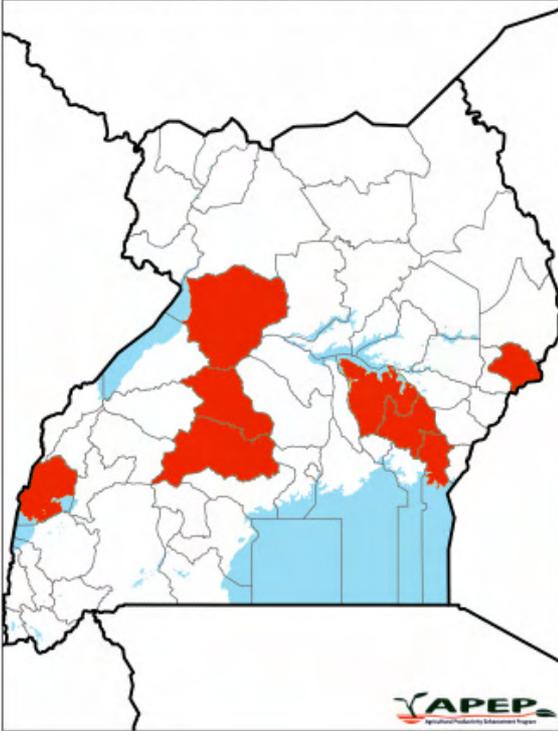
**APEP Banana Intervention Areas**



**APEP Vanilla Intervention Areas**



**APEP Maize Intervention Areas**



**APEP Sesame and Sunflower Intervention Areas**



## ANNEX B

### USAID APEP PMP Indicator Achievements

Indicator	Unit of measure	Baseline Value	LOP target	2003/04	2004/05	2005/06	2005/06 as % of LOP Target
Average h/h income of APEP-supported producers (APEP-supported commodities)	US\$ p.a	185.45	260	197.49	216.70	238.37	91%
% change(over baseline) in h/h income of APEP-supported producers	%	0	40%	6%	17%	28%	--
# of h/h supported by APEP	No	0	250,000	165,000	204,603	269,494	108%
# oh h/h with disability supported by APEP	No	0	5,000	0	1,358	2,471	49%
# of on- & off-farm jobs created	No	0	80,000	13,347	30,219	67,901	85%
# of on- & off-farm enterprises created	No	0	600	311	495	771	129%
<b>Total production of APEP-supported crops</b>							
- coffee	mt	160,000	200,000	151,383	150,113	120,139	60%
- cotton	mt	29,250	64,750	30,155	46,620	18,892	29%
- sunflower	mt	10,000	40,000	10,600	16,000	25,700	64%
- rice	mt	100,000	160,000	113,000	147,000	173,000	108%
- maize	mt	315,000	750,000	550,000	620,000	580,000	77%
- flowers	mt	4,424	7,000	6,284	7,286	7,596	109%
- banana	mt	8,000,000	11,000,000	8,200,000	8,500,000	8,350,000	76%
- vanilla (cured)	mt	135	185	138	75	229	124%
<b>Yields of APEP-supported crops</b>							
- coffee	mt/acre	0.290	0.500	0.350	0.600	0.450	90%
- cotton	mt/acre	0.200	0.600	0.460	0.525	0.250	42%
- sunflower	mt/acre	0.300	0.800	0.600	0.650	0.600	75%
- rice	mt/acre	0.350	0.800	0.720	1.200	1.500	188%
- maize	mt/acre	0.550	2.000	1.500	1.500	1.600	80%
- flowers	mt/acre	11.000	15.000	12.000	12.500	13.250	88%
- banana	mt/acre	5.850	9.000	7.260	12.000	11.760	131%
- vanilla	mt/acre	0.250	0.400	0.250	0.300	0.350	88%

<b>Unit cost of production of APEP-supported crops</b>							
- coffee	US\$/kg	0.270	0.180	0.245	0.206	0.229	79%
- cotton	US\$/kg	0.310	0.200	0.290	0.237	0.260	77%
- sunflower	US\$/kg	0.250	0.140	0.156	0.141	0.121	116%
- rice	US\$/kg	0.400	0.200	0.238	0.209	0.187	107%
- maize	US\$/kg	0.080	0.060	0.072	0.065	0.066	91%
- flowers	US\$/kg	n.a	n.a	n.a	n.a	n.a	n.a
- banana	US\$/kg	0.030	0.020	0.027	0.022	0.013	154%
- vanilla	US\$/kg	0.700	0.550	0.633	0.626	0.650	85%
Value of targeted commodities marketed by APEP clients	US\$	106,000,000	150,000,000	112,448,014	122,277,184	192,910,800	129%
% change in value of targeted commodities marketed by APEP clients	%	0	40%	6%	15%	82%	--
Volume of targeted commodities marketed by APEP clients	mt	615,000	800,000	662,972	681,411	752,014	94%
% change in volume of targeted commodities marketed by APEP clients	%	0	30%	8%	11%	22%	--
Gross revenue of off-farm enterprises supported by APEP	US\$	140,000,000	225,000,000	151,482,439	166,340,898	212,201,880	94%
% change in gross revenue of off-farm enterprises supported by APEP	%	0	60%	8%	19%	52%	--
No of input suppliers serving APEP clients	No	0	400	177	281	472	118%
No of local credit service points reaching APEP clients	No	0	30	8	24	28	93%
Amount of credit provided to APEP-supported clients	US\$	612,000	900,000	830,867	1,404,485	1,953,685	217%
% change in amount of credit provided to APEP clients	%		45%	35%	129%	219%	--
No of APEP-supported firms exporting agricultural products	No	0	100	19	68	74	74%
No of agricultural processors supported by APEP	No	0	50	20	52	60	120%
Output value of APEP-supported processors	US\$	65,331,921	130,000,000	65,331,921	87,984,372	146,221,505	112%
% change in output value of APEP-supported processors	%		100%	0%	35%	124%	--
No of APEP-supported firms managing outgrower schemes	No	0	25	7	12	12	48%
No of farmers involved in APEP-supported outgrower schemes	No	0	125,000	12,402	29,287	51,331	41%
No of public/private partners developed by APEP	No	0	125	29	32	40	32%
Amount of private sector resources leveraged through partnerships	US\$	0	6,000,000	1,442,203	3,171,332	11,580,464	193%
No of Depot committees (DCs) strengthened*	No	0	200	30	89	180	90%
No of producer organizations (POs) strengthened by APEP	No	0	200	290	763	1,631	--
Average group membership per PO	No	20	40	22	25	27	68%
% change in group membership of APEP-supported producer organizations	%	0	100%	10%	25%	35%	--

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No of APEP-supported producers using improved technologies/practices	No	0	150,000	18,215	105,239	170,660	114%
Area cultivated using improved technologies	acres	0	150,000	74,078	99,880	142,353	95%
No of key policy/institutional constraints alleviated through APEP intervention	No	0	10	0	2	3	30%
No of key policy constraints that have been addressed through APEP intervention	No	0	15	2	5	7	47%
No of individuals trained by APEP in disciplines related to private sector agriculture	No	0	365,000	168,107	215,864	261,881	72%
No of individuals completing internships with private sector firms through APEP support	No	0	200	47	97	156	78%
No of biotech/biosafety regulations improved and in place	No	0	3	0	1	2	67%
No of APEP-funded research contracts implemented by public sector bodies	No	0	25	4	6	7	28%

*\* The previous indicator about producer organizations has been replaced with the concept of depot committees (which is an aggregate of POs)*

**ANNEX C****USAID APEP Active Client Portfolio**

No.	Client	Commodity	Location/District	Type of assistance offered by APEP
1	Africa 2000 - Network	Rice	Masaka, Rakai, Sembabule, Apac, Arua, Mubende, Kiboga, Wakiso, Nakasongola and Kaberamaido)	Technical assistance to rice farmers
2	Agriserve Ltd	Agro inputs	Nakasongola, Tororo, Mayuge	Credit guarantee
3	AGTL (PLC)	Biotech	Kampala	Technical assistance, linkages
4	Ankole Coffee Processing	Coffee	Ibanda - Mbarara	Finance, training, marketing support
5	Apac District Farmers Association	various	Apac	Technical support under Dutch Partnership
6	Arua District Farmers Association	various	Arua	Technical support under Dutch Partnership
7	Balton Uganda	Rice and cotton chemicals	Masindi, Iganga	Technical assistance/support in testing new rice chemicals
8	Bon Holdings East Africa	Cotton	Busoga sub-region	Training, demonstration activity and technical assistance
9	Bugiri Commercial Farmers Association	Maize, Upland rice	Bugiri	Training /technical assistance/support
10	Busanyi Agro Investment	Coffee	Mpigi	Financial, technical assistance
11	Bushenyi Cotton Company	Cotton	Bushenyi	Training, demonstration activity and technical assistance
12	CARE International	Sesame	Arua, Nebbi	Technical assistance, finance
13	Centenary Rural Development Bank (CERUDEB)	Maize, Rice, Cotton, Sunflower	12 branches (Mbale, Tororo, Mityana, Kyotera, Kasese, Hoima, Lira, Kiboga, Bugiri, Kyenjojo, Mbarara, Ishaka)	Training of bank staff and linkage of farmers
14	CN Cotton Ltd	Cotton	Kachumbala - Kumi	Training, demonstration activity and technical assistance
15	COPCOT East Africa	Cotton	West Nile sub-region	Training, demonstration activity and technical assistance
16	Cotton Development Organization	Cotton, biotech	National	Liaison on Cotton Industry, Biotech technology assistance
17	Cotton Network Farmers	Rice	Kigumba / Masindi	Technical assistance/support and testing of new Rice
18	Dabani Ginnery	Cotton	Busia	Training, demonstration activity and technical assistance
19	DFCU Bank	Agro inputs	Kapchorwa, Kampala	Technical Assistance, Credit Guarantee
20	Dunavant	Cotton	Lira	Training, demonstration activity and technical assistance
21	East Africa Seed	Agro inputs	Nakasongola	Credit guarantee
22	East African Maltings (U) Ltd	barley	Kabarole and Kapchorwa	Technical support and training
23	El-Shaddai	Agro inputs	Tororo, Mbale	Credit guarantee
24	Evergreen International	Agro inputs	Pallisa, Kabale,	Credit guarantee

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25	Farmers Voice Newspaper	Biotech	National	Training, communication
26	FICA Seed	All seeds, fertilizers	Masindi, Kasese, Kabarole, Nakasongola, Mayuge, Mubende	Technical assistance, credit guarantee
27	General and Allied	Agro inputs	Mubende, Pallisa, Kabale	Credit guarantee
28	Harvest Farm Seeds	All seeds	Kampala	Technical assistance
29	IBERO (U) Ltd	Coffee	Kamuli, Masaka (Bigasa)	Finance, training and extension support
30	Iganga Commercial Farmers Association	Maize, Upland rice	Iganga	Training /technical assistance/support
31	IITA	Banana/Coffee	Masaka, Rakai, Bushenyi, Mbarara, Mpigi, Wakiso, Mukono, Luwero, Mbale	Grant and Technical Assistance
32	INIBAP	Banana	Luwero, Mukono	Grant and Technical Assistance
33	Kaberaimaido District Farmers Association	various	Kaberaimaido	Technical support under Dutch Partnership
34	Kamuli Commercial Farmers Association	Maize, Upland rice	Kamuli	Training /technical assistance/support
35	Kapchorwa Commercial Farmers Association	Maize, Coffee, Barley	Kapchorwa	Training /technical assistance/support
36	Katakwi District Farmer Association	Various	Katakwi	Technical support under Dutch Partnership
37	Kawacom (U) Ltd	Coffee	Bushenyi and Kapchorwa	Training and technical assistance
38	Kaweri Coffee Farmers Alliance	Coffee	Mubende, Kampala	Finance, technical support
39	Keith Associates	Pesticides	Kampala	Finance, technical assistance.
40	Kiboga Commercial Farmers Association	Maize, Upland rice	Kiboga	Training /technical assistance/support
41	Kumi District Farmer Association	Various	Kumi	Technical support under Dutch Partnership
42	Lira District Farmer Association	Various	Lira	Technical support under Dutch Partnership
43	Lumino Rice Company	Rice	Pabbo - Gulu	Technical assistance/support and linking to standard loans
44	MAAIF	Biotech, All crops	National	Biotech policy, technical assistance
45	MFPED	Biotech	Kampala	Training
46	Mt Elgon Seed Co	Agro inputs	Kapchorwa	Credit guarantee
47	MTL (U) Ltd	Coffee	Mbale, Manafa and Sironko	Training and extension support and grant
48	Mubende Commercial Farmers Association	Maize	Mubende	Training /technical assistance/support
49	MUK	All APEP commodities, biotech	Kampala	Training, capacity building
50	Mukwano Agro Projects	Sunflower	Lira, Apac, Masindi	Technical assistance and finance
51	NAADS	Rice	Country-wide	Technical assistance/support
52	NARO	All APEP commodities, biotech	Wakiso, Soroti, Mukono, national	Finance, training, capacity building

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53	NASECO Seed	Field crop seeds	Kibaale, Mayuge, Pallisa	Technical assistance, credit guarantee
54	NBC	Biotech/Biosafety	National	Training, technical assistance
55	North Bukedi Cotton Company	Cotton	Mbale / Pallisa	Training, demonstration activity and technical assistance
56	Novo Enterprises	Cotton	Tororo	Training, demonstration activity and technical assistance
57	Nyakatonzi Coop Union	Cotton	Kasese	Training, demonstration activity and technical assistance
58	Nyati Rice Millers	Upland rice	Hoima	Training/support for demonstration activity
59	Office of Vice President	Rice	Luwero, Rukungiri, Bundibugyo, Kyenjojo	Technical assistance/support
60	Olam (U) Ltd	Coffee	Rakai, Nakaseke	Financial, technical assistance
61	Olam (U) Ltd	Rice	Kumi	Technical and market linkage through PO
62	Olam (U) Ltd	Sesame	West Nile	Technical and market linkage through PO
63	Olam (U) Ltd	Cotton	National	Technical assistance
64	Outspan Enterprises Ltd	Sesame	Lira, Kaberamaido, Apac	Technical assistance and finance
65	Pearl Flowers	Flowers	Ntungamo	Grant and Technical Assistance
66	Pramukh Agro Industries	Cotton	Busembatya - Iganga	Training, demonstration activity and technical assistance
67	Roka Ale Trading Company Ltd	Sesame	Nebbi, Arua, Yumbe, Moyo	Technical assistance and finance
68	Rwenzori Vanilla Association	Cardamom, vanilla	Bundibugyo	Grant and technical assistance
69	Savannah	Upland rice	Masindi	Outgrower, technical assistance, finance
70	Shares! (U) Ltd	Sesame	Lira, Apac	Technical assistance, finance
71	Singh Farmers Ltd	Rice	Pakanyi / Masindi	Technical assistance
72	Soroti District Farmer Association	various	Soroti	Technical support under Dutch Partnership
73	South Base Agro Industries	Cotton	Tororo	Training, demonstration activity and technical assistance
74	Stanbic Bank	Maize/Seed	Kapchorwa, Kampala	Technical Assistance, Credit Guarantee
75	Standard Chartered Bank (SCB)	Maize	Kampala	Technical assistance and linkage of farmers
76	Sunrise	Upland rice	Kabarole	Outgrower, technical assistance, finance
77	Support Organization for Micro Enterprises Development (SOMED)	Rice	Masindi	Technical assistance/support
78	Tilda	Upland rice	Bugiri	Outgrower, technical assistance, finance
79	Twiga Chemicals	Agro chemicals, ULV pumps	Kampala	Technical assistance, marketing support
80	Uchumi Commodities	Upland Rice, fertilizers	Various	Upland rice production project development, linkages
81	UFEA	Flowers & Cuttings	Kampala, Wakiso, Mpigi, Mukono	Grant, technical assistance, training and research

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82	Uganda Breweries Ltd	Barley	Kapchorwa, Kampala, Kabarole	Technical assistance, finance
83	Uganda Crop Industries	Cardamom, Vanilla	Lugazi - Mukono	Grant and technical assistance
84	Uganda Ginners & Cotton Exporters Association (UGCEA)	Cotton	Kampala	Liaison on Cotton Industry
85	UGTL	Maize, Barley, Rice	Kampala	Finance, technical assistance
86	UNBS	Biotech	Kampala	Food safety, biosafety, training
87	UNCST	Biotech	National	Biotech policy, training and finance
88	UNEX (U) Ltd	Coffee	Bushenyi	Training and extension support
89	VANEX	Vanilla	Kampala	Grant, training, and extension support
90	Victoria Seeds	All seeds	Kampala	Finance, technical assistance
91	Western Uganda Cotton Company	Cotton	Masindi	Training, demonstration activity and technical assistance
92	Xclusive Cuttings	Cut/Pot Plants & Fruits	Mairye - Wakiso	Grant
93	Yumbe District Farmers Association	Sesame	Yumbe	Technical support under Dutch Partnership
94	Pearl Flowers	Flowers	Ntungamo	Grant and technical assistance
95	Rwenzori Vanilla Project Development Association (RVDPA)	Cardamom & Vanilla	Bundibugyo	Grant and technical assistance
96	Ugacof Ltd	Coffee	Kamuli, Iganga, Masaka	Grant and technical assistance
97	Kyagalanyi (U) Ltd	Coffee	Mukono	Grant and technical assistance
98	Sanyu Agro Industries Ltd	Sunflower	Nebbi	Grant and technical assistance
99	Afro Kai Ltd	Barley	Kabarole, Kasese	Grant and technical assistance
100	Rwenzori Upland Rice Company	Upland rice	Kabarole	Technical assistance
101	Kilimanjaro Rice Company	Upland rice	Kampala	Technical assistance
102	Uganda Upland Rice Miller	Upland rice	Jinja	Technical assistance
103	SOMED	Upland rice	Masindi	Technical assistance and demonstration support
104	Rwimi Commercial Upland Rice Processing	Upland rice	Kabarole	Technical assistance
105	Mega Distillers/Masindi District Farmers Association	Upland rice	Masindi	Technical assistance
106	USTA	Seeds	Kampala	Technical assistance
107	UNADA	Agro-inputs	Kampala	Technical assistance, credit guarantee scheme

**ANNEX D****USAID APEP Sweet Potato Vines Allocation in Northern and North-eastern Uganda**

District	Implementing partner	Sub-county	Camp	No. of HHs	Groups	No. of bags
Lira	Action Against Hunger (ACF)	-	Adwari	1,312	28	139
		-	Aliwang	1,044	18	94
		-	Okwang	1,031	26	129
		-	Okwongo	553	12	59
		-	Orum	1,601	41	204
		-	Olilim	963	25	125
	<b>Sub-total</b>			<b>6,504</b>	<b>150</b>	<b>750</b>
	COOPI	-	Omoro	554	-	544
		-	Alebtong	232	-	232
		-	Amugo	424	-	424
		-	Abako	376	-	376
		-	Alanyi	424	-	424
	<b>Sub-total</b>			<b>2,000</b>		<b>2,000</b>
Path Ministries	-	Aler Farm	1,400	-	1,400	
<b>Sub-total</b>			<b>1,400</b>	-	<b>1,400</b>	
<b>Total</b>			<b>11,904</b>	-	<b>4,150</b>	
Apac	CEASOP	-	Ngai TC	1,500	-	1,500
		-	Onekgwok	500	-	500
	<b>Sub-total</b>			<b>2,000</b>		<b>2,000</b>
<b>Total</b>			<b>2,000</b>	-	<b>2,000</b>	
Kaberamaido	Church of Uganda-TEDDO	Anyara	-	1,000	-	1,000
<b>Total</b>				<b>1,000</b>	-	<b>1,000</b>
Katakwi	Church of Uganda-TEDDO	Katakwi	-	400	-	400
<b>Total</b>				<b>4 00</b>	-	<b>400</b>
Amuria	Church of Uganda-TEDDO	Orungo	-	400	-	400
		Kuju	-	200	-	200
		Wera	-	1,000	-	1,000
<b>Total</b>				<b>1,600</b>	-	<b>1,600</b>
Gulu	Catholic Relief Services (CRS)	-	Unyama	21	-	100
		-	Laroo	34	-	250
		-	Paicho	56	-	200
		-	Cwero	16	-	200
		-	Awach	28	-	375
		-	Laliya	17	-	200
		-	Coo-pe	57	-	200
		-	Ajulu	48	-	1,200
		-	Lugore	58	-	200
		-	Labworomor	60	-	400
		-	Mican	15	-	50
		-	Lacor	24	-	150

		-	Keyo	58	-	200
		-	Parabongo	32	-	400
		-	Pabbo	64	-	600
		-	Olwal	78	-	200
		-	Amuru	54	-	200
		-	Odek	35	-	102
		-	Koro	27	-	200
		-	Alero	23	-	98
		-	Opit	10	-	200
		-	Lalogi	30	-	200
		<b>Sub-total</b>		<b>845</b>		<b>5 925</b>
	Norwegian Refugee Council (NRC)	Lalogi	Lalogi	200	-	800
		<b>Sub-total</b>		<b>200</b>		<b>800</b>
<b>Total</b>				<b>1,045</b>		<b>6,725</b>
Kitgum	Catholic Relief Services (CRS)	-	Palabek	150	-	535
		-	Paloga	133		400
		-	Mucwini	162	-	400
<b>Total</b>				<b>445</b>		<b>1,335</b>
Pader	Catholic Relief Services (CRS)	-	Kalongo	200	-	400
		-	Puranga	220	-	400
		-	Awere	80	-	200
		-	Pader TC	120	-	200
		-	Patongo	100	-	200
		-	Rackoko	100	-	200
		-	Pajule	200	-	400
		<b>Sub-total</b>		<b>1,020</b>		<b>2,000</b>
	AVSI	-	Angagura	600	-	600
		-	Laguti	1,049	-	1,049
		-	Atanga	400	-	400
		<b>Sub-total</b>		<b>2,049</b>	-	<b>2,049</b>
<b>Total</b>				<b>3,069</b>		<b>4,049</b>
Nakasongola	Save the Children (USA)	Nakitoma	-	29	-	29
		Nabiswera	-	28	-	28
		Kalungi	-	29	-	29
		Kalongo	-	28	-	28
		Lwampanga	-	29	-	29
		Lwabyata	-	28	-	28
		Kakooge	-	29	-	29
<b>Total</b>				<b>200</b>		<b>200</b>
<b>Grand total</b>				<b>21,663</b>		<b>21,459</b>

**ANNEX E****USAID APEP Supported Training Events****OCTOBER 2005 TO SEPTEMBER 2006**

Commodity	Location	Type of training	Target audience	Number of participants trained			Training purpose/focus
				Total	Males	Females	
Coffee	Mubende	Seminar	Lead Farmers	265	202	63	Improved Harvesting/post Harvest Technology
Coffee	Ibanda	Field Day	Farmers	712	502	210	Improved drying technology
Coffee	Rakai	Field Day	Farmers	2,407	1,694	713	Drying technology
Coffee	Kamuli	Field Days	Farmers	1,036	698	338	Coffee bush management
Coffee	Kapchorwa	Field days	Farmers	118	95	23	Improved on-farm processing
Coffee	Masaka	Field days	Farmers	2,561	1,659	902	De-suckering
Coffee	Mubende	Field days	Farmers	3,201	2,457	744	Good post harvesting handling practices.
Coffee	Kamuli	Field Day	Farmers	1,036	698	338	Coffee bush management
Coffee	Sironko	Field Day	Farmers	2,412	1,995	417	Coffee bush management
Coffee	Bushenyi	Workshop / Seminar	Farmers	4,382	3,879	503	Proper agronomic practice
Coffee	Iganga	Seminar	Lead farmers & DC chairpersons	79	77	2	Improved productivity through technology enhancement updates
Coffee	Bigasa	Workshop	Field officers & site coordinators	13	12	1	Promoting adoption of coffee technologies
Coffee	Kinoni	Seminar	Lead farmers & site coordinators	129	116	13	Increased yield and level of quality
Cotton	Kasese	Workshop	Area, Site coordinators & lead farmers	69	65	4	Improved cotton pest management
Cotton	Pallisa	Workshop	Area, Site coordinators & lead farmers	133	126	7	Improved cotton pest management
Cotton	Iganga	Workshop	Area, Site coordinators & lead farmers	75	74	1	Improved cotton pest management
Cotton	Busia/Tororo	Workshop	Area, Site coordinators & lead farmers	60	58	2	Improved cotton pest management
Cotton	Kumi	Workshop	Area, Site coordinators & lead farmers	121	119	2	Improved cotton pest management
Cotton	Masindi/Hoima	Workshop	Area, Site coordinators & lead farmers	75	72	3	Improved cotton pest management

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Cotton	Arua	Workshop	Area, Site coordinators & lead farmers	59	57	2	Improved cotton pest management
Sesame	Lira	Workshop / Seminar	Site coordinator	22	18	4	Integrated Pest Management System
Sesame	Arua	Workshop / Seminar	Site coordinators and lead farmers	34	32	2	Integrated Pest Management System
Sesame	Arua	Workshop / Seminar	Site coordinator & lead farmers	34	32	2	Integrated Pest Management System
Sesame	Arua	Workshop /Seminar	Site coordinators and lead farmers	29	20	9	Integrated pest management system
Sesame	Arua	Workshop / Seminar	Site coordinators & lead farmers	38	35	3	Integrated Pest Management system
Sesame	Arua	Workshop / Seminar	Area and site Coordinators	24	22	2	Sesame productivity enhancement
Sesame	Lira	Workshop / Seminar	Area and site coordinator	32	23	9	Sesame productivity enhancement
Banana	Mbarara	Farmers meeting	Banana growers	60	45	15	To improve banana productivity
Banana	Manafa	Seminar	Banana Growers	97	67	30	Increasing banana productivity
Banana/Coffee	Manafa	Seminar	Matooke farmers / coffee	108	81	27	How to improve coffee and banana yields
Banana	Mpigi	Field Day	Banana Farmers	91	22	69	Improve Banana yield
Banana	Rakai	Workshops	Banana farmers	38	25	13	Increasing banana productivity and control of BBW
Banana	Rakai	Workshops	Banana farmers	42	29	13	Increasing banana productivity and control of BBW
Banana	Rakai	Workshops	Banana farmers	25	17	8	Increasing banana productivity and control of BBW
Banana	Rakai	Workshops	Banana farmers	73	35	38	Increasing banana productivity and control of BBW
Banana	Mbarara	Workshops	Banana farmers	115	57	58	Increasing banana productivity and control of BBW
Banana	Mbarara	Workshops	Banana farmers	85	40	45	Increasing banana productivity and control of BBW
Banana	Masaka	Workshops	Banana farmers	89	43	46	Increasing banana productivity and control of BBW
Banana	Masaka	Workshops	Banana farmers	71	33	38	Increasing banana productivity and control of BBW
Banana	Masaka	Workshops	Banana farmers	152	86	66	Increasing banana productivity and control of BBW
Banana	Masaka	Workshops	Banana farmers	86	33	53	Increasing banana productivity and control of BBW
Banana	Manafa	Workshops	Banana farmers	359	232	127	Increasing banana productivity and control of BBW
Banana	Wakiso	Workshops	Banana farmers	74	34	40	Increasing banana productivity and control of BBW

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Banana	Wakiso	Workshops	Banana farmers	76	42	34	Increasing banana productivity and control of BBW
Maize	Kamuli	Workshop - Seminar	Commercial Farmers	74	56	18	Improved grain quality
Maize	Kamuli	Workshop - Seminar	Commercial Farmers	62	55	7	Improved grain quality standards
Maize	Bugiri	Workshop / Seminar	Commercial Farmers	90	74	16	Improved Maize grain quality
Maize	Iganga	Workshop / Seminar	Commercial Farmers	91	62	29	Improved grain quality
Maize	Kiboga	Workshop-Seminar	Commercial Farmers	82	67	15	Improved grain quality
Maize	Kiboga	Workshop / Seminar	Commercial Farmers	96	71	25	Improved grain quality
Maize	Mubende	Workshop / Seminar	Commercial Farmers	98	64	34	Improved maize grain quality and quantity
Maize	Mubende	Workshop / Seminar	Commercial farmers	62	48	14	Improved maize grain quality and quantity
Maize	Kapchorwa	Workshop/Seminar	Commercial farmers	46	37	9	Improved maize grain quality and quantity
Maize	Kapchorwa	Workshop / Seminar	Commercial Farmers	102	84	18	Improved maize grain quality and quantity
Maize	Kapchorwa	Workshop/ Seminar	Commercial farmers	124	110	14	Improved maize grain quality and quantity
Sunflower	Nakasongola	Workshop / Seminar	Programme and field officers	20	15	5	Sunflower productivity enhancement
Sunflower	Arua	Workshop/Seminar	Area and site coordination	17	16	1	Sunflower productivity enhancement
Sunflower	Apac	Workshop / Seminar	Lead farmers and site coordinators	44	41	3	Enhanced Sunflower productivity
Sunflower	Apac	Workshop/Seminar	Lead farmers and site coordinators	132	128	4	Enhances sunflower productivity
Sunflower	Apac	Workshop/ Seminar	Lead farmers and site coordinators	99	95	4	Enhanced sunflower productivity
Sunflower	Apac	Workshop / Seminar	Lead Farmers and site coordinators	77	75	2	Enhanced sunflower productivity
Sunflower	Apac	Workshop / Seminar	Lead Farmers and site coordinators	55	53	2	Enhanced sunflower productivity
Inputs	Moyo	Workshop	Agri-input stockists	13	3	10	Enhancement of input business
Inputs	Arua	Workshop	Agri-input stockists	32	26	6	Enhancement of input business
<b>TOTAL</b>				<b>22,213</b>	<b>16,938</b>	<b>5,275</b>	

## ANNEX F

## USAID APEP SAF Tracker

No.	Client Name	Activity Description	Activity Duration		Agreement Amount (US\$)	Agreement Amount (USD)	Cost-Share Amount (USD)	Agreement Amount Remaining (US\$)	Agreement Amount Remaining (USD)
			Start date	End date					
1	New Vision - RFP cotton sprayer solicitation	RFP solicitation for hand-held pesticide sprayers to be used in the cotton industry. Advert appeared in the New Vision on April 1, 2004.	01-Apr-04	01-Apr-04	569,410		0	completed	
2	New Vision - vanilla promotion	Vanilla industry promotion appearing in New Vision vanilla supplement. Other contributors to the supplement included VANEX, ESCO, and UCIL.	07-Jun-04	07-Jun-04	1,920,000		1,450	completed	
3	Fisheries Resources Research Institute (FIRRI) GRANT	Commercialization of aquaculture through research activities on Nile perch, Nile tilapia & Cage culture. This program was cost-shared with ADB and NARO.	1-May-04	31-Oct-04, extended to 31-Dec-04	189,379,500		58,947		completed
4	Uganda Crop Industries Limited (UCIL) GRANT	Cardamom development and distribution of 249,900 seedlings in Mukono and Bundibujyo.	1-May-04	31-Dec-05		99,960	412,665		completed
5	Micron Sprayers Limited	Procurement of 6,000 ultra low volume handheld spinning disc sprayers for use in the cotton industry.	20-Apr-04	20-Apr-05		243,060	0		completed
6	Mukwano A.K.Oils & Fats (U) Ltd GRANT	Establishment and maintenance of 600 sunflower demonstration sites for increased production and improved technology transfer in the Northern region. The districts impacted include Lira, Apac and Masindi.	1-May-04	30-Sep-04	89,484,000		21,764	completed	
7	COPCOT ( E.A) Ltd	Establishment and maintenance of 850 cotton demonstration sites for increased production and improved technology transfer in the West Nile region. The districts impacted include Arua, Nebbi, Yumbe, Moyo and Adjumani.	1-May-04	28-Feb-05	119,423,100		71,920	completed	
8	Dunavant Uganda Ltd	Establishment and maintenance of 1500 cotton demonstration sites for increased production and improved technology transfer in the Northern region. The districts impacted include Lira, Nakasongola, Apac, Gulu, Kitgum and Pader.	1-May-04	28-Feb-05	174,469,500		137,215	completed	
9	Bon Holdings Ltd	Establishment and maintenance of 720 cotton demonstration sites for increased production and improved technology transfer in the Busoga region. The districts impacted include Iganga, Bugiri, Kamuli and Mayuge.	1-May-04	28-Feb-05	95,768,640		60,912	completed	
10	North Bukedi Cotton Company Ltd	Establishment and maintenance of 1300 cotton demonstration sites for increased production and improved technology transfer in the Eastern region. The districts impacted include Pallisa, Mbale and Sironko.	1-May-04	28-Feb-05	151,206,900		112,853	completed	

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11	COTTCO (U) Ltd	Establishment and maintenance of 500 cotton demonstration sites for increased production and improved technology transfer in the Mid-Western region. The districts impacted include Masindi, Hoima and Kiboga.	1-May-04	28-Feb-05	66,156,500		43,405	completed	
12	Nyakatonzi Co-operative Union Ltd	Establishment and maintenance of 950 cotton demonstration sites for increased production and improved technology transfer in the Southwestern region. The districts impacted include Kasese, Kyenjojo, Bushenyi and Rukungiri.	18-Jun-04	30-Apr-05	110,498,300		82,470	completed	
13	Novo Enterprises Ltd	Establishment and maintenance of 300 cotton demonstration sites for increased production and improved technology transfer in the Eastern region. The districts impacted include Tororo and Busia.	1-May-04	28-Feb-05	34,893,900		26,043	completed	
14	C.N.Cotton Ltd	Establishment and maintenance of 440 cotton demonstration sites for increased production and improved technology transfer in Eastern region. The districts impacted include Kumi, Soroti and Katakwi.	1-May-04	28-Feb-05	51,177,720		38,196	completed	
15	Xclusive Cuttings (U) Ltd	Conduct research and trials of 50 different cut plants, potted plants, garden plants, and fruits to determine new varieties for commercial production in Uganda.	20-May-04	1-Jun-05		86,767	90,950		completed
16	Banana Bacterial Wilt campaign	Production and distribution of 90,000 posters and brochures for the dissemination of information about Banana Bacterial Wilt throughout Uganda. This activity was cost-shared through a working group comprised of Eco-Trust, ASPS II, NAADS, and MAAIF.			23,281,250		62,778	completed	
17	Uganda Flower Exporters Association (UFEA)	Strengthening of the floriculture industry by supporting 1) a UFEA research and training specialist 2) the Applied Tropical Floriculture Course 3) the implementation of IPM spider mite control in roses.	7-Jun-04	31-May-07		188,635	75,240		58,567
18	International Food Policy Research Institute (IFPRI)	Conduct research and database analysis of improved banana production and technologies in Uganda and East Africa.	24-May-04	28-Feb-05		50,000	0		completed
19	Ibero (Uganda) Ltd <b>GRANT</b>	Establishment of an integrated outgrower scheme with 3,000 coffee farmers in Masaka and Kamuli. The sustainability program will improve production technologies, increase quality, and build producer-market alliances.	24-May-04	01-Jun-05		45,840	68,000		completed
20	Mukwano A.K.Oils & Fats (U) Ltd Season B 2004 <b>GRANT</b>	Expansion of technology transfer program to include 1000 sunflower demonstration sites and 200 sesame demonstration sites in the Northern region. The districts impacted include Lira, Apac and Masindi.	01-Jul-04	31-Dec-04	65,308,600		127,500	completed	
21	Uganda National Council for Science and Technology (UNCST)	Establishment of the Biosafety Desk Office and Biosafety Desk Officer. The Office will plan for the development of biosafety in Uganda, coordinate national biosafety activities, and provide information on international and national development trends in b	01-Aug-04	31-Dec-07		86,943	0		58,751

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22	The Association of Vanilla Exporters of Uganda (VANEX) <b>GRANT</b>	Strengthening of the vanilla industry through the establishment and maintenance of 60 demonstration gardens, a comprehensive training program, public education campaign, and export marketing support.	01-Nov-04	31-Oct-07	390,100,190		81,122	137,272,297	
23	International Foundation of Organic Agriculture Movements (IFOAM)	Sponsorship of the international organic coffee conference in Entebbe. Compilation and publication of the conference proceedings and presentations. The IFOAM conference was sponsored with support from UCDA, EPOPA, CTA, SIDA, and corporate contributors.	13-Aug-04	31-Oct-04		5,000	333,918		completed
24	Sai Farms	Conduct an Environmental Impact Assessment and audit on flower farm for NEMA clearance and certification.	29-Sep-04	15-Nov-04	3,600,000		2,000		completed
25	Serere Agricultural and Animal Research Institute (SAARI)	Evaluation, identification, and introduction of high yielding sunflower hybrids for production in Uganda.	5-Jan-05	31-May-06	21,816,000		7,397		completed
26	Uganda Breweries Ltd.	Establishment of 64 barley demonstration plots. Supply technologies for production and processing, exposing at least 1600 farmers to improved technologies.	14-Mar-05	31-Jan-06	11,280,000		65,709		completed
27	Uganda Grain Traders Ltd	Maize training Program. To train up to 500 maize farmers by March 20, 2006 in the 6 districts of Mubende, Kiboga, Kamuli, Iganga, Bugiri and Kapchorwa.	21-Mar-05	31-Jan-06	20,160,000				completed
28	Savannah Commodities Ltd. <b>GRANT</b>	Establishment of 100 Upland Rice demonstration plots in Masindi district. Train 2000 farmers in Upland Rice Extension services and Management.	24-Mar-05	28-Feb-06	31,640,000		410,266		completed
29	Sunrise Commodities and Millers Ltd. <b>GRANT</b>	Establishment of 170 Upland Rice demonstration plots in Kabarole District. Train 2500 farmers in Upland Rice Extension services and Management using improved technologies/practices.	24-Mar-05	28-Feb-06	43,961,400		568,636		completed
30	Rwenzori Vanilla Association Project	Training in cardamom growing for 700 farmers in Bundibugyo district. Development of cardamom training manual for use during the 40 district-wide workshops.	29-Mar-05	30-Jun-06	12,580,000		6,012		completed
31	Ankole Coffee Processors Ltd	Train up to 600 farmers in Coffee Production using improved technologies and methods. Maintain 32 demonstration plots.	2-Jun-05	28-Feb-07	89,028,000		42,529	27,494,880	
32	A.K.Oils & Fats (U) Ltd (2005/6) <b>GRANT</b>	Establishment and maintenance of 1,700 sunflower demonstration sites for increased production and improved technology transfer in the Northern & Eastern regions. The districts impacted include Lira, Apac, Masindi and Sironko.	23-May-05	1-Jan-06	89,005,000		84,482		completed
33	COPCOT ( E.A) Ltd (2005/6)	Establishment and maintenance of 855 cotton demonstration sites for increased production and improved technology transfer in the West Nile region. The districts impacted include Arua, Nebbi, Yumbe, Moyo and Adjumani.	17-May-05	28-Feb-06	70,357,500		68,020		completed

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34	Dunavant Uganda Ltd (2005/6)	Establishment and maintenance of 1,440 cotton demonstration sites for increased production and improved technology transfer in the Northern region. The districts impacted include Lira, Nakasongola, Apac, Gulu, Kitgum and Pader.	23-May-05	28-Feb-06	111,015,000		110,989	completed	
35	Bon Holdings Ltd (2005/6)	Establishment and maintenance of 680 cotton demonstration sites for increased production and improved technology transfer in the Busoga region. The districts impacted include Iganga, Bugiri, Kamuli and Mayuge.	17-May-05	28-Feb-06	51,273,000		59,483	completed	
36	North Bukedi Cotton Company Ltd (2005/6)	Establishment and maintenance of 1,170 cotton demonstration sites for increased production and improved technology transfer in the Eastern region. The districts impacted include Pallisa, Mbale and Sironko.	23-May-05	28-Feb-06	81,315,000		96,794	completed	
37	COTTCO (U) Ltd (2005/6)	Establishment and maintenance of 675 cotton demonstration sites for increased production and improved technology transfer in the Mid-Western region. The districts impacted include Masindi, Hoima and Kiboga.	17-May-05	28-Feb-06	55,822,500		49,057	completed	
38	Nyakatonzi Co-operative Union Ltd (2005/6)	Establishment and maintenance of 810 cotton demonstration sites for increased production and improved technology transfer in the Southwestern region. The districts impacted include Kasese, Kyenjojo, Bushenyi and Rukungiri.	1-Jun-05	30-Apr-06	64,179,000		67,011	completed	
39	Novo Enterprises Ltd (2005/6)	Establishment and maintenance of 540 cotton demonstration sites for increased production and improved technology transfer in the Eastern region. The districts impacted include Tororo and Busia.	17-May-05	28-Feb-06	44,658,000		36,531	completed	
40	C.N.Cotton Ltd (2005/6)	Establishment and maintenance of 630 cotton demonstration sites for increased production and improved technology transfer in Eastern region. The districts impacted include Kumi, Soroti and Katakwi.	17-May-05	28-Feb-06	51,750,000		50,291	completed	
41	International Institute of Tropical Agriculture (IITA) <b>GRANT</b>	Increasing Profitability of bananas in Uganda through Improved agronomic management. Identify opportunities and constrains for improvement of Banana-Coffee intercropping systems and Enhancing banana productivity by disseminating new hybrids to farmers.	1-Oct-05	31-Mar-08	296,210,701		189,182		246,256,578
42	International Network for the Improvement of Banana & Plantain (INIBAP) <b>GRANT</b>	Assessing Banana Bacterial Wilt Control Options	1-Oct-05	28-Feb-07	48,189,000		31,168	completed	
43	Kawacom (U) Ltd. <b>GRANT</b>	Convert 2,000 farmers over the 2 ½ years project period in the Bushenyi District from their traditional method of dry production to supplying red cherries for wet processing.	16-Dec-05	15-May-08	178,250,000		393,888		144,425,689
44	Pearl Flowers Ltd.	Establishment of a new farm at a higher altitude using the new Hydroponics technology for cultivating cut flowers (roses).	16-Dec-05	31-Dec-07	179,190,000		6,285,585		71,676,000

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45	Ibero (Uganda) Ltd - 2006/2008 <b>GRANT</b>	Increasing coffee production in the Bigasa Sub county, Masaka district and Kisozi sub county in Kamuli. The project targets 3,000 small holder coffee farmers in Bigasa and 3,500 small holder coffee farmers in Kisozi.	1-Apr-06	31-Mar-08	179,860,000		142,820	148,027,816	
46	Main Traders Ltd (MTL) <b>GRANT</b>	Coffee washing stations, drying of coffee, coffee demo plots, training of trainers	1-Apr-06	31-Mar-08	179,791,200		682,155	104,733,200	
47	Olam Uganda Limited <b>GRANT</b>	Work with farmer organizations of Nakaseke district to transfer best agronomic practices and initiate direct market linkages and; ultimately lead to registration of Utz Kapeh certification of 3,000 coffee farmers	1-Apr-06	31-Mar-08	179,104,000		99,723	168,532,800	
48	NKG Coffee Alliance Trust <b>GRANT</b>	Empowering farmer groups to take responsibility for the primary level of marketing of their own coffee; training in post harvest operations; increasing value of their coffee through washed coffee and encourage farmers take responsibility for the correct q	1-Apr-06	31-Mar-08	179,188,000		101,067	150,144,842	
49	Uganda Breweries Ltd. (2006/7)	Barley Production in Kabarole and Kapchorwa Districts	1-Apr-06	31-Mar-07	41,823,000		14,253	29,939,100	
50	Promain Ingenieria Ltd.	Procurement of 2 Mobile Coffee Wet Processors for use in the coffee industry.	6-Jun-06	31-Aug-06		34,500			completed
51	Dunavant Uganda Ltd (2006/7)	Establishment and maintenance of 200 cotton demonstration sites for increased production and improved technology transfer in Nakasongola district and Northern Uganda Support to IDP production of good crops and cotton	4-May-06	28-Feb-07	75,385,000		12,001	14,889,000	
52	Bon Holdings Ltd (2006/7)	Establishment and maintenance of 800 cotton demonstration sites for increased production and improved technology transfer in the Busoga region. The districts impacted include Iganga, Bugiri, Kamuli and Mayuge.	4-May-06	28-Feb-07	53,440,000		47,871	25,626,750	
53	North Bukedi Cotton Company Ltd (2006/7)	Establishment and maintenance of 1000 cotton demonstration sites for increased production and improved technology transfer in the Eastern region. The districts impacted include Pallisa, Mbale and Sironko.	4-May-06	28-Feb-07	66,800,000		59,838	40,302,000	
54	Western Cotton Company Limited (2006/7)	Establishment and maintenance of 700 cotton demonstration sites for increased production and improved technology transfer in the Mid-Western region. The districts impacted include Masindi, Hoima and Kiboga.	4-May-06	28-Feb-07	46,760,000		42,003	28,224,000	
55	Novo Enterprises Ltd (2006/7)	Establishment and maintenance of 700 cotton demonstration sites for increased production and improved technology transfer in the Eastern region. The districts impacted include Tororo and Busia.	4-May-06	28-Feb-07	46,760,000		41,887	28,211,400	
56	Nyakatonzi Co-operative Union Ltd (2006/7)	Establishment and maintenance of 700 cotton demonstration sites for increased production and improved technology transfer in the Eastern region. The districts impacted include Kasese, Bushenyi, Kamwenge and Kanungu District	3-Jul-06	30-Jun-07	46,200,000		41,171	41,651,400	

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57	Kyagalanyi Coffee Ltd <b>GRANT</b>	Replanting of Robusta coffee and the certification of smallholder coffee growers in Nakanyonyi-Mukono District	12-Jul-06	28-Feb-08	142,910,000		264,043	108,091,810	
58	Ugacof Ltd. <b>GRANT</b>	Improvement of yield and quality of coffee beans through the use of mobile washing, depulping and demucile aging units	12-Jul-06	31-May-08	142,491,139		104,566	135,733,039	
59	KACOFA <b>GRANT</b>	Increasing small householder coffee yield and quality in Kapchorwa and Bukwa Districts	1-Jul-06	30-Apr-08	20,020,000		76,264	18,722,920	
<b>TOTAL</b>					<b>4,519,449,950</b>	<b>840,705</b>	<b>12,262,039</b>		

**AMOUNT AWARDED IN USD**

USH awards	2,490,371
USD awards	840,705
<b>Total awards</b>	<b>3,331,076</b>

**AMOUNT REMAINING**

SAF remaining	404,120
% awarded	89.18%
% remaining	10.82%

**PRIVATE SECTOR FUNDS LEVERAGED**

	<b>Private sector funds leveraged</b>	<b>APEP funds leveraged through SAF</b>
UCIL	412,665	99,960
A.K. Oils & Fats (2004/5)	141,213	82,528
Copcot (2004/5)	71,920	62,854
Dunavant (2004/5)	137,215	91,826
Bon Holdings (2004/5)	60,912	50,405
North Bukedi (2004/5)	112,853	79,583
Cottco (2004/5)	43,405	34,819
Nyakatonzi (2004/5)	82,470	58,157
Novo (2004/5)	26,043	18,365
CN Cotton (2004/5)	38,196	26,936
Xclusive Cuttings	90,950	86,767
UFEA	75,240	188,635
Ibero	68,000	45,840
VANEX	81,122	224,409
Sai Farms	2,000	2,081
UBL	65,709	6,520
Sunrise	575,210	25,121
Savannah	415,009	18,080
Rwenzori	6,012	7,272
Ankole Coffee	42,529	49,460
A.K.Oils & Fats (2005/6)	84,482	50,698
COPCOT (2005/6)	68,020	40,204
Dunavant (2005/6)	110,989	63,437
Bon Holdings (2005/6)	59,483	29,299
North Bukedi (2005/6)	96,794	46,466

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Cottco (2005/6)	49,057	31,899
Nyakatonzi (2005/6)	67,011	36,674
Novo (2005/6)	36,531	25,519
CN Cotton (2005/6)	50,291	29,571
Kawacom (U) Ltd.	393,888	76,139
Pearl Flowers Ltd.	6,285,585	99,000
Ibero (U) Ltd (2006/8)	142,820	99,922
Main Traders Ltd (MTL)	682,155	99,884
Olam Uganda Limited	99,723	99,502
NKG Coffee Alliance Trust	101,067	99,549
Dunavant (2006/7)	12,001	7,402
Bon Holdings (2006/7)	47,871	29,607
North Bukedi (2006/7)	59,838	37,008
Western Uganda (2006/7)	42,003	25,978
Nyakatonzi (2006/7)	41,171	24,973
Novo (2006/7)	41,887	25,906
UBL	14,253	23,235
Kyagalanyi Coffee Ltd	264,043	78,522
UGACOF Ltd	104,566	78,292
KACOFA	76,264	11,000
<b>TOTAL</b>	<b>11,580,464</b>	<b>2,529,303</b>