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Enhancement Program (APEP)**  
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October 2005 to March 2006



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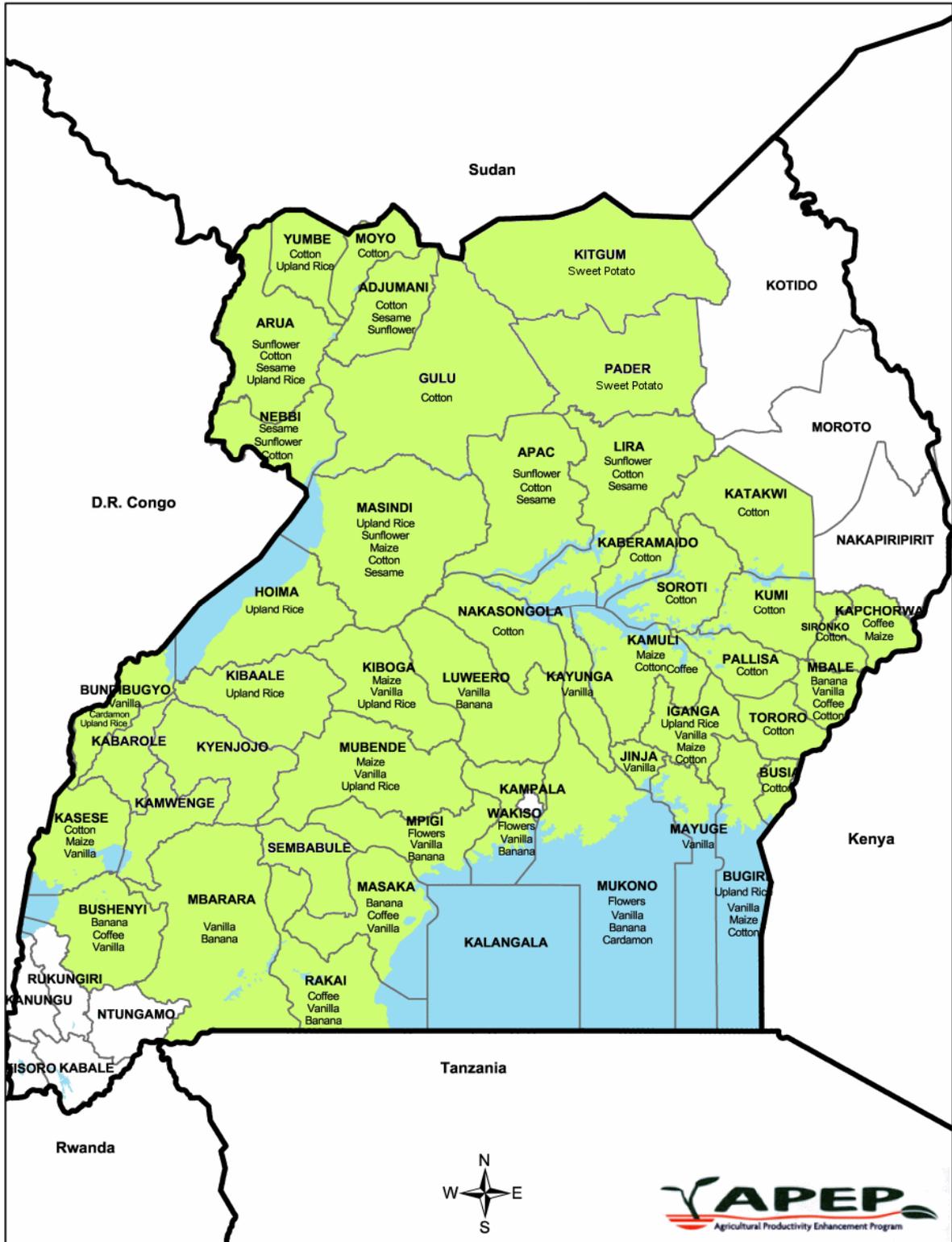
# Semi-Annual Progress Report

October 2005 to March 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.

# APEP Intervention Districts





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ASPS II	Agricultural Sector Programme Support (Danida)
ABSP II	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
CAEC	Continuing Agricultural Education Centre
CBOs	Community-Based Organizations
CDO	Cotton Development Organization
CERUDEB	Centenary Rural Development Bank
CIAT	International Center for Tropical Agriculture
CO	Contracting Officer
COMPETE	Competitive Private Enterprise and Trade Expansion project (USAID)
CORI	Coffee Research Institute
CPPs	Crop Protection Products
CT	Conservation Tillage
CTO	Cognizant Technical Officer
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
EAFCFA	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	hectares
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

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
LOP	Life of Project
LRA	Lords Resistance Army
M&E	Monitoring and Evaluation
MAAIF	Ministry of Agriculture, Animal Industry & Fisheries
MD	Managing Director
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 tons
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
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
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
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
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
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
USTA	Uganda Seed Traders Association
VANEX	Uganda Vanilla Exporters Association
VAT	Value Added Tax
WFP	World Food Program

## EXECUTIVE SUMMARY

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### INTRODUCTION

This semi-annual progress report covers the period October 1, 2005 through March 31, 2006. The report, which has been prepared by the Agricultural Productivity Enhancement Program (APEP), highlights progress so far made during the third year of APEP implementation. APEP aims to expand rural economic opportunities in the agricultural sector by increasing food and cash crop productivity and marketing. The project 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.

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, APEP focused on the following sub-sectors: coffee, cotton, grains & oilseeds, flowers, vanilla, cardamom, bananas and Northern Uganda food security crops. APEP continues to employ approaches to support agricultural competitiveness and commercialization. These include working with business and industry leaders to design corporate structures to reach producers and work with producers to respond and organize themselves. APEP also works with POs to develop linkages, management systems and revenue streams.

### OVERVIEW OF CLIMATIC CONDITIONS AND COMMODITY PRICES

2005B season started late in many areas, particularly in Northern Uganda where despite a series of encouraging rainfall 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. Many locations experienced sporadic and in some cases unseasonable rains during January 2006, reaching above normal in mid-west, central and southern Uganda. By the end of this reporting period the 2006A season rains that started in March had not been fully established in many parts of the country, implying a slow start to crop cultivation in 2006.

An indicator of below average rainfall and runoff is 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.

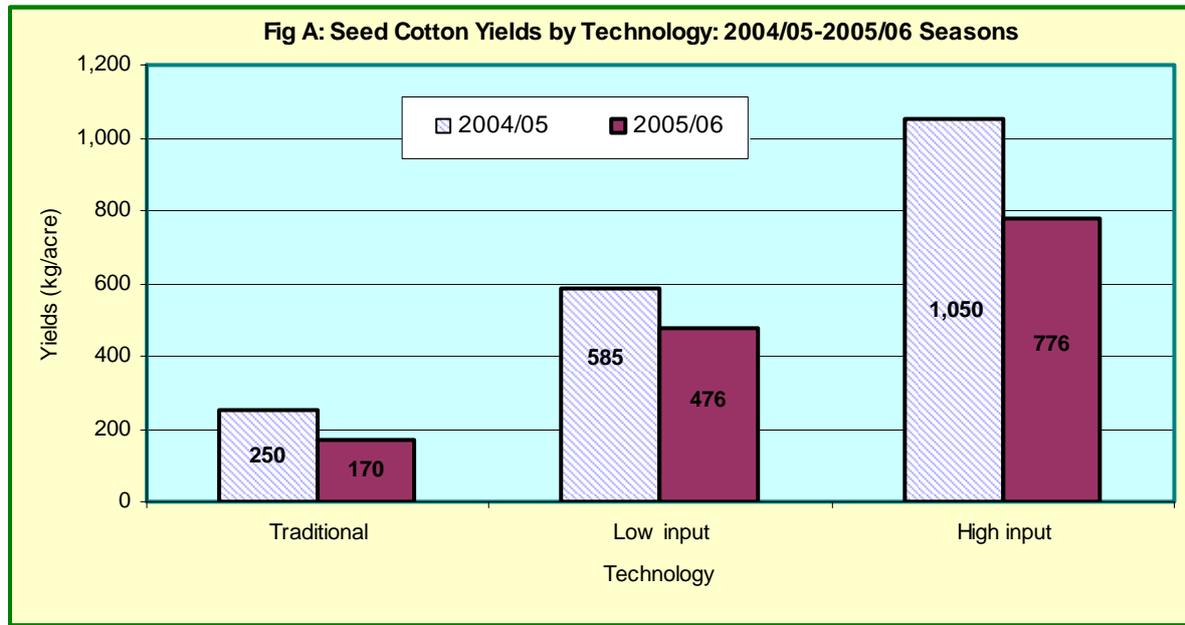
Commodity prices have been firm through the reporting period, with the drought in 2005B season causing prices to rise above average market conditions for cash crop grains and food crops. Cotton prices have firmed slightly on the international markets which is encouraging for the start of the 2006/7 season. Higher local and regional grain prices have improved producer sentiment for grain production. Prices for both Robusta and Arabica coffee have also increased.

### APEP COMMODITY PERFORMANCE

**Cotton:** During the 2005/06 cotton season, 7,094 demonstration sites (6,994 were funded fully by APEP with an additional 100 funded by some ginners) were established in the 8 cotton production zones of the country. 398 demonstration sites were also established with Boweevil and Dunavant under organic cotton production bringing to a total of 7,492 field demonstrations undertaken in the production year 2005/6. These demonstration sites exposed a total of 115,938 farmers (32,550 females) to improved cotton production management practices. The 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 in to the 2005/6 production season.

The industry performance was about 99,360 bales<sup>1</sup> of lint. This represents only 38% of what was achieved the previous year. The productivity during the year was slightly lower than in the previous year 2004/5, primarily on account of unfavourable weather conditions during critical periods of the cotton crop (Figure A).



Despite the above drawback, APEP was able to attract the support of other donors and leverage some of their resources to finance activities under the demonstration program for the 2006/07 season. From the Royal Netherlands Embassy, 161,898 Euros were obtained for cotton demonstration and 26,018 Euros were obtained for organic cotton demonstration covering exclusively the areas of Northern and North-eastern Uganda. APEP is in the process of securing about US\$ 150 million from NAADS towards procuring a portion of the fertilizers, training of site coordinators and lead farmers in the rest of the country.

**Coffee:** Uganda's coffee exports for the mid-year 2005/06 totaled about 1,035,107 60-kg bags (equivalent to 62,106 mt) valued at US\$88,918,783. Compared to the 2005/06 coffee year, this performance to-date represents a drop in volume by about 16% and a rise in value by 33%. The monthly coffee export performance is shown in Table I. According to the Uganda Coffee Development Authority (UCDA), the drop in volume was attributed to unfavourable 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 February/March 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 February/March 2006. Similarly, Arabica parchment price increased from US\$ 2,300 per kg in November 2005 to US\$ 2,600 per kg in February/March 2006. These developments, although not directly attributed to APEP, resulted in increased farm incomes and increased producer confidence for coffee farmers. This is expected to provide

<sup>1</sup> One bale of lint is equivalent to 185 kg of lint, which at the producer level is equivalent to 545 kg of seed cotton.

the necessary incentives that should result in increased adoption of improved coffee husbandry practices.

**Table I: Monthly Coffee Export Performance: October - March**

Month	2005/06		2004/05		% Change	
	Vol (60kg bags)	Val (US\$)	Vol (60kg bags)	Val (US\$)	Volume	Value
October	121,696	9,280,808	185,933	8,241,652	(35)	13
November	182,501	14,408,247	182,881	8,301,451	(0.2)	74
December	180,344	14,835,974	237,406	12,369,677	(24)	20
January	228,794	19,607,334	214,723	11,455,547	7	71
February	165,762	16,113,588	214,118	12,390,484	(23)	30
March	156,010	14,672,832	195,417	13,932,031	(20)	5
<b>Total</b>	<b>1,035,107</b>	<b>88,918,783</b>	<b>1,230,478</b>	<b>66,690,842</b>	<b>(16)</b>	<b>33</b>

Source: UCDA

In regard to the coffee sub-sector, much of APEP's 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. APEP TA worked closely with UCDA district staff, agricultural sub-county extension staff and extension staff from the private exporters. According to field day records, a total of 11,684 farmers that included 1,012 females benefited from both the newly established and existing demonstration sites.

**Sunflower:** USAID APEP continued collaboration with A.K. Oils & Fats (U) Ltd in Lira, Apac and Masindi districts witnessed about 12,000 collaborating farmers registered in the out grower scheme and about 40,000 kg of seed of hybrid sunflower was sold during the 2005B season. 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 demonstrated proper agronomic practices including use of herbicides and fertilizers and the low external input package that demonstrated proper agronomic practices. The average yields realized from the demonstration sites were 742 kg/acre from the high input blocks and 543 kg/acre from the low input blocks.

During the reporting period about 4,800 mt of sunflower grains were procured by A.K. Oils & Fats (U) Ltd resulting in an income of US\$ 1.68 billion (with a net income of US\$ 425 million) to the registered farmers. This rather low procurement, representing approximately 40% of the expected output, was generally due to the late start of the 2005B season, with the rains tapering off into November. About 46,000 kg of the hybrid seed has been sold for the 2006A season crop. This is expected to plant approximately 23,000 acres by an estimated 18,000 farmers, all of whom are registered in an out grower scheme (OGS).

**Sesame:** During the 2005B season, 270 sesame demonstration sites were established in the West Nile and Lango sub-regions. The sites were established in collaboration with CARE International – UNO Trading Co. Ltd partnership dealing with conventional sesame trade in the West Nile districts of Arua and Nebbi; and 2 companies, Outspan Enterprises Co. Ltd and Shares! (U) Ltd dealing in organic sesame trade in the districts of Kaberamaido, Apac and Lira. About 2,946 farmers were exposed to improved production practices through the low external input demonstration sites. The program did not perform to expectations due to the late onset of rains. This resulted in over 80% of the technology transfer sites either not established or not able to grow to maturity. The average yields obtained 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 70 kg/acre.

During 2006A season, one other 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 about 2,000 farmers registered to-date. Technical trainings were conducted with 11 Area and 42 Site Coordinators in the Lango and West Nile sub-regions. The establishment of 180 demonstration sites is underway in collaboration with 2 partners; Outspan Enterprises Company Ltd in Lira, Apac and Kaberamaido districts for organic products, and CARE International in Arua and Nebbi districts for the 2006B season.

Although sesame is presently a minor commodity in the 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:** APEP upland rice collaborative effort with both the public and private sector continued to generate positive outcomes in terms of farmers exposed to technologies, increase in quality and total amount of milled rice channeled through both small and medium scale millers. As a result, new private sector entrepreneurs are investing in rice production and processing mills. These include: Olam Ltd in Kumi district; Uchumi Commodities in Kabarole district; Paleke Mills in Gulu; Eco-friendly Farm in Pallisa district; Upland Rice Millers in Jinja district; and Quality Chemicals in Mukono District. The total investment by the new investors combined amounts to \$2.2 million. These investments are expected to attract about 40,000 farmers as suppliers of upland rice by the end of 2006.

APEP has continued to work with various partners (JICA, NAADS, A2N SG 2000 UNDP, Office of the Vice President, SOS–Gulu program, Plan for Modernising Agriculture (PMA), CBOs, rice processing companies, traders and farmers through its demonstration and technical assistance program to achieve the goal of reducing rice imports by 40% and increasing quantity and quality of Ugandan rice in the next two years. APEP through its inputs grant program work with Arysta Life Science Kenya Ltd supported a local input supplier, Keith Associates to avail farmers a cheaper source of herbicides (Saturnil 60 EC). A rice planter and small scale combine harvester were tested in partnership with the private sector. The performance of this equipment has generated interest amongst the farmers and the private sector investors.

A total of 1,393 demonstration sites (each between ½ - 1 acre) were established with 24,720 new farmers being trained in upland rice production by end of March 2006. The upland rice manual developed by APEP in collaboration with A2N/UNDP was finally completed and this will assist in providing the necessary skills to rice extension workers as expansion of upland rice growing in the country continues.

**Maize:** Maize technology packages received support from IDEA and APEP for 10 years so we are now in an exit mode as far as conventional support is concerned. During the reporting period, not much was offered directly by 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 UGTL in crop husbandry and post-harvest handling, marketing as well as linkages to input and output suppliers and financial service providers.

**Barley:** 2005B season witnessed further collaboration between the Uganda Breweries Limited (UBL) and USAID APEP through the SAF program in the production of barley in Kapchorwa. Thirty two demonstration sites were established in Kapchorwa during the season. Each demonstration site was one acre with a high external input package. Two varieties of seed were planted namely Karne (with seed rate of 40kg/acre) and Sabini (with seed rate of 34kg/acre). 50 kg of DAP and 20 kg of Urea fertilizer rates were applied on each demonstration plot. A total of 550 collaborating farmers of which 272 were females were exposed to the improved production and post-harvest practices through the technology transfer sites. Average yields of 606 kg/acre were obtained from the demonstration sites.

The rather poor output was attributed to the poor rains received in 2005B season. About 980 mt of barley grain was procured at the end of the season.

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 OGSs. This is estimated to establish approximately 5,000 acres. Arrangements for a SAF agreement in support to UBL are underway.

**Vanilla:** 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. Over 4,800 vanilla growers were exposed to improved production practices through the 60 established demonstration sites and farmers outreach extension programs. Emphasis has been put on training farmers in improved field management practices such as shade management, mulching, proper looping, pollination, harvesting and quality control. VANEX extension services have reached out to more farmers through weekly radio programs on three radio stations (CBS FM, VOT FM and Kiira FM). APEP, working together with VANEX, embarked on implementing the Code of Practice (CoP) for the Vanilla Industry.

During the reporting period, an estimated of 202 tons of green vanilla beans were harvested, which is equivalent to 35 mt of cured vanilla. Farm gate price of green vanilla beans improved from US\$ 1,000–3,500 per kg (in July 2005) to US\$ 5,000-7,000 (January 2006). The quality of beans remained good. Overall, the world vanilla prices improved from US\$20-60 to US\$35–70 per kg of cured beans. Uganda received a new buyer, DANISCO from Denmark. The company has already bought more than 20 tons of cured Ugandan Vanilla. According to CAA records, about 158 tons of cured vanilla were exported by air during the reporting period. In addition, 44 tons of cured vanilla were exported to New York and Hamburg 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 was \$8,500,000 during the reporting period.

**Banana (Matooke):** 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 4,000 producers were exposed to improved banana production and maintenance practices, with about 57% being females. Although the general management of demonstration gardens has improved, yield records have shown a decline in bunch weight and number of bunches harvested per month from many sites. This has been attributed mainly to the prolonged drought and the bad rains (heavy storms) in February 2006 which destroyed many banana trees. As a result, banana supply remained relatively low and farm gate prices ranged from US\$ 3,000 to 5,000 per bunch compared to a range of US\$ 2,000 to 3,500 per bunch during similar period in FY 2004/05. Farmers with demonstration sites that were established during the inception of APEP (2004B season), have also started harvesting from their gardens. Average bunch weight from these establishments was 25 kg.

Through the SAF, 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 are resistant to pests and diseases. A third contract was made with INIBAP to carry out on-farm research on assessing Banana Bacterial Wilt control options.

**Flowers:** With SAF support from APEP, the Uganda Flower Exporters Association (UFEA) continued to support the flower industry through research, training and market promotion. 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 24.2ha and continued to provide employment to about 7,000 people, with at least 60% of the employees being females. 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. Furthermore, UFEA successfully participated in Miami Floral Expo, and as a result, some US-based flower buyers have shown interest in Uganda's flowers.

APEP entered into a cost-sharing SAF with Pearl Flowers to conduct varietal performance testing in a cooler climate at Ntungamo, western Uganda. At the capacity building level, 18 mid-level supervisors are being trained under the Applied Tropical Floriculture (ATF) program. The export volume of roses and plant cuttings during the reporting period reached 3,752 tons and value was estimated at US \$16.4 million.

## 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 do 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 to having well managed and well organized farmer owned POs.

As a result, the first half of APEP's third year has witnessed an increase in total volumes of coffee and grains bulked and the number of POs who actively and successfully participated in bulk marketing and input supply activities. Table II below shows the massive increases in bulk marketing activities since the inception of APEP.

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

Year	DCs	POs	Crop Bulk Tons	Crop Value
2004	-	12	311	\$59,045
2005	89	609	10,712	\$2,256,761
2006A	156	1,284	15,119	\$5,533,469

## 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 APEP interventions, while others were a result of the global market situations.

- Uganda continues to realize increased coffee earnings:** Due mainly to an increase in the world market price and an improvement in quality, Uganda's export value for the first half of the 2005/06 coffee year was \$88.9 million. Compared to a similar period in 2004/05, this performance to-date represents a rise in value by 33%. According to the Uganda Coffee Development Authority (UCDA), the increase in value was a result of the general improvement in coffee prices on the world market in response to global supply deficit. These high international prices were also reflected on the local scene, where there were price increases of 15-25%. These developments, although not directly attributed to APEP, resulted in increased farm incomes and increased producer confidence for coffee farmers. This is expected to provide the necessary incentives that should result in increased adoption of improved coffee husbandry practices.

- **Input supply strengthened:** APEP continued to provide technical oversight<sup>2</sup> to the 312 stockists trained since the inception of the project. In order to support input market transparency and further develop dealer capacity, a marketing newsletter – “Agri-Input Markets, Uganda” - was designed and has been distributed on a monthly basis since January 2005. To further develop the stockist effectiveness, APEP, in partnership with AT Uganda and UNADA, continued to extend the credit guarantee scheme to more stockists through their branches.
- **Increased technology adoption:** Provision of TA support and promotion of the demonstration programs and training have continued to yield positive results regarding technology adoption. Table III 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 112,144 (representing 61% adoption rate across all APEP commodities for farmers exposed) while those who have adopted improved high input practices was 2,723 (a 1.5% adoption rate across all the APEP commodity portfolios).

**Table III: Farmers Adopting APEP Promoted Technologies**

<b>Crop/Enterprise</b>	<b>Number of farmers exposed</b>	<b>Adoption of high input technology</b>	<b>Adoption of low input technology</b>
Cotton	115,938	580	75,360
Upland rice	25,240	757	15,144
Sunflower	16,464	494	12,348
Barley	1,232	616	862
Sesame	2,946	0	737
Coffee	11,684	234	2,921
Banana	4,215	42	1,391
Vanilla	4,831	0	3,382
<b>Total</b>	<b>182,550</b>	<b>2,723</b>	<b>112,144</b>
<b>Percentage adoption</b>		<b>1.5%</b>	<b>61%</b>

## PROGRESS TOWARDS LOP PMP INDICATORS

Progress towards meeting LOP PMP indicator targets is provided in Table IV 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.

<sup>2</sup> This includes provision of information on new products, new suppliers, quality control and registration requirements, and advice on record keeping, fertilizer recommendations and general business ethics.

**Table IV: APEP PMP Indicator Progress by Year**

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 (from APEP-supported commodities)	US\$ p.a	185.45	260.00	197.43	224.57	125.1	48%
% change(over baseline) in h/h income of APEP-supported producers	%	0	40%	6%	21%	n.a	n.a
# of h/h supported by APEP (cumulative)	No	0	250,000	165,000	204,603	212,550	85%
# oh h/h with disability supported by APEP (cumulative)	No	0	5,000	0	1,358	2,090	42%
# of on- & off-farm jobs created (cumulative)	No	0	80,000	13,347	30,219	30,914	39%
# of on- & off-farm enterprises created (cumulative)	No	0	600	311	495	539	90%
Total production of APEP-supported crops (National level)							
- coffee	mt	160,000	200,000	151,383	150,113	62,106	31%
- cotton	mt	29,250	64,750	30,155	46,620	18,382	28%
- sunflower	mt	10,000	40,000	10,600	16,000	10,000	25%
- rice	mt	100,000	160,000	113,000	147,000	115,000	72%
- maize	mt	315,000	750,000	550,000	620,000	230,000	31%
- flowers	mt	4,424	7,000	6,284	6,935	3,752	54%
- banana	mt	8,000,000	11,000,000	8,200,000	8,500,000	4,000,000	36%
- green vanilla beans	mt	880	1,200	900	525	202	17%
Yields of APEP-supported crops (Average for adopters)							
- coffee	mt/acre	0.290	0.500	0.350	0.600	0.750	150%
- cotton	mt/acre	0.200	0.600	0.460	0.525	0.476	79%
- sunflower	mt/acre	0.300	0.800	0.600	0.650	0.543	68%
- rice	mt/acre	0.350	0.800	0.720	1.200	1.400	175%
- maize	mt/acre	0.550	2.000	1.500	1.500	1.250	63%
- flowers	mt/acre	11.000	15.000	12.000	12.500	11.700	78%
- banana	mt/acre	5.850	9.000	7.260	12.000	11.850	132%
- green vanilla beans	mt/acre	0.250	0.400	0.250	0.300	0.320	80%

## Chemonics International Inc.

Unit cost of production of APEP-supported crops (APEP adopters)							
- coffee	US\$/kg	0.270	0.180	0.245	0.206	0.220	82%
- cotton	US\$/kg	0.310	0.200	0.290	0.237	0.305	66%
- sunflower	US\$/kg	0.250	0.140	0.156	0.141	0.146	96%
- rice	US\$/kg	0.400	0.200	0.238	0.209	0.230	87%
- maize	US\$/kg	0.080	0.060	0.072	0.065	0.076	79%
- 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	0.035	57%
- green vanilla beans	US\$/kg	0.700	0.550	0.633	0.626	0.605	91%
Value of targeted commodities marketed by APEP clients	US\$	106,000,000	150,000,000	112,448,014	122,277,184	82,100,000	54%
% change in value of targeted commodities marketed by APEP clients	%	0	40%	6%	15%	-46%	-115%
Volume of targeted commodities marketed by APEP clients	mt	615,000	800,000	662,972	681,411	382,000	48%
% change in volume of targeted commodities marketed by APEP clients	%	0	30%	8%	11%	-52%	-174%
Gross revenue of off-farm enterprises supported by APEP	US\$	140,000,000	225,000,000	151,482,439	166,340,898	109,500,000	49%
% change (over baseline) in gross revenue of off-farm enterprises supported by APEP	%	0	60%	8%	19%	-51%	-86%
No of input suppliers serving APEP clients (cumulative)	No	0	400	177	281	321	80%
No of local credit service points reaching APEP clients (cumulative)	No	0	30	8	24	27	90%
Amount of credit provided to APEP-supported clients	US\$	612000	900,000	830,867	1,404,485	980,183	109%
% change in amount of credit provided to APEP clients	%		45%	36%	129%	60%	134%
No of APEP-supported firms exporting agricultural products (cumulative)	No	0	100	19	68	69	69%
No of agricultural processors supported by APEP (cumulative)	No	0	50	20	52	59	118%
Output value of APEP-supported processors	US\$	65,331,921	130,000,000	65,331,921	87,984,372	45,000,000	35%
% change in output value of APEP-supported processors	%		100%	0%	35%	-65%	-65%
No of APEP-supported firms managing outgrower schemes (cumulative)	No	0	25	7	12	13	52%
No of farmers involved in APEP-supported outgrower schemes (cumulative)	No	0	125,000	12,402	29,287	46,309	37%
No of public/private partners developed by APEP (cumulative)	No	0	125	29	32	38	30%

Chemonics International Inc.

Amount of private sector resources leveraged through partnerships (cumulative)	US\$	0	6,000,000	1,442,203	3,171,332	10,827,158	180%
No of Depot committees (DCs) strengthened** (cumulative)	No	0	200	30	89	156	78%
No of producer organizations (POs) strengthened by APEP (cumulative)	No	0	200	290	763	1,284	642%
Average group membership per PO	No	20	40	22	25	24	60%
No of APEP-supported producers using improved technologies/practices (cumulative)	No	0	150,000	18,215	105,239	112,144	75%
Area cultivated using improved technologies	acres	0	150,000	74,078	99,880	102,500	68%
No of key policy/institutional constraints alleviated through APEP intervention (cumulative)	No	0	10	0	2	2	20%
No of key policy constraints that have been addressed through APEP intervention (cumulative)	No	0	15	2	5	5	33%
No of individuals trained by APEP in disciplines related to private sector agric (cumulative)	No	0	365,000	168,107	215,864	232,250	64%
No of individuals completing internships with private sector firms through APEP support (cumulative)	No	0	200	47	97	97	49%
No of biotech/biosafety regulations improved and in place (cumulative)	No	0	3	0	1	1	33%
No of APEP-funded research contracts implemented by public sector bodies (cumulative)	No	0	25	4	6	6	24%

\* Figures for 2005/06 are only for half the year. Achievements as percent of LOP targets should therefore be considered in light of the fact that the 2005/06 figures are for half the year only.

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

# MAIN REPORT

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## 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. 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. 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).

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, APEP focused on the following sub-sectors: coffee, cotton, grains & oilseeds, flowers, vanilla, cardamom, bananas and Northern Uganda food security crops (Annex A). APEP has two additional components that address biotechnology and biosafety concerns as well as agricultural education.

During the period under review 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. APEP also worked with POs to develop linkages, management systems and revenue streams.

### A. Organizational Structure

The organizational structure of APEP is shown in Exhibit I. APEP 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**

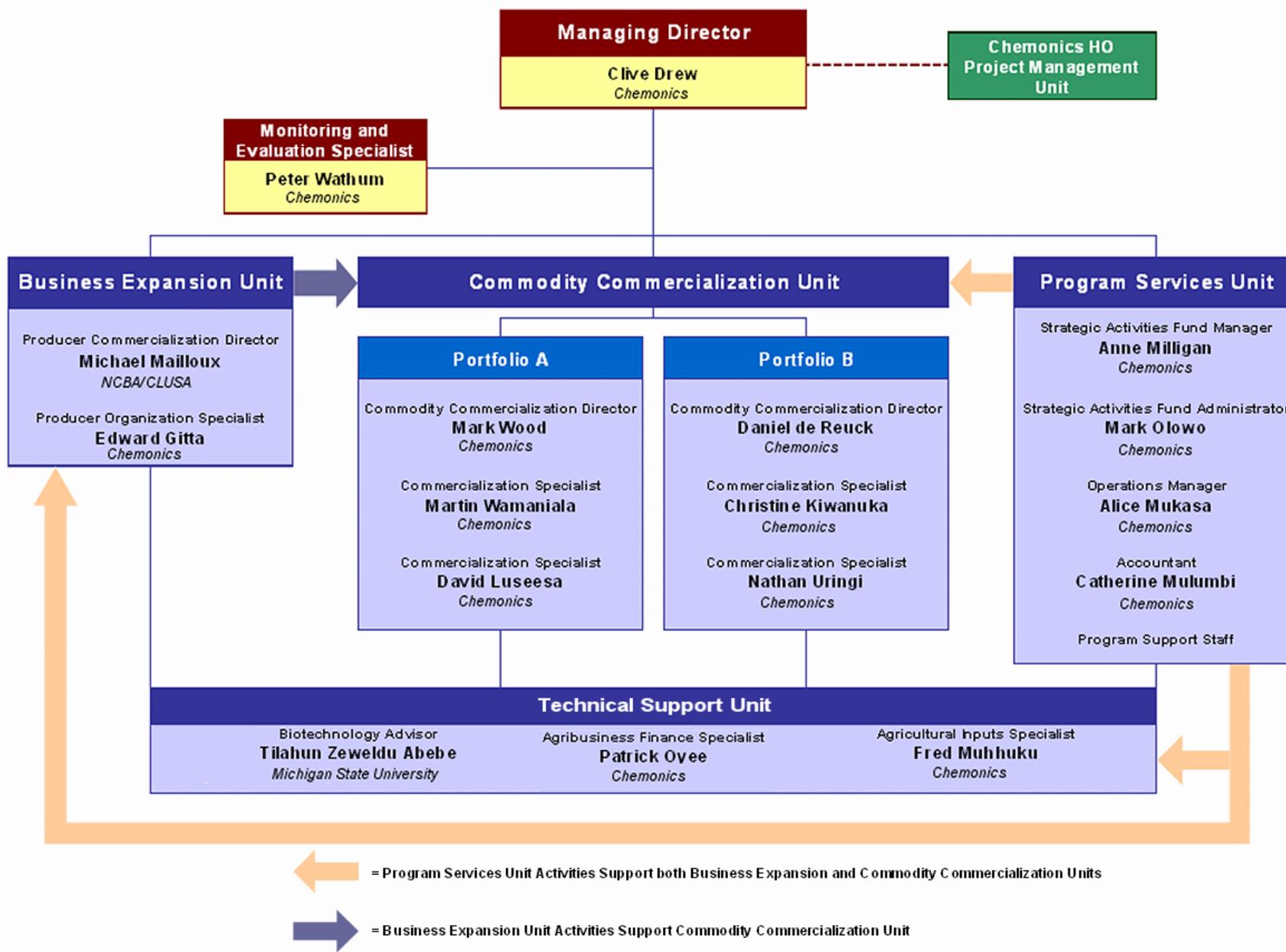
The APEP Results Framework (RF), developed jointly between the APEP design team and USAID/Uganda, is presented in Exhibit II. This RF encapsulates the implementation approach of APEP and is used to guide APEP work planning and results monitoring.

At the highest level of the APEP RF is SO 7—Expanded Sustainable Economic Opportunities for Rural Sector Growth. This is the project goal. While 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, APEP works through three project intermediate results (PIRs). These are:

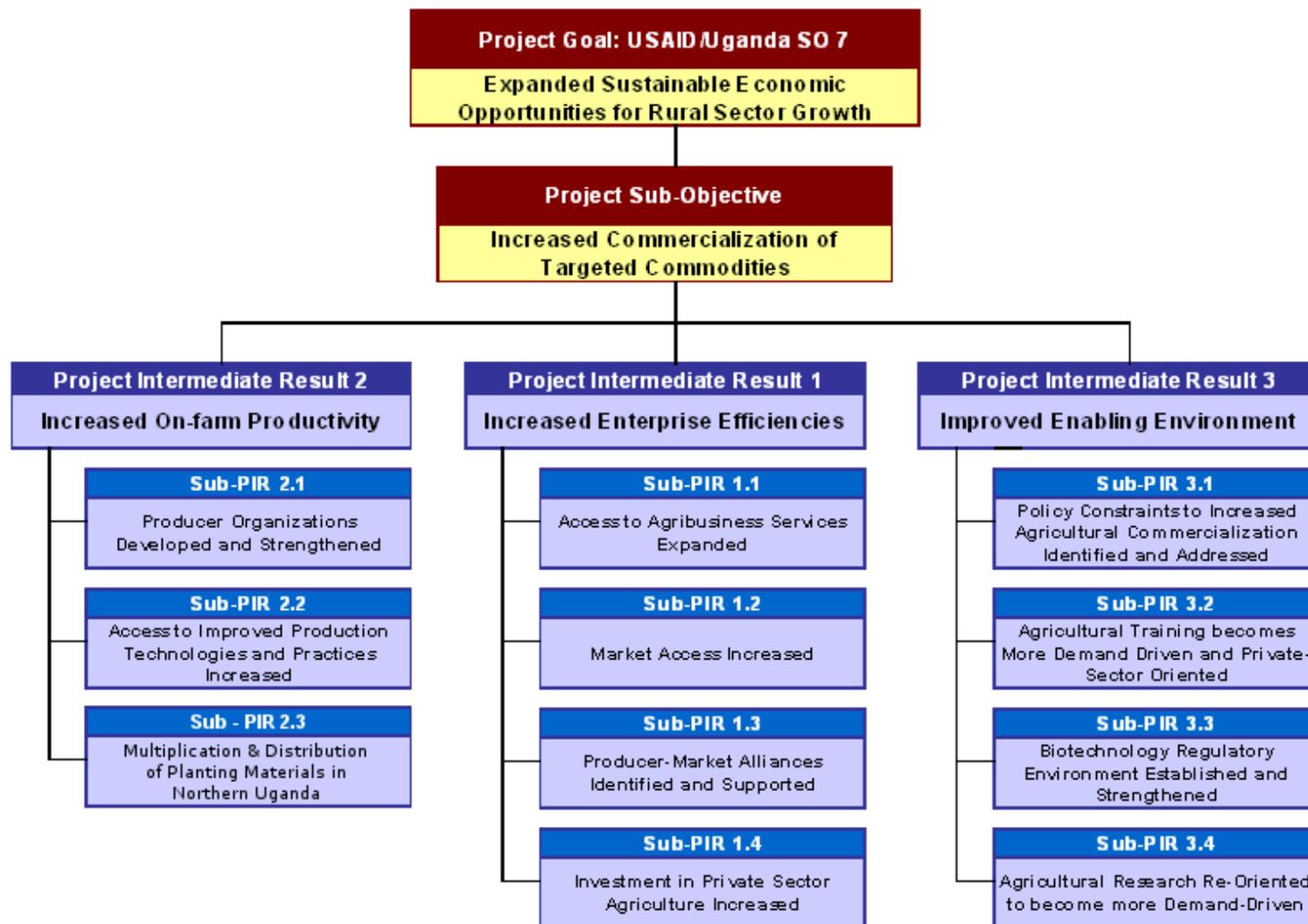
- Increased enterprise efficiencies
- Increased on-farm productivity
- Improved enabling environment.

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 FY05 organized by PIR and objectives. Each objective has a number of benchmarks. 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

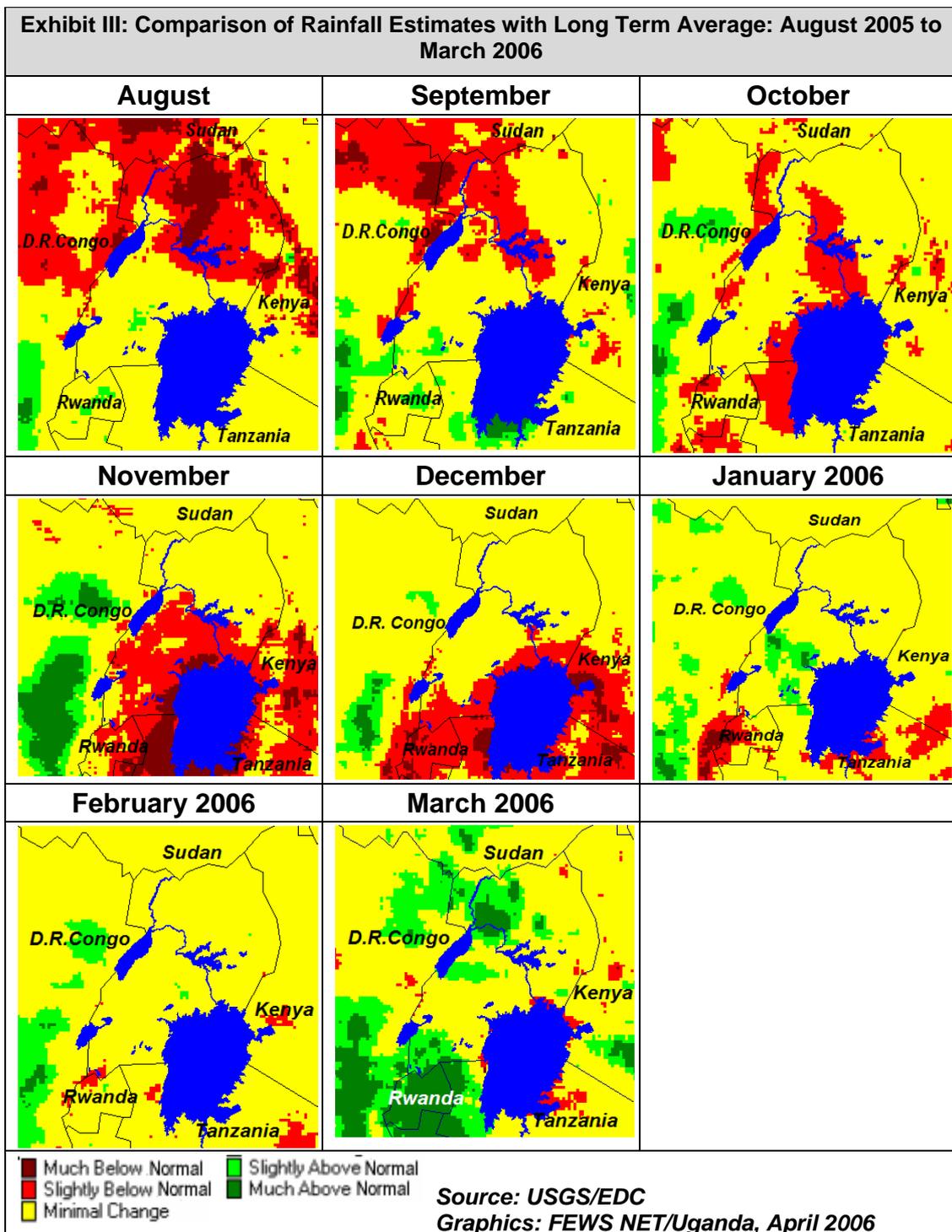


**Exhibit II: APEP Results Framework**



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

The second season of 2005 started late in many areas, particularly in Northern Uganda where despite a series of encouraging rainfall 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 (Exhibit III) limited vegetation re-growth and water replenishment. Many locations experienced sporadic and in some cases unseasonable rains during January 2006, reaching above normal in mid-west, central and southern Uganda. By the end of this reporting period, the 2006A rains that started in March 2006 had not been fully established in many parts of the country, implying a slow start to crop cultivation in 2006.



An indicator of below average rainfall and runoff is 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.

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 have firmed slightly on the international markets which is encouraging for the start of the 2006/7 season. Higher local and regional grain prices have improved producer sentiment for grain production. Prices for both Robusta and Arabica coffee have also increased.

## **D. APEP Commodity Overview**

### **Cotton**

USAID APEP has worked closely with the cotton industry in generating technologies and technology transfer models which are applicable to the industry as a whole. Early interventions stimulated the need for a comprehensive cotton zoning system to protect and encourage investment in technology transfer work. The market is single channel as an industry but there are over 30 ginneries competing for product. 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, 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 APEP with an additional 100 funded by some ginners) were established in the 8 cotton production zones of the country. 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 2005/6. These exposed a total of 115,938 farmers (32,550 females) to improved cotton production management practices.

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 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. This support therefore covers the districts of Arua, Nebbi, Yumbe, Adjumani and Moyo in the West Nile region, Apac, Lira, Amolatar, Kaberamaido, Pader, Kitgum and Gulu in Northern Uganda, and Katakwi, Amuria, Soroti, Kumi and Bukedea in the Teso region. APEP is in the process of securing about US\$ 150 million from NAADS towards procuring a portion of the fertilizers, training of site coordinators and lead farmers in the rest of the country.

The 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 in to the 2005/6 production season. In addition, there was a degree of interference in the planting signals from local leadership who in some cases stated publicly that the price of seed cotton would be less than the previous season. This discouraged farmers from growing the crop. In order to attempt to reverse the perceptions, the industry announced a highly risky but necessary pre-planting floor price of US\$ 400 per kg of seed cotton. Although this had some positive effect, farmers delayed planting due to the confusion in way the message was relayed and general disappointment from the previous season. This led to more than 50% of the crop being planted after July in areas where May-June plantings were ideal. In addition, the 2005B season rains, upon which final cotton yields are determined, cut off in late October to mid-November 2005. Some of these plantings yielded nothing – a very unusual occurrence in a crop which is drought tolerant.

The industry performance was about 99,360 bales of lint (equivalent to 18,382 mt of lint). This represents only 38% of what was achieved the previous year. From the work carried out by the USAID APEP program and partners over the past 2 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 program have seen consistent yields in excess of 1,000 kg per acre of seed cotton. This has provided real income improvements at the farm household level.

#### Exhibit IV: Cotton Efficiency Comparison by Technology: 2005/06 Season

Data obtained from sentinel sites (Exhibit IV) show that production improvement has resulted in enhanced incomes, even at the low producer price experienced during the 2004/05 cotton season.

Parameter	Traditional	Low input	High input
Yield (kg/acre)	170	476	776
Unit cost of production (US\$/kg)	698	332	313
Gross income (US\$/ac)	76,500	214,200	349,200
Net income (US\$/ac)	-42,200	56,400	106,600
Output:input ratio	0.64	1.36	1.44
Return to family labour (US\$/person day)	-593	1,349	2,417

#### Coffee

Uganda's coffee exports for the mid year 2005/06 totaled about 1,035,107 60-kg bags (equivalent to 62,106 mt) valued at US\$88,918,783. Compared to the 2004/05 coffee year, this performance to-date represents a drop in volume by about 16% and a rise in value by 33%. The monthly coffee export performance is shown in Exhibit V. According to the Uganda Coffee Development Authority (UCDA), the drop in volume 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 February/March 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 February/March 2006. Similarly, Arabica parchment price increased from US\$ 2,300 per kg in November 2005 to US\$ 2,600 per kg in February/March 2006. These developments, although not directly attributed to APEP, resulted in increased farm incomes and increased producer confidence for coffee farmers. This is expected to provide the necessary incentives that should result in increased adoption of improved coffee husbandry practices.

#### Exhibit V: Comparison of Monthly Coffee Export Volumes and Values: October – March 2004/05 and 2005/06

Month	2005/06		2004/05		% Change	
	Vol (60kg bags)	Val (US\$)	Vol (60kg bags)	Val (US\$)	Volume	Value
October	121,696	9,280,808	185,933	8,241,652	(35)	13
November	182,501	14,408,247	182,881	8,301,451	(0.2)	74
December	180,344	14,835,974	237,406	12,369,677	(24)	20
January	228,794	19,607,334	214,723	11,455,547	7	71
February	165,762	16,113,588	214,118	12,390,484	(23)	30
March	156,010	14,672,832	195,417	13,932,031	(20)	5
<b>Total</b>	<b>1,035,107</b>	<b>88,918,783</b>	<b>1,230,478</b>	<b>66,690,842</b>	<b>(16)</b>	<b>33</b>

Source: UCDA

Much of APEP's 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. APEP TA worked closely with UCDA district staff, agricultural sub-county extension staff and extension staff from the

private exporters. According to field day records, a total of 11,684 farmers that included 1,012 females benefited from both the newly established and existing demonstration sites.

#### Exhibit VI: Robusta Coffee Efficiency Comparison by Technology

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 who used tarpaulins to dry their coffee received a premium of US\$ 200-250 per kg. More importantly, adoptions have shown significant economic performance enhancements as highlighted in Exhibit VI.

Parameter	Traditional	Low input	High input
Yield (kg/acre) <i>Kiboko</i>	300	750	1,875
Unit cost of production (US\$/kg)	487	396	332
Gross income (US\$/ac)	240,000	600,000	1,500,000
Net income (US\$/ac)	94,000	303,000	877,000
Output:input ratio	1.64	2.02	2.41
Return to family labour (US\$/person day)	1,068	2,681	7,248

#### Sunflower

USAID APEP's continued collaboration with A.K. Oils & Fats (U) Ltd in Lira, Apac and Masindi districts witnessed about 12,000 collaborating farmers registered in the out grower scheme and about 40,000 kg of seed of hybrid sunflower was sold during the 2005B season. 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 reporting period about 4,800 mt of sunflower grains were procured by A.K. Oils & Fats (U) Ltd resulting in an income of US\$ 1.68 billion (with a net income of US\$ 425 million) to the registered farmers. This rather low procurement, representing approximately 40% of the expected output, was generally due to the late start of the 2005B season, with the rains tapering off into November. About 46,000 kg of the hybrid seed has been sold for the 2006A season. This is expected to plant approximately 23,000 acres by an estimated 18,000 farmers, all of whom are registered in an out grower scheme (OGS). The company involved, A.K. Oils & Fats (U) Ltd, continues to provide a full range of support services to about 18,000 farmers registered in Lira, Apac and Masindi districts using the USAID APEP extension model. Masindi district has witnessed the establishment of 5 rural cluster centres through which farmers' needs are serviced. 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 farmers are currently being registered into an out grower scheme.

#### Exhibit VII: Sunflower Efficiency Comparison by Technology

Data from sentinel sites showed that despite the unfriendly weather which resulted in low yields, sunflower hybrid is a more profitable variety than Sunfola as shown in Exhibit VII.

Parameter	Traditional	Low input
Yield (kg/acre)	330	543
Unit cost of production (US\$/kg)	309	262
Gross income (US\$/ac)	82,500	190,0500
Net income (US\$/ac)	-19,500	48,050
Output:input ratio	0.81	1.34
Return to family labour (US\$/person day)	-345	917

## Sesame

During the reporting period, 270 sesame demonstration sites established in the West Nile and Lango sub-regions. The sites were established in collaboration with CARE International – UNO Trading Co. Ltd partnership dealing with conventional sesame trade in the West Nile districts of Arua and Nebbi; and 2 companies, Outspan Enterprises Co. Ltd and Shares! (U) Ltd dealing in organic sesame trade in the districts of Kaberamaido, Apac and Lira. About 2,946 farmers were exposed to the improved production practices through the low external input demonstration sites. The program did not perform to expectations due to the late onset of rains. This resulted in over 80% of the technology transfer sites either not established or not able to grow to maturity. The average yields obtained 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 70 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 about 2,000 farmers registered to-date. Technical trainings were conducted with 11 Area and 42 Site Coordinators in the Lango and West Nile sub-regions. The establishment of 180 demonstration sites is underway in collaboration with 2 partners; Outspan Enterprises Company Ltd in Lira, Apac and Kaberamaido districts for organic products, and CARE International in Arua and Nebbi districts for the 2006B season.

Although sesame is presently a minor commodity in the 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

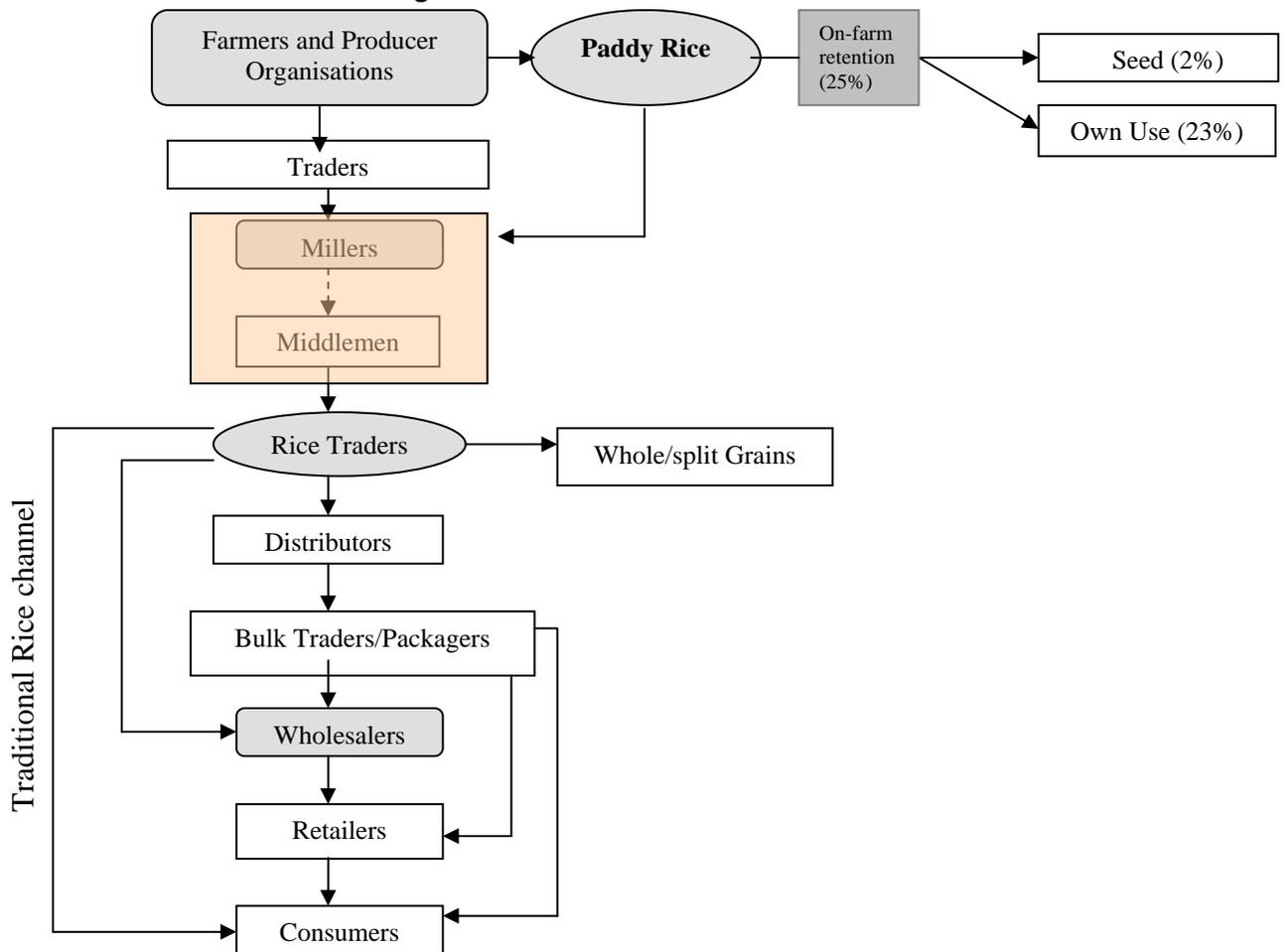
APEP upland rice collaborative effort with both the public and private sector continued to yield better harvest in terms of farmers exposed to technologies, increase in quality and total amount of milled rice channeled through both small and medium scale millers. As a result, new private sector investors are investing in rice production and processing mills. These are: Olam Ltd in Kumi district; Uchumi Commodities in Kabarole district; Paleke Mills in Gulu; Eco-friendly farm in Pallisa district; Upland Rice Millers in Jinja district; and Quality Chemicals in Mukono District. The total investment by the new investors combined amounts to \$2.2 million. These investments are expected to attract about 40,000 farmers as suppliers of upland rice by the end of 2006.

APEP has continued to work with various partners (JICA, NAADS, A2N SG 2000 UNDP, Office Of The Vice President, SOS–Gulu program, Plan for Modernising Agriculture (PMA), CBOs, rice processing companies, traders and farmers through its demonstration and technical assistance program to achieve the goal of reducing rice imports by 40% and increasing quantity and quality of Ugandan rice in the next two years. Mechanization of upland rice through labor saving devices or inputs have been encouraged among farmers in the country. APEP through its inputs grant program work with Arysta Life Science Kenya Ltd supported a local input supplier, Keith Associates to avail farmers a cheaper source of herbicides (Saturnil 60 EC). A rice planter and small scale combine harvester were tested in partnership with the private sector. The performance of this equipment has generated interest amongst the farmers and the private sector investors.

A total of 1,393 demonstration sites (each between ½ - 1 acre) were established with 24,720 new farmers being trained in upland rice production by end of March 2006. The upland rice manual developed by APEP in collaboration with A2N/UNDP was finally completed and this will assist in providing the necessary skills to rice extension workers as expansion of upland rice growing in the country continues.

Figure 1 shows that the rice supply chain comprises the farmer, trader/middlemen, miller/processor, distributor, wholesaler, retailer and consumers. All these have played a significant role in the rise of the upland rice profile in the country.

**Figure 1: The Rice Value Chain**



**Exhibit VIII: Upland Rice Efficiency Comparison by Technology**

Despite the drought that affected most part of the country rice farmers still believe that upland rice is viable as a food and cash crop. Data from sentinel sites indicate good returns resulting from adoption (Exhibit VIII).

The high external input package includes the appropriate agronomic practices, TSP and Urea fertilizers and use of herbicide. The low external input package comprises seeds and adopting agronomic practices, proper seeding rate, line planting, proper weeding and timely planting.

Parameter	Traditional	Low input	High input
Yield (kg/acre) unmilled	750	1,400	2,100
Unit cost of production (USh/kg)*	310	242	229
Gross income (USh/ac)	262,500	490,000	735,000
Net income (USh/ac)	29,900	151,750	253,200
Output:input ratio	1.13	1.45	1.53
Return to family labour (USh/person day)	632	2,452	3,762

\* Unmilled rice (paddy)

**Maize**

Maize technology packages received support from IDEA and APEP for 10 years so we are now in an exit mode as far as conventional support is concerned. During the reporting period, not much was offered directly by 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 UGTL in crop husbandry and post-harvest handling, marketing as well as linkages to input and output suppliers and financial service providers.

**Exhibit IX: Monthly Ugandan Maize Exports (mt) to Kenya and Rwanda**

Though not directly under its mandate, APEP continued to monitor cross border exports to neighboring countries. According to RATIN regional trade database, trade in maize along Uganda's eastern and southern borders with drought stricken Kenya and Rwanda respectively remained brisk, as high demand for maize in the neighbouring countries

Month	Oct 2004 – Mar 2005			Oct 2005 – Mar 2006		
	Kenya	Rwanda	Total	Kenya	Rwanda	Total
Oct 2004	4,020	1,351	<b>5,371</b>	19,064	3,612	<b>22,676</b>
Nov 2004	328	766	<b>1,094</b>	14,296	3,212	<b>17,508</b>
Dec 2004	4,289	1,103	<b>5,392</b>	12,260	3,139	<b>15,399</b>
Jan 2005	12,409	2,853	<b>15,262</b>	9,107	2,110	<b>11,217</b>
Feb 2005	10,701	3,061	<b>13,762</b>	21,438	n.a	<b>21,438</b>
Mar 2005	3,413	3,080	<b>6,493</b>	n.a	n.a	<b>n.a</b>
<b>Total</b>	<b>35,160</b>	<b>12,214</b>	<b>47,374</b>	<b>76,165</b>	<b>12,073</b>	<b>88,238</b>

*Source: RATIN Regional Trade Flow Database*

increased the flow of maize from production centers in Uganda. Over 88,230 mt were exported over the past 6 months (October 2005 – March 2006, representing an 86% increase over similar period in 2004/05 FY (Exhibit IX). At an average price of US\$135 per mt, Uganda earned about US\$11,900,000 through the cross border trade in maize to these two countries.

**Barley**

2005B season witnessed further collaboration between the Uganda Breweries Limited (UBL) and USAID APEP through the SAF program in the production of barley in Kapchorwa. Thirty two demonstration sites were established in Kapchorwa during the season. Each demonstration site was one acre with a high external input package. Two varieties of seed were planted namely Karne (with seed rate of 40kg/acre) and Sabini (with seed rate of 34kg/acre). 50 kg of DAP and 20 kg of Urea fertilizer rates were applied on each demonstration plot. A total of 550 collaborating farmers of which 272 were females were exposed to the improved production and post-harvest practices through the technology transfer sites. Average yields of 606 kg/acre were obtained from the demonstration sites. The rather poor output was attributed to the poor rains received in the season. About 980 mt of barley grain was procured at the end of the season.

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 OGSs. This is estimated to establish approximately 5,000 acres. Arrangements for a SAF agreement in support UBL are underway.

**Vanilla**

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. Over 4,800 vanilla growers were exposed to improved production practices through the 60 established demonstration sites and farmers outreach extension programs. Emphasis has been put on training farmers in improved field management practices such as shade management, mulching, proper looping, pollination, harvesting and quality control. VANEX extension services have reached out to more farmers through weekly radio programs on three radio stations (CBS FM, VOT FM and Kiira FM). APEP, working together with VANEX, embarked on implementing the Code of Practice (CoP) for the Vanilla Industry.

During the reporting period, an estimated of 202 tons of green vanilla beans were harvested, which is equivalent to 35 mt of cured vanilla. Farm gate price of green vanilla beans improved from US\$ 1,000–3,500 per kg (in July 2005) to US\$ 5,000-7,000 (January 2006).

The quality of beans remained good. Overall, the world vanilla prices improved from US\$20-60 to US\$35-70 per kg of cured beans. Uganda received a new buyer from Denmark by the names of DANISCO. The company has already bought more than 20 tons of cured Ugandan Vanilla. According to CAA records, about 158 tons of cured vanilla were exported by air during the reporting period. In addition, 44 tons of cured vanilla were exported to New York and Hamburg 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 was \$8,500,000 during the reporting period. There are indications that the main vanilla crop to be harvested in July 2006 will be low. Vines were stressed from the previous heavy crop and the dry seasonal conditions. Plus, some farmers were discouraged about prices and tended to neglect their vines.

### **Banana (Matooke)**

APEP continued with the provision of financial and technical assistance to banana farmers through 215 demonstration sites in nine districts. Through these sites and farmer training, over 4,000 producers were exposed to improved banana production and maintenance practices, with about 57% being females. Although the general management of demonstration gardens has improved, yield records have shown a decline in bunch weight and number bunches harvested per month from many sites. This has been attributed mainly to the prolonged drought and the bad rains (heavy storms) in February 2006 which destroyed many banana trees. As a result, banana supply remained relatively low and farm gate prices ranged from USh 3,000 to 5,000 per bunch compared to a range of USh 2,000 to 3,500 per bunch during similar period in FY 2004/05. Farmers with demonstration sites that were established during the inception of APEP (2004B season), have also started harvesting from their gardens. Average bunch weight from these establishments was 25 kg.

Through the SAF, 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 made with INIBAP to carry out on-farm research on assessing Banana Bacterial Wilt control options. In collaboration with the National Agricultural Research Organization (NARO) and ASPs II, APEP continued to produce and distribute Banana Bacterial Wilt (BBW) posters in all of the major banana growing districts. APEP is part of a working group set up by MAAIF and has been mandated to concentrate on the provision of information, training and improved awareness about the disease.

### **Flowers**

With SAF support from APEP, the Uganda Flower Exporters Association (UFEA) continued to support the industry through research, training and market promotion. 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 24.2ha and continued to provide employment to about 7,000 people, with at least 60% of the employees being females. 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. Furthermore, UFEA successfully participated in Miami Floral Expo, and as a result, some US-based flower buyers have shown interest in Uganda's flowers.

APEP entered into a cost-sharing SAF with Pearl Flowers to conduct varietal performance testing in a cooler climate at Ntungamo, western Uganda. At the capacity building level, 18 mid-level supervisors are being trained under the Applied Tropical Floriculture (ATF) program. The export volume of roses and plant cuttings during the reporting period reached 3,752 tons and value was estimated at US \$16.4 million.

## 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 do business with USAID APEP's 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 to having well managed and well organized farmer owned POs. As a result, the first half of APEP's third year has witnessed an increase in volumes bulked and the number of POs who actively and successfully participated in bulk marketing and input supply activities. Exhibit X below demonstrates the massive increases in both economic activities that occurred between our first and the first half of the third year of operations:

**Exhibit X: DC/PO Bulking Marketing Trends**

Year	DCs	POs	Crop Bulked Tons	Crop Value
2004	-	12	311	\$59,045
2005	89	609	10,712	\$2,256,761
2006A	156	1,284	15,119	\$5,533,469

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\$ 5-180 per kg compared to what was being offered to individual farmers.
- The PO Trainers have been able to see for themselves the benefits that could accrue by getting their farmers to work together in a transparent and business like fashion.
- 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.

It is worth mentioning that the above achievements and benefits need to be placed in perspective and considered from the point of view of where the beneficiaries have evolved. For example, having US\$ 8.5 million (\$4,720) in a bank as savings in one and a half years of working with USAID APEP may not sound very much, but for the 263 farmers in the rural village of Buyamba in Kamuli district in Eastern Uganda, it is a remarkable achievement.

To-date, the farmers in Buyamba have organized themselves into 13 POs, which are united into a single farmer-run DC in order to benefit from economies of scale. Between October 2005 and March 2006, they bulked together 113 tons (37 maize, 19 rice, 31 unprocessed coffee, and 26 – Coffee FAQ) of crop and purchased 10 tons of improved seed.

The Depot Manager of Buyamba DC, Mr. Mpawulo Charles, had this to say after a successful marketing season: "It is very exciting to see how our Depot Committee (DC) is emerging to be a pillar of hope for the farmers in a very short time. The impact can be felt even now as members can take care of the family needs with less trouble including giving medical care to their children. This is manna from heaven".

## 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 70-90% of LOP targets) were 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 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 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.

#### 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, APEP worked with individual farmers and farmer groups to promote increased use of and demand for appropriate services and inputs. APEP also worked with service providers to improve their capability to deliver quality services to clients. This has resulted in increased efficiencies of market linkages and contributed to increased business efficiencies for the overall commodity chains. Activities in regard to improving access to rural finance continued to be emphasized through commercial farmer associations, producer organizations, and their depot committees.

**Benchmark 1.1:** At least 100 new input supply stockists (cumulative 300) trained and linked to suppliers by 9/30/2006  
 ~ 40 new input supply stockists trained & linked to suppliers/distributors (40% accomplished).

During the period under review, 40 new stockists were trained in Mubende/Mityana and in Ibanda/Mbarara in October 2005. Despite the fairly tight budget situation, this activity will continue during the second half of the work plan year. There was a slight delay in joint training with IFDC due to administrative demands brought about by the tight budgets. But all in all, the activity is on schedule and the opportunity to achieve or exceed the target is real.

**Benchmark 1.2:** Advanced stockists training manual produced by 3/31/2006  
 ~ Preparation of USTA training manuals in progress (50% accomplished).

Following a series of discussions and correspondences within APEP and between APEP and IFDC, this activity was changed to read “Training Manuals for the Uganda Seed Trade Association [USTA]”. This is a collaborative activity between 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). Largely due to procurement complications at APEP, it was decided to shift the funding for the preparation of USTA manuals to the IFDC budget for the advanced stockist manuals. Thus instead of preparing advanced stockist training manuals, we are preparing specialized seed industry training manuals.

**Benchmark 1.3:** Stockist training provided to at least 20 new PO Depot Managers (cumulative 40) by 9/30/2006  
~ 41 New Depot Managers trained (205% accomplished).

Many DCs have started procuring inputs for their members and several are in the process of establishing stockist shops. For the two training events so far 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 106 people were trained, 60 of whom were from Ibanda and 46 from Mityana/Mubende. Of these 41 were PO Depot Managers and 15 of the trainees were females.

**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 (50% accomplished).

There was also change in this benchmark occasioned by a number of considerations:

- Following discussions with the industry, it was agreed that we alter 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 we draw participants from a cross section of the industry so we can have a pool of capable trainers who can be called upon to conduct training in future. Participants were thus drawn from 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;
- Due to financial constraints both within APEP and CropLife, it was agreed that the international trainer conducts 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  
~ 6 agri-input stockist monthly newsletters produced and distributed (50% accomplished).

This activity is moving on smoothly and the newsletters are being printed and distributed on a monthly basis. The mailing list has been growing as a number of people who have come across a copy are requesting to be included on the list 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, focus has been 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 a total number of 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 to ensure 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\$27,831 during the reporting period (Exhibit XI).

<b>Exhibit XI: 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	12,635,990	7,020
Herbicide	32	18,604,008	10,335
Fertilizer	24	1,695,200	924
Other Inputs	50	16,605,800	9,225
<b>Total</b>		<b>49,031,188</b>	<b>27,504</b>

**Benchmark 1.7:** At least 8 new agricultural financial service provider branches (cumulative 25) providing services to APEP clients by 9/30/2006  
 ~ 4 new (27 cumulative) financial service provider branches providing services to APEP clients (108% accomplished).

4 new financial service outlets commenced lending to APEP clients during the reporting period in addition to the cumulative 23 financial service points as of end of second year. The 4 outlets are: CERUDEB Mbarara & Ishaka with Banana Production lending; Stanbic Kapchorwa Branch with Maize Warehouse Receipt Financing; and DFCU Mbale with Agro-machinery leasing.

Description of the different types of financial services offered at all the 27 cumulative service points is provided below:

- **Production Credit:** In addition to 10 branches of CERUDEB, Standard Chartered Bank, and 2 SOMED branches and Uganda Breweries Ltd (UBL), 2 new CERUDEB branches of Mbarara and Ishaka commenced lending to APEP Banana farmers in the districts of Mbarara and Bushenyi during the reporting period.

- **Trade Finance Credit:** DFCU Bank and Stanbic Bank in Kampala continued extending APEP guaranteed trade finance facilities to two APEP Agro-inputs clients; Keith Associates and Victoria Seeds respectively.
- **Warehouse Receipt Financing:** A new branch of Stanbic in Kapchorwa is providing APEP farmers under KACOFA with Trade Finance for Maize by disbursement of funds against warehouse receipts of stocks received at the designated collaterally managed warehouse in Kapchorwa. The facility was arranged with technical assistance from APEP in collaboration with Rural SPEED.
- **Agro-Equipment Leasing:** 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 USh 135 million.
- **Agro-input Credit:** In collaboration with UNADA and AT Uganda, APEP is now playing a more central role in the management 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 APEP stockists during the last reporting period. 14 suppliers have already registered to offer credit services to UNADA stockists this season (2006A). APEP in collaboration with UNADA is now in the process of undertaking a massive stockist recruitment drive in Western and Southern Uganda.

In total, a cumulative figure of 27 financial service provider outlets were involved in providing financial services to APEP clients by the end of the reporting period.

CERUDEB is currently executing a newly initiated banana lending program that provides farmers with production finance specifically for banana production. APEP provided all the vital technical support and farmer linkage to CERUDEB Bank for the initiation and implementation of the banana production lending program. APEP conducted a comprehensive Banana Production Finance and Credit training for all agricultural loan officers of new agricultural credit branches of Mbarara and Ishaka.



APEP Site co-coordinator training CERUDEB Loan officers in Banana Agronomy in Mbarara



APEP Lead Farmer demonstrates to CERUDEB Staff at the APEP Demo Site in Rugando, Mbarara

**Benchmark 1.8:** At least \$800,000 in agricultural credit extended to APEP small holder clients by 9/30/2006  
 ~ US\$980,183 in agricultural production credit extended to 2,703 APEP clients (123% accomplished).

The equivalent of approximately \$980,183 was loaned to 2,703 small holder farmers between October 2005 and March 2006 (Exhibit XII).

**Exhibit XII: Agricultural Credit from October 2005 to March 2006**

	<b>Branch</b>	<b>Districts</b>	<b>No. of Loans</b>	<b>Females</b>	<b>Males</b>	<b>Total Amount (USh)</b>
1	CERUDEB Mbale	Kapchorwa, Mbale, Sironko, Pallisa, Tororo	513	88	425	366,669,708
2	CERUDEB Hoima	Hoima, Masindi, Kibaale	93	17	76	66,697,596
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	12,349,099
7	CERUDEB Lira	Lira, Apac	37	6	31	9,296,618
8	CERUDEB Bugiri	Bugiri, Iganga	20	1	19	10,418,650
9	CERUDEB Mbarara	Mbarara	146	50	96	186,940,863
10	CERUDEB Ishaka	Bushenyi	74	20	54	96,878,541
11	Standard Chartered Bank	Kapchorwa, Hoima	11	0	11	265,000,000
12	SOMED Masindi	Masindi	80	12	68	22,000,000
13	SOMED Hoima	Hoima	50	7	43	4,250,000
14	Uganda Breweries Ltd	Kapchorwa	1,245	22	1,223	382,010,305
	<b>TOTAL</b>		<b>2,703</b>	<b>283</b>	<b>2,420</b>	<b>1,764,328,640</b>
	<b>US\$ Equivalent (1 USD= USh 1,800)</b>					<b>USD 980,183</b>

*Note: Kiboga and Kyenjojo branches had not disbursed agricultural loans by time of reporting*

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. APEP has planned to provide technical assistance to CERUDEB in 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 as it now furnishes the necessary legal framework for pre-marketing discounting, by financiers, of stored produce. APEP shall continue to collaborate with the Warehouse Receipts Project implementers to ensure 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 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 Rural SPEED, APEP provided technical support to Stanbic Bank and WFP for the on-going KACOFA Maize Warehouse Receipt Financing Facility.

In addition, APEP, in collaboration with ASPSII/DANIDA, has successfully completed the development of support software for grain price forecasting and warehouse receipt discounting for banks. It 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 APEP clients especially in light of the available Grain Trade DCA Guarantee and the now passed Warehouse Receipts Bill. 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  
 ~ (5,000 ha of cotton seed expected to be established by July 2006 (0% accomplished).

APEP worked with CDO and Quton Seed Company to improve on efficiencies of production in the segregated cotton seed areas located in each of the 8 cotton production zones. There was liaison on key aspects to promote among cotton seed farmers, which helped to enhance adoptions and seed quality. 8,400 ha of the cotton seed crop were established by farmers during the 2005/6 production season under Nyakatonzi Cooperative Union, Dunavant Uganda Ltd, COPCOT EA Ltd, CN Kachumbala, North Bukedi Cotton Company, Novo Enterprises, Bon Holdings and Western Uganda Cotton Company.

The prolonged dry spell in the month of September and October 2005 dented production expectations. Only 2,700 tons of the variety BPA 2002 was produced in the segregated areas with a further 2,200 tons obtained from areas outside. In order to meet the requirements for seed in the 2006/7 production season, an additional 2,000 tons of the variety BPA 2000 were also obtained from outside the segregated areas and processed. All the seed is de-linted. Preparations for the 2006 production season are underway and about 5,000 ha are expected to be planted under the variety BPA 2002, to cater for the 2007/8 plantings.

**Benchmark 1.11:** Coffee extension support provided to at least 46,000 new coffee farmers (cumulative 50,000) farmers by 9/30/2006  
 ~ 13,705 farmers have received extension support from APEP (27% 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 mulching, harvesting and post-harvest technology, pruning, and conversion cycles. 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 technology.

Based on field day records, improved coffee technologies have been promoted and disseminated to 13,705 coffee farmers in the districts of Sironko, Manafwa, Ibanda, Mityana, Mubende, Masaka, Mbarara, Bushenyi, Mbale and Rakai. In collaboration with the exporters, Uganda Coffee Development Authority (UCDA) and local sub-county extension staff, these farmers have continued to receive regular technical assistance. However, the ability to reach the farmers and also complete the process of identifying technical personnel to undertake Training of Trainers (ToT) were interrupted by the political atmosphere of campaigns and the elections during the reporting period.

**Benchmark 1.12:** Vanilla extension support provided in at least 3 regions by 9/30/2006  
 ~ Extension support provided in three regions (50% accomplished, on-going activity).

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 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. During the reporting period, a total of 72 radio programs were aired on three radio stations namely Central Broadcasting Service (CBS), Voice of Toro (VOT) and Kiira FM Radio.

Maintenance of high quality vanilla remains a major challenge to all Ugandan vanilla stakeholders.

## **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 focused on strengthening and developing competitive marketing strategies so that Uganda's products reach local, regional, and international markets. Improved efficiency activity 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. Market information and analysis services were evaluated through industry firms and associations, as well as inward marketing visits. In addition to farm level support, the objective sought to promote better quality, traceability and reliability from the farm level in order to service markets better.

Although APEP is not primarily an export-oriented project, work continued with exporter clients to enable them meet requirements in the regional and international

markets. A list of active clients 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  
 ~ 7 new agro-processors provided with technical and market linkage  
 (140% accomplished).

In addition to on-going support to the agro-processing sector, APEP has developed additional technical and marketing support linkages with new agro-processors. These are in the grains and coffee sectors. A new addition to the 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, APEP's 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 sector separately and has assigned dedicated management to each sector. As such, 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 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 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 APEP technical assistance in West Nile where, supported by the Producer Organisation teams, has begun to secure direct procurement relationships with farmers groups. They have agreed to work with an expanded target of at least 250 producer organisations during the two 2006 production seasons. Direct procurement has given them better control over quality and premiums at the PO level act 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 APEP TA and Olam consultants and management to stimulate the establishment of a new rice milling operation in Uganda. It is likely that they will select Kumi as the target for a new milling operation and they are committed to procure the rice from there even if the mill is not fully operational by the July- August 2006 harvest period.

Additionally, 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 APEP supported barley production program in Uganda. EAM will bring full field level management to the barley program and 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-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 10 fold increase in target and a farm gate value of \$US4.4 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.

**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, (50% accomplished, on-going activity).*

Uchumi Commodities has been working with 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 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. APEP developed sourcing options for the proposed joint venture, which involves the establishment of at least 4,000 acres 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) to provide technical guidance. The outcome of this work is still to be determined as the investment opportunity crystallizes.

**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 not yet fully harmonized (50% accomplished. Harmonization in progress through collaborative efforts).*

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. APEP through both TA and SAF provided both technical and financial support to Kawacom (U) Ltd, Ibero (U) Ltd to enhance their capacity in meeting the requirements for the certified sustainable coffee initiatives. In total 9,238 farmers (registered with various coffee exporters) are expected to participate in the Utz Kapeh initiative. In addition, some 1,200 cooperative society members in Bushenyi district have been registered and are participating in Fair Trade.

**Benchmark 2.4:** At least 10 flower market analysis reports produced by 9/30/2006  
*~ 4 market reports produced (40% accomplished).*

USAID APEP continued to financially support UFEA through the SAF, to address research, training and market development areas. With 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). 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). Rose trials on substrate materials at Mellisa and Belflowers are in progress, with production data being collected.

Four market analysis reports with updates of the industry developments and trade exhibitions have been submitted to 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 3,750 ton, with an estimated value of US\$16.37 million, showing a slight increase of about 9% over the 2004/05 value (Exhibit XIII).

**Exhibit XIII: Comparison of Floriculture Exports: October 2005 – March 2006**

Month	2005/06		2004/05	
	Vol (tons)	Value (US\$)	Vol (tons)	Value (US\$)
October	674	2.85	565	2.52
November	621	2.66	575	2.73
December	596	2.58	517	1.88
January	566	2.53	449	1.78
February	702	3.05	749	3.82
March	593	2.70	587	2.26
<b>TOTAL</b>	<b>3,752</b>	<b>16.37</b>	<b>3,442</b>	<b>14.99</b>

The Industry is still faced with challenges that include high cost of air freight (\$2.09 – 2.20 per kg), depreciation of the Euro, 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. 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 gone ahead to source 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 furthermore, UFEA successfully participated in the Miami Floral Expo, and as a result, some US-based flower buyers have shown interest in Uganda's flowers.

**Benchmark 2.5:** At least 6 vanilla market analysis reports produced by 9/30/2006  
~ 3 reports produced (50% accomplished).

Through the support provided by the USAID APEP SAF, VANEX produced 3 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 European Union in general. DANISCO has already bought more than 20 tons of processed vanilla. 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.

For the January 2006 harvest, the minimum farm-gate price of green beans was set at US\$ 5,000 per kg by VANEX. About 202 tons of green beans were estimated to have been harvested during the reporting period. According to CAA records, about 158 tons of cured vanilla (Exhibit XIV) were exported during the reporting period. In addition, 44 tons of cured vanilla was exported to New York and Hamburg by sea. This was a big achievement as compared to a similar period during the 2004/2005 year. Export price range was from US\$25

-70 per kg of cured vanilla. It is estimated that vanilla exports realized US\$8.5 million during the reporting period.

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

Month	2004/05	2005/06
October	13.1	22.0
November	8.6	41.1
December	10.5	51.8
January	1.34	41.2
February	0.52	21.4
March	18.56	24.9
<b>Total</b>	<b>52.62</b>	<b>202.4</b>

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

**Benchmark 2.6:** The Vanilla Code of Practice implemented and adopted by 9/30/2006  
~ 25% 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.

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.

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.

**Benchmark 2.7:** At least 30 new exporter firms (cumulative 60) assisted by 9/30/2006  
~ 69 cumulative exporter firms assisted (115% 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 APEP has not contributed significantly to developing market opportunities, except in the case of vanilla. In other cases, such as coffee, APEP has linked producers to exporters. APEP has also collaborated with SCOPE on industry cluster activities.

During the period under review, APEP provided support to a total of 69 exporters as follows: all the 33 cotton ginners/exporters; 9 coffee exporters; 19 flower exporting firms; 6 vanilla exporters; 1 cardamom exporter; and 1 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. 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 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. The intensity of the market linkages or alliances depended on the nature of the commodity and the potential existing for significant contract arrangements. The strategy focused on established linkages created over the past 2 years to take lessons learned and make necessary modifications.

**Benchmark 3.1:** At least 36,000 new assisted coffee farmers (cumulative 50,000) linked with coffee exporters by 9/30/2006  
~ 13,750 coffee farmers have been linked (38% accomplished).

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 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. Through better management and organization, both the old and the new POs as well as the societies were able to access improved coffee production technologies. A total of 13,750 coffee farmers were linked directly to 7 major coffee exporters. However, political campaigns and subsequent elections interrupted the expansion program.

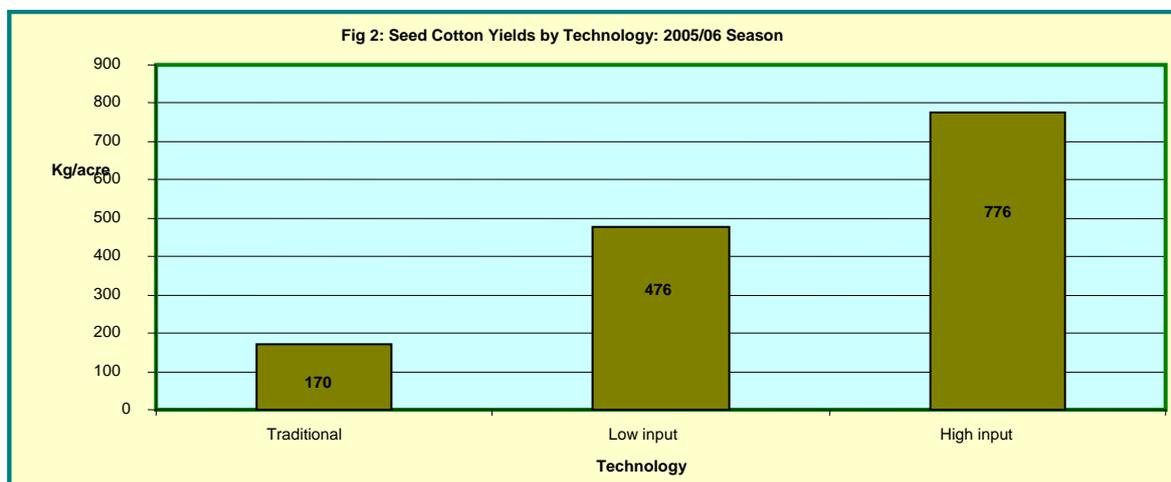
**Benchmark 3.2:** At least one training event in specialty coffee conducted in collaboration with RATES and SCAA by 9/30/2006  
~ 1 collaboration was performed with EAFCA and SCAA (50% accomplished, on-going activity).

USAID APEP has maintained linkages with RATES and Specialty Coffee of America Association (SCAA) to access both regional and global coffee market information. During the reporting period 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.

**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 115,938 farmers assisted (97% accomplished.)

In the cotton sub-sector, APEP continued to work in two main areas, at the enterprise and at the producer levels. Although the industry suffered a decline in grower confidence due to the world market price reduction in 2004/2005, it continued to receive support in

strengthening producer-market alliances. By the end of the 2005/6 cotton season, 115,938 cotton farmers had received training at the 7,592 field demonstration sites established with APEP support. These farmers were able to sell their entire crop to the 30 ginners located nearest to them in the 2005/06 cotton buying season. About 99,340 bales of cotton were processed by the cotton industry from the 2005/6 crop purchased. Despite the fall in overall production and the short rains experienced in 2005B season, farmers who adopted the technologies being promoted by APEP were able to record improved yields as outlined in Figure 2 below.



**Benchmark 3.4:** At least 15,000 existing APEP assisted sunflower farmers engaged with at least 1 sunflower processing firm in OGS by 9/30/2006  
 ~ 18,500 farmers were registered with an OGS linked to 1 sunflower processing firm (123% accomplished).

The reporting period witnessed strong collaboration between USAID APEP and A.K. Oils & Fats (U) Ltd in Lira, Apac, Masindi and Sironko districts with Sironko district being dropped out of the program during the 2006A season. Over 12,000 farmers were registered in the out grower scheme (OGS) during 2005B season to produce using the PAN 7351 hybrid sunflower variety. A total of 40,000 kg of the same seed was sold out in the OGS estimated to establish about 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 through its seed sales, registered about 18,500 out growers. These out growers purchased 46,000 kg of PAN 7351 hybrid sunflower seed, sufficient to plant 23,000 acres.

During season 2006A, one other producer-market alliance was developed with a new company in the oil milling industry. Sanyu Agro Industries Ltd (SAIL) located in Mukono district sought to develop an out growers' scheme. Installation of machinery with up to 100mt of seed crushing capacity is underway. SAIL is looking at a total procurement of about 15,000mt of sunflower grain annually in the next 3 to 5 years. The area of operation for SAIL is West Nile region in the districts of Arua, Nebbi and Yumbe. Registration of farmers by area and site coordinators in the OGS is on-going. It is anticipated that about 10,000 farmers will be registered before the commencement of 2006B season.

**Benchmark 3.5:** At least 5 sunflower rural buying centers established under ASPSII/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 centres have been established in Masindi district by A.K. Oils & Fats (U) Ltd in collaboration with USAID APEP. These centres, located at Pakanyi, Kigumba, Kiryandongo, Diika and Diima, are already serving farmers registered in the OGS as a source of technical and market information, training facilities and for input distribution and output procurement as well as potentially the introduction of rural financial services, with TA from Rural SPEED. An expansion program for the cluster centres is being sought by the partnership for 5 more in each of the districts of Lira and Apac. These will be serving the same purpose as in Masindi district.

**Benchmark 3.6:** At least 8,000 existing APEP assisted sesame farmers engaged with at least 2 sesame exporting firms by 9/30/2006  
 ~ 20,200 farmers directly engaged with 4 sesame exporting firms through APEP interventions (253% accomplished).

2005B season witnessed collaborations being established between USAID APEP and 2 sesame export companies operating in Lira, Apac and Kaberamaido to promote organic sesame production in the area. The companies are Outspan Commodities Co. and Shares! (U) Ltd. They both export organic products as well as provide extension support to growers. An OGS was established with about 17,000 out growers registered under the two companies. 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. An understanding was also reached with an International NGO, CARE Uganda in Arua and Nebbi to promote conventional sesame production in the area. CARE Uganda 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 1,200 farmers registered being linked to UNO Trading Co. Ltd. CARE Uganda provides management oversight of the field program while USAID APEP TA provides the field training activity and technical oversight, as well as linking, where

Exporting firm	Districts	Number of farmers
Olam (U) Ltd	Nebbi, Arua, Yumbe	2,000
UNO Trading Co. Ltd	Arua, Nebbi	1,200
Outspan Commodities	Lira, Apac, Kaberamaido	5,000
Shares! (U) Ltd	Lira, Apac	12,000
<b>TOTAL</b>		<b>20,200</b>

possible, to the off take markets and supporting demonstration supervision allowances. Total product delivery to UNO Trading Co. over the season was about 100 mt of sesame seed.

In total 20,200 sesame farmers are engaged with 4 sesame exporting firms as shown in Exhibit XV.

With financial assistance from the Netherlands government in 2006A season, USAID APEP in conjunction with UNFFE continued to work with Outspan Commodities Co. and Shares! (U) Ltd sesame export companies in Lira, Apac and Kaberamaido districts. USAID APEP and UNFFE worked with Olam (U) Ltd in West Nile, to establish an OGS to produce conventional sesame for export in the West Nile sub-region. The establishment of an OGS by Olam (U) Ltd is underway with about 2,000 farmers registered to-date.

**Benchmark 3.7:** At least 3,000 new APEP assisted seed growers (cumulative 4,000) linked with 5 seed marketing firms by 9/30/2006  
 ~ *About 100 seed growers trained and linked to 2 seed companies (3% accomplished).*

Due to disappointing climatic conditions, many seed companies were cautious about recruiting new seed growers and in some instances, reduced on the number of seed growers. Secondly, some companies recruited their own growers without recourse to APEP as they have developed sufficient internal capacity to train their growers. This is indeed a positive development in the industry and an indicator of sustainability. Despite the above developments, APEP trained about 100 seed growers in Kasese and Kabarole districts, who were linked to FICA and Harvest Farm Seeds. More growers will be recruited in the course of the work plan year, especially for seed companies which are just starting local seed production, and technical support will be provided by APEP TA.

**Benchmark 3.8:** At least 3,000 existing APEP assisted rice growers linked with 2 rice processors by 9/30/2006  
 ~ *4,174 farmers linked with 4 rice processors and UBL (139% accomplished).*

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 APEP to Nyati millers, Kakiri Millers, Producers organizations and Savannah rice processing company resulted in a total of volume 3,627mt worth about \$1,711,944. In addition APEP worked with new millers such as Rwenzori Rice commodities in Kabarole, which milled about 120 tons).

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

Processor/Buyer	No of Producers Involved	Location (District)	Volume Sold (mt)	Value (US\$)
Nyati Millers	3,002	Hoima, Kibaale	2,852	1,346,144
Sunrise	12	Kabarole	10	4,720
Savannah	207	Luwero, Kumi, Kabarole	190	89,680
Kakiri Millers	650	Wakiso, Luwero, Mpigi	585	276,120
UBL purchase from POs	303	Kamuli	280	132,160
<b>TOTAL</b>	<b>4,174</b>		<b>3,917</b>	<b>1,848,824</b>

Through several rice processors and buyers, a total of 4,174 farmers were linked as shown in Exhibit XVI above.

**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 TAs continued to work with commercial maize farmers in the main growing areas of Kapchorwa, Bugiri, Iganga, Kamuli, Mubende and Kiboga districts. This was done in partnership with UGTL through a SAF agreement. About 700 farmers were registered and linked to an off-taker, UGTL for marketing of their produce.

These farmers received technical training in crop agronomy and post harvest handling practices.

In addition, farmers were equipped with skills to select members to form producer organizations around secondary structures called depot committees 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 buyer and arrange for crop storage and delivery.

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

There was also 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 same responsibilities of registration of farmers in the OGS, technology transfer through training and demonstrations, delivery/selling of inputs, delivery of market information such quality requirements, prices, etc. and facilitating grain procurement. 2,035 farmers have been registered under the new OGS for production of barley

Arrangements for a SAF agreement for the USAID APEP collaboration with UBL in the eastern and western zones for season 2006A are underway.

A total of 126mt and 99mt of seed were distributed for planting during 2006A in the eastern and western zones, respectively. This is estimated to establish about 5,000 acres over the two zones by the 3,335 farmers all registered in the OGSs. Each farmer has signed a contract with Kapchorwa Commercial Farmers Association (KACOFA) who in turn holds 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.

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

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

- **Strategy:** This objective involves activities supporting investment in private sector agriculture. During the reporting period, 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. 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. 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.

**Benchmark 4.1:** At least 2 new investments (cumulative 6) in the coffee sector in place by 9/30/2006  
 ~ *No new investments in place (0% accomplished, investments shall be in place by September 2006).*

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, 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 Wash Robusta, USAID APEP, in conjunction with Kaweri Coffee Farmers Alliance and Kawacom (U) Ltd will help to establish central coffee washing stations for Robusta in Mubende and Bushenyi respectively to re introduce the production of washed Robusta in these two areas. This structural change in on-farm processing will contribute to increased production and export of washed Robusta. Furthermore, APEP will help MTL to acquire one extra 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.

**Benchmark 4.2:** At least 2 new investments (cumulative 4) in the cotton sector in place by 9/30/2006  
 ~ *2 new investments confirmed in the cotton sector (50% accomplished, on-going activity).*

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 and investments in field extension programs with farmers. The investments underscored the fundamental confidence in the Uganda cotton industry's resilience and ability to recover strongly from the setback it took during the year.

APEP leveraged other donor resources in support of private sector activities. Support was received from NAADS and the Royal Netherlands Embassy to cover various aspects of training cotton farmers, field coordinators and provide some materials for field demonstrations. The bulk of investments in the cotton field extension program continued to be borne by the various companies in each zone under modalities agreed on amongst them.

**Benchmark 4.3:** At least 2 new investments (cumulative 4) in the grains sector in place by 9/30/2006  
 ~ *Three new investments in the rice sub-sector being promoted (50% accomplished, an on-going activity).*

Investment in the grains sector continued to centre on the rice sub-sector. During the period under review 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, a new milling operation is under investigation for Kabarole where intensification of rice production continues to receive support. It is likely that at least 2 of these interventions will conclude with the establishment of viable mills before the end of the work plan year.

**Benchmark 4.4:** At least 1 new investment (cumulative 2) in the agri-inputs sector in place by 9/30/2006  
*~ 2 new investments in the agri-input sector established (200% accomplished).*

Uchumi Commodities, one of the major importers of fertilizers in Uganda, has opened a store and sales point in Mbale (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 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. FICA has 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 sector in place by 9/30/2006  
*~ 1 new investment in the flowers sector in place (about 30% accomplished, on-going activity).*

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 started with preparation of land and importation of green houses and irrigation system for hydroponics technology.

A modern greenhouse with metal structure was erected in accordance with Phase I of the project. In addition, Pearl Flowers Ltd will continue with the investment plan of construction of stores, cold chain facilities, packing station and staff accommodation. Increasing volumes by diversifying and expanding product range will boost Uganda's competitiveness on the international market, and the success of Pearl Flowers could 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. Production 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; and added value through improved harvest and post-harvest techniques and product transformation. 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:** 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, developing capacities to handle bulk output marketing and procurement of inputs. During the period under review APEP TA worked towards strengthening the existing POs by putting stronger 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.

<p><b>Benchmark 5.1:</b> At least 160 new coffee POs (cumulative 200) trained and conducting bulk input supply and marketing activities by 9/30/2006 ~ 463 new coffee POs (cumulative 722) trained and conducting bulk input supply and marketing activities (289% achieved).</p>
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Following a massive expansion of PO development activities in the coffee sub-sector in the second work plan year, an additional 463 new coffee POs with an active membership of 6,548 farmers have been established around 29 DCs. They have all been involved in bulk marketing activities during the reporting period. A cumulative total of 722 POs established around 69 DCs with a total membership of 12,807 farmers have been actively involved in bulk marketing activities.

A total of 112 POs organized under 12 DCs from Kamuli bulk marketed 205.7 tons of 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, 45 POs working under 6 DCs also successfully bulked 55.6 tons of coffee and sold to Ibero. Similar activities were carried 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, 297 POs in Ibanda/Mbarara/Bushenyi operating under 26 DCs also bulk marketed a total of 2,769 tons of coffee (1,492.2 tons unprocessed and 1,277.3 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 29 POs under 4 DCs bulked 1.9 tons (FAQ) into OLAM. OLAM paid an extra US\$ 200 per kg for this coffee. The 112 POs organized under

8 DCs in Mityana and Mubende districts bulk marketed 701.4 tons of coffee into the Kaweeri Coffee Farmers Alliance (KCFA).

As a result of bulk marketing activities coffee POs were able to earn an extra \$208,370 (Exhibit XVII). 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 trainings. Additionally, linkages to various coffee buyers were strengthened especially with Ibero, MTL, OLAM, UNEX, Simba Café, KAWACOM, Ankole Coffee Processors and KCFA. Further expansion is planned in collaboration with OLAM in Nakaseke district starting this work place.

<b>Exhibit XVII: Additional revenue accruing from bulk marketing</b>			
<b>Crop</b>	<b>Volume Bulked (Kilograms)</b>	<b>Additional Revenue</b>	
		<b>Uganda Shillings</b>	<b>US Dollars</b>
Coffee	4,903,710	375,065,890	208,370

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 will also be looking to use 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.

**Benchmark 5.2:** 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 (60% accomplished).

Over 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. APEP TA continued to teach farmers 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\$18,368 more than the non-member farmers (Exhibit XVIII).

<b>Exhibit XVIII: Additional revenue accruing from bulk marketing</b>			
<b>Crop</b>	<b>Volume Bulked (Kilograms)</b>	<b>Additional Revenue</b>	
		<b>Uganda Shillings</b>	<b>US Dollars</b>
Cotton	2,260,951	33,062,720	18,368

**Benchmark 5.3:** At least 210 grains POs (cumulative 250) trained and conducting bulk input supply and marketing activities by 9/30/2006 ~ 609 POs (cumulative 853) trained and conducting bulk input supply and marketing activities (290% accomplished).

An additional 609 grain POs were trained and conducted bulk marketing activities resulting in a cumulative total of 853 grain POs. These POs have been fully established around 122

DCs. A crop-by-crop breakdown is shown in Exhibit XVIII. A total of 494 maize POs working under 58 DCs successfully bulk marketed 3,469.5 tons of maize crop 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 2,972.6 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 946 tons of barley to Uganda Breweries Ltd.

A total of 226 rice POs working around 35 DCs bulk marketed 354.6 tons of quality paddy rice to UGTL, Busia Quality Traders, Afro-Kai Limited and Nyati Millers.

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\$ 58,935 during the reporting period as indicated below (Exhibit XIX).

<b>Exhibit XIX: 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	3,448,577	71,308,970	39,616
Rice	354,674	16,330,430	9,072
Sunflower	2,972,562	14,862,810	8,257
Sesame	72,265	3,613,250	2,007
Barley	946,000	-	-
<b>Total</b>	<b>7,794,078</b>	<b>106,115,460</b>	<b>58,953</b>

In addition, 387 POs bulk purchased 53.5 tons of improved seed, 1,384 litres of herbicides, 206 boxes of Round-up Max®, 656 bags (50kg) of DAP and Urea, resulting in a saving of US\$18,297 for season 2006 A as indicated below (Exhibit XX).

<b>Exhibit XX: Savings accruing from Input bulk purchase</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)	16,775	5,733,650	3,185
Maize- OPV (kg)	24,856	4,914,400	2,730
Upland Rice (kg)	11,968	1,987,940	1,104
<b>Sub total</b>		<b>12,635,99,</b>	<b>7,020</b>
<b>Herbicide</b>			
Roundup EC (litres)	1,040	2,585,000	1,436
Roundup Max (boxes)	206	15,959,000	8,866
Butanil (litres)	30	60,000	33
<b>Sub total</b>		<b>18,604,008</b>	<b>10,335</b>
<b>Fertilizers</b>			
DAP (bags)	386	1,352,700	752
Urea (bags)	240	342,500	190
<b>Sub total</b>		<b>1,695,200</b>	<b>942</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  
 ~ 67 DCs (cumulative 156) trained and conducting bulk input and marketing activities (112% accomplished).

Technical training intended to enable farmers to organize and manage the DCs and consolidate their crop and input requirements has continued to be extended to POs and DCs. This training has enabled farmers to estimate crop output and input requirement, set records and negotiate with local input suppliers and crop buyers, arrange and monitor input and crop deliveries.

To benefit from economies of scale, 67 new DCs (with a total number of 675 POs) conducted bulk marketing activities bringing the cumulative total to 156 DCs 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, Uganda Breweries Ltd 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 who conducted bulk marketing activities earned an additional US\$285,691 (Exhibit XXI).

<b>Exhibit XXI: 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	58	71,308,970	39,616
Rice	35	16,330,430	9,072
Sunflower	17	14,862,810	8257
Sesame	69	375,065,890	208,370
Barley	7	3,613,250	2,007
Cotton	19	33,062,720	18,368
<b>Total</b>		<b>514,244,070</b>	<b>285,691</b>

The 97 DCs that carried out bulk input procurement benefited by saving a total of US\$27,831 in input procurement costs (Exhibit XXII).

<b>Exhibit XXII: 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	12,635,990	7,020
Herbicide	32	18,604,008	10,335
Fertilizer	24	1,695,200	924
Other Inputs	50	16,605,80	9,225
<b>Total</b>		<b>50,095,990</b>	<b>27,831</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 first six months of the third work plan year, 97 DCs have conducted bulk input procurement as compared to 38

during the entire 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  
 ~ 59 DCs assisted to have formal buyer contract ( 236% 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 563 POs concluded formal contractual marketing arrangements with buyers during the reporting period. They were able to gain an additional US\$117,409 in incremental revenue as highlighted in Exhibit XXIII.

<b>Exhibit XXIII: Total DC additional income from bulk marketing – Formal Contracts (59 DCs participating)</b>			
<b>Crop</b>	<b>Number of DCs</b>	<b>Additional Revenue</b>	
		<b>Uganda Shillings</b>	<b>US Dollars</b>
Maize	25	37,894,940	21,053
Rice	9	2,665,000	1,481
Sunflower	17	14,862,810	8,257
Sesame	11	148,234,200	82,352
Cotton	7	7,678,350	4,266
<b>Total</b>		<b>211,335,300</b>	<b>117,409</b>

On the other hand, 97 DCs conducted bulk marketing activities without signing formal contracts. These too benefited from bulk marketing their throughput and earned an additional US\$ 166,275 in revenues as a result of bulk marketing activities (Exhibit XXIV).

<b>Exhibit XXIV: Total DC additional income from bulk marketing – Non Formal (97 DCs participating)</b>			
<b>Crop</b>	<b>Number of DCs</b>	<b>Additional Revenue</b>	
		<b>Uganda Shillings</b>	<b>US Dollars</b>
Maize	33	33,414,030	18,563
Rice	26	13,665,430	7,592
Sunflower	58	226,831,690	126,018
Cotton	12	25,384,370	14,102
<b>Total</b>		<b>299,295,520</b>	<b>166,275</b>

A total of 156 DCs participated in bulk marketing activities. This was a significant increase from the second work plan year marketing activities 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. Older DCs will continue to receive fine tuning on these business and management skills while new ones will continue to obtain the full complement of this training from their PO Trainers.

## 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 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 demonstrations varied from commodity to commodity, but all 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.

Due to funding constraints, there was a considerable reduction in demonstration activity for several of the commodities, cotton and grains in particular. The strategy to overcome this shortcoming was to seek other collaborators to join in the demonstration programs.

**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 in second half of work plan year).*

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. APEP, through the SAF, assisted in identifying suitable coffee washing technology compatible to the Uganda smallholder type of coffee farming system yet environmentally friendly in terms of adverse effects on the environment associated encountered with washed processed coffee facilities. Currently, various washed coffee technologies have been evaluated for the selection of the most effective and suitable washing facility.

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

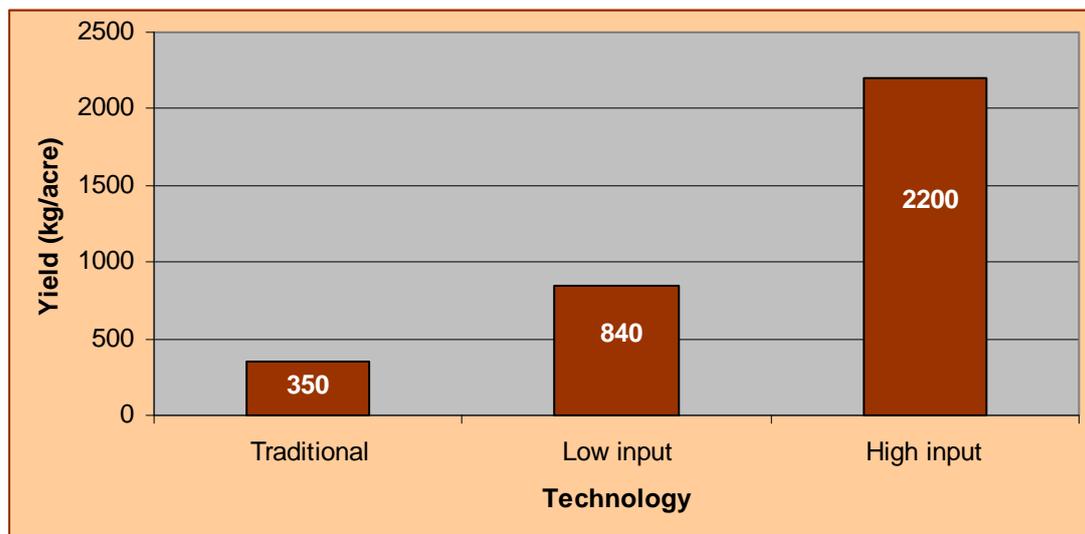
During the reporting period through SAF, USAID APEP provided financial support for collaborative work with International Institute for Tropical Agriculture (IITA) on improved fertilizer recommendation in banana – coffee cropping systems. The process of the site identification was a bit slow because of the political campaigns and elections which interfered with the exercise. In addition to the study in organic fertilizer recommendation, APEP in collaboration with the local district authority and collaborative exporting firms encouraged farmers to use affordable available organic fertilizers to address the declining soil quality.

**Benchmark 6.3:** At least 20,000 existing coffee farmers exposed to improved production techniques through 500 demonstration sites by 9/30/2006  
 ~ 11,684 coffee farmers exposed through 556 demonstration sites (58% 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 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 685 established field demonstration sites were used as a means to reverse the declining trend. During this reporting period, APEP TA continued to monitor and provide technical support to the existing and new coffee demonstration sites. At these demonstration sites, farmers were exposed to improved coffee technologies and good management practices within their localities. According to field day records, a total of 11,684 farmers, of which 1,012 were women, were in attendance.

Demonstrations have shown significant yield performance enhancements as is highlighted in Figure 3 below.

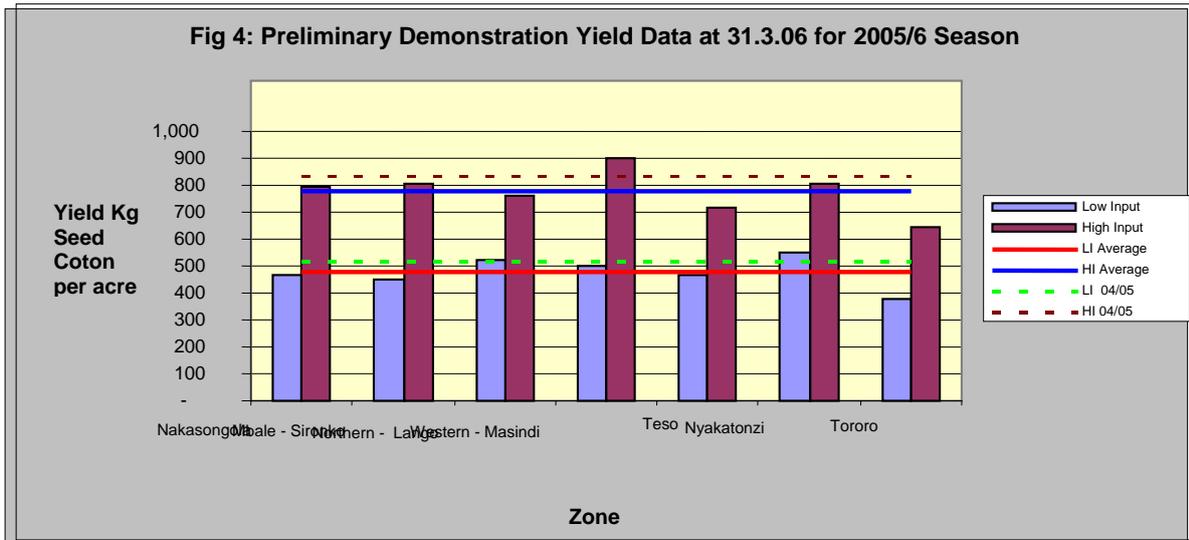
**Figure 3: Robusta Kiboko Coffee Yield by Technology**



**Benchmark 6.4:** At least 50,000 existing cotton farmers exposed to improved production techniques through 2,000 demonstration sites by 9/30/2006  
 ~ 115,938 farmers exposed (232% accomplished).

During the 2005/06 cotton season, 7,094 conventional demonstration sites (6,994 were funded fully by APEP with an additional 100 established by some ginners) were established in the 8 cotton production zones of the country. 398 demonstrations were also established with Boveevil and Dunavant under organic cotton production bringing to a total of 7,492 field demonstrations undertaken in the production year 2005/6. They exposed a total of 115,938 farmers (32,550 females) to improved cotton production management practices. The emphasis while training farmers was on the few key aspects of attaining good yields in cotton, upon which farmers with more resources could add fertilizers to enhance their productivity further. Records system and IPM management aspects were simplified. The productivity during the year was slightly lower than in the previous year 2004/5, primarily on account of unfavorable weather conditions during critical periods of the cotton crop. The

positive trend in productivity as promoted by APEP was still very clear as illustrated in the Figure 4.



The technology package designed by APEP for improved organic cotton production was greatly appreciated by farmers. It included for the first time, 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 Boveevil organic cotton program was received from ASPS II while Dunavant covered the cost of their operations.

In consultation with CDO and UGCEA, it was agreed that outreach to farmers in the production year 2006/7 be organized around groups formed by farmers themselves. Trainings were conducted February and March 2006 by APEP to equip site coordinators with skills of spearheading group formations in the 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.

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. This support therefore covers the districts of Arua, Nebbi, Yumbe, Adjumani and Moyo in the West Nile region, Apac, Lira, Amolatar, Kaberamaido, Pader, Kitgum and Gulu in Northern Uganda, and Katakwi, Amuria, Soroti, Kumi and Bukedea in the Teso region. APEP is in the process of partnering with a contribution of about US\$ 150 million from NAADS towards procuring a portion of the fertilizers, training of site coordinators and lead farmers in the rest of the country.

Preparations for the 2006/07 cotton season, including trainings and procurement of demonstrations materials started at the end of the reporting period to establish a total of 2,800 field demonstrations in West Nile, Northern Uganda and the Teso region under the Royal Netherlands Embassy funding while 4,200 field demonstrations are planned to be established in the rest of the country under APEP and NAADS funding.

**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 and MADFA/ASPS II 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. 16,464 collaborating farmers, (3,868 females) were exposed to improved production technologies during the season. Data from the demonstration sites indicated a significant difference in yields of the improved variety "PAN 7351" and the old open pollinated varieties. The average yield from the high external input package was 742 kg/acre and 543 kg/acre from the low external input package. Open pollinated varieties by comparison yielded about 250 kg/acre.

During season 2006A, 1,000 one-acre demonstrations sites exhibiting the same technologies as in the previous season will be set up in Lira, Apac and Masindi districts under A.K. Oils and Fats (U) Ltd. To-date, 100 and 814 site coordinators and lead farmers respectively have been trained. Only approximately 20% of the demonstration sites have been established to-date, because of the delayed rains.

SAIL in West Nile in collaboration with USAID APEP and UNFFE conducted technical training in sunflower production for 4 area and 14 site coordinators. This was done with financial assistance from the Netherlands government. The coordinators will in turn conduct field days at the lead farmer level to an average of 25 collaborating farmers per demonstration site.

In regard to barley, 2005B season witnessed further collaboration of UBL with USAID APEP. 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. 550 collaborating farmers, (272 females) were exposed to improved production technologies during the season through the demonstration sites.

During season 2006A, 104 one-acre demonstrations sites were established in two regions, with 50 demonstrations in Kabarole and Kasese districts and 54 demonstrations in Kapchorwa district. Each demonstration site was divided into 2 blocks of half-acre each. One block was referred to as the low external input (LEI) block and the other referred to as the high external input (HEI) block. The LEI block exhibited good seed and proper agronomic practice while the HEI block exhibited good seed, proper agronomic practices and additional external inputs such as a planting fertilizer, DAP at 50 kg/acre and a top-dressing fertilizer, Urea at 20 kg/acre.

**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  
*~ 25,240 upland farmers exposed through 1,393 demonstration sites (126% accomplished),*

A total number of 1,393 demonstration plots were established in collaboration with APEP partners and a total of 25,240 farmers (9,674 females) were reached as shown in Exhibit XXV.

**Exhibit XXV: Rice Demonstration Program Outreach**

Partner	No of Demonstration Sites	No. of Farmers Reached
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	145	2,175
SG2000 Uganda	160	1,800
Nyati Millers	40	750
SOMED Micro-Finance	45	520
<b>Total</b>	<b>1,393</b>	<b>25,240</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, more farmers to be exposed during 2006A season).

In 2005B season, 270 demonstration sites were established in collaboration with three partners. These were: Outspan Enterprises Company and Shares! (U) Ltd in Lira, Apac and Kaberamaido districts for organic products; and CARE Uganda 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, rainfall was not timely but reasonable soil moisture was available to keep the crop going. About 60% of the established demonstrations yielded results for the programme. Normal rainfall levels would have given better yields. 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 Netherlands embassy, USAID APEP in 2006A season continued to work with Shares! (U) Ltd, Outspan Enterprises and CARE Uganda 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 under CARE Uganda and Olam (U) Ltd and Lira for Shares! (U) Ltd, Outspan Enterprises. A total of 11 area and 42 site coordinators received technical training as shown in Exhibit XXVI.

**Exhibit XXVI: Training of Area and Site Coordinators under the Sesame Demonstration Programme- 2006A Season**

District	Type of sesame	Company	No. of Area Coordinators		No. of Site Coordinators	
			Males	Females	Males	Females
Arua	Conventional	CARE Uganda	1	1	8	1
		Olam (U) Ltd	3	-	8	1
Lira	Organic	Shares! (U) Ltd	2	1	9	6
		Outspan Enterprises	3	-	7	2
<b>Total</b>			<b>9</b>	<b>2</b>	<b>32</b>	<b>10</b>

360 demonstration sites were slated for establishment between the 4 companies, 90 sites each during 2006A season in both the Lango and West Nile regions. The main sesame growing season in the Outspan Enterprises and CARE Uganda areas of operation is season A while the main sesame growing season for Olam (U) Ltd and Shares! (U) Ltd is season B. It was therefore decided that due to the late kick-start given to the demonstration programme, only areas that have season A as their main growing season establish demonstrations i.e. CARE Uganda (West Nile) and Outspan Enterprises (Lango). The establishment of 90 demonstration sites for each of the companies is now just underway due to delayed rains. For the other companies, demonstrations will be established in season 2006B. Season 2006A will be used for developing the OGS by registering farmers and technical training in preparation.

**Benchmark 6.8:** At least 15,000 existing vanilla growers exposed to improved production techniques through the vanilla outreach program by 9/30/2006  
 ~ 4,831 vanilla farmers exposed to improved production practices (32% accomplished).

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.

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. 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, 4,831 farmers (1,546 females) were exposed to improved practices through the demonstration sites and extension workers efforts.

**Benchmark 6.9:** At least 1 new improved banana farming practice (cumulative 3) disseminated by 9/30/2006  
 ~ (0% accomplished, dissemination expected during second half of work plan year).

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. Most work is still at the initial stages.

**Benchmark 6.10:** At least 10,000 existing banana farmers exposed to improved production techniques through 200 banana demonstration sites by 9/30/2006  
 ~ 4,215 banana farmers exposed (42% 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 Local Government Agricultural staff therefore focused on integrated pest control measures. On-farm training events were carried out at the demonstration gardens and other collaborating farmers' gardens. Based on returns from site coordinators, 4,215 farmers (2,402 females) were reached through 215 demonstration sites and other extension services.

Results from the majority of the lead farmers indicate slight decline in bunch weight (from average of 25 kg to 18-20 kg) especially in the central region (Masaka, Rakai, Luweero, Wakiso and Mpigi). This was attributed mainly to the excessive drought conditions. However, the general management of the banana plantations has improved at most of the demonstration plots.

The newly established fields in Mpigi, Wakiso, and Rakai which were planted between October and November 2004, have had their first harvest. Varieties planted included Mpologoma, Kisansa, Nakitembe, Katwalo and Kibuzi. Some farmers have harvested up to 150 bunches since November 2005 with weights ranging between 15-45 kg. Average growth period (from planting to harvesting) was 15 months. All these depended on variety and management practices. Mpologoma tends to grow faster and under good management produces very big bunches.



*Norada's newly established garden, Bugamba Mbarara planted in March 2005 and photo taken in November 2005*

**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 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 area is listed below and corresponding budget lines were finalized.

- 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 15 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.

As most of the partners favored the production of 3 separate posters, one on BBW symptoms, one on how BBW spreads and one on how to stop BBW, a set of 3 posters was produced. Because of time taken to prepare this more sophisticated educational support this training material has not been printed and distributed during this reporting period. The installment of 20 billboards was accomplished in strategic places in 7 districts: Bushenyi, Mbarara, Ntungamo, Masaka, Mbale, Sironko and Manafwa. A 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. Terms of Reference for assessing the BBW awareness campaign Phase I and Phase II covering so far 33 districts and 615 sub counties were developed. 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.

**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.

**Benchmark 6.13:** Refined fertilizer recommendations developed for at least 2 key APEP commodities by 9/30/2006  
 ~ Draft fertilizer recommendations only (0% accomplished).

Fertilizer recommendations were drafted by the IFDC, and are still a works in progress, but these have not yet been discussed by stakeholders and confirmed.

**Benchmark 6.14:** At least 40,000 additional farmers (cumulative 80,000) adopting APEP demonstrated improved technologies and practices by 9/30/2006  
 ~ Cumulative 112,144 farmers adopting low input technology packages (140% accomplished).

Adoption of 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), basic agronomic practice (plant population including thinning, establishment timing, moisture conservation

practice, 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 XXVII 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 112,144 (representing 61% adoption rate across all APEP commodities for farmers exposed) while those who have adopted improved high input practices was 2,723 (a 1.5% adoption rate across all the APEP commodity portfolios). These figures are derived from field day attendance (exposure) and sentinel sites (adoption by technology).

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

<b>Crop/Enterprise</b>	<b>Number of farmers exposed</b>	<b>Adoption of high input technology</b>	<b>Adoption of low input technology</b>
Cotton	115,938	580	75,360
Upland rice	25,240	757	15,144
Sunflower	16,464	494	12,348
Barley	1,232	616	862
Sesame	2,946	0	737
Coffee	11,684	234	2,921
Banana	4,215	42	1,391
Vanilla	4,831	0	3,382
<b>Total</b>	<b>182,550</b>	<b>2,723</b>	<b>112,144</b>
<b>Percentage adoption</b>		<b>1.5%</b>	<b>61%</b>

### **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 APEP was to insure availability of quality planting materials for reintegrating Internally Displaced Persons (IDPs). Under its resource envelope, APEP procured 8 tons of certified finger millet seed and 12 tons of certified sorghum seed. 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.

**Benchmark 7.1:** 8,000 kg finger millet seed distributed by 5/30/2006  
~ No finger millet seed distributed as yet 0% accomplished).

This seed has 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.

**Benchmark 7.2:** 12,000 kg sorghum seed distributed by 5/30/2006  
 ~ No sorghum seed distributed as yet (0% accomplished).

As for benchmark 7.1, the sorghum seed has remained in stock awaiting the return of peace in Northern Uganda.

**Benchmark 7.3:** 30,000 bags sweet potato vines distributed by 5/30/2006  
 ~ 21,459 bags of vines distributed (72% accomplished).

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 (Exhibit XXVIII). The following table highlights the detailed distribution accomplished.

**Exhibit XXVIII: Allocation of Sweet Potato Vines in North 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	-	4 00	
<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>

**Benchmark 7.4:** Cassava cuttings from 100 acres mother garden distributed by 5/30/2006  
~ Cassava cuttings distributed from 90 acres (about 90% accomplished).

The cassava planting material was inspected by the NARO Cassava program during early February 2006. 10 acres was 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 is scheduled to be complete by the last week of April 2006. Target off take is as shown in Exhibit XXIX.

**Exhibit XXIX: Expected distribution of Cassava Cuttings by Organization**

<b>Organization</b>	<b>Cassava (Bags)</b>	<b>Expected bags</b>
ASB	750	<b>565</b>
Hunger Alert	500	<b>375</b>
GOAL	250	<b>190</b>
World Vision-Gulu	440	<b>330</b>
World Vision-Kitgum	250	<b>190</b>
CEASOP	500	<b>375</b>
NRC-Gulu	500	<b>375</b>
NRC-Kitgum	500	<b>375</b>
Action Against Hunger	800	<b>600</b>
CRS/Caritas-Gulu	500	<b>375</b>
CRS/Caritas-Kitgum	500	<b>375</b>
CRS/Caritas-Pader	500	<b>375</b>
CRS/COU-Gulu	500	<b>375</b>
FAO	1,000	<b>750</b>
Church of Uganda-TEDDO	1,500	<b>1,125</b>
Save the Children (USA)	-	
	<b>8,990</b>	<b>6,750</b>

As of the time of reporting, the following distribution of cassava cuttings has taken place (Exhibit XXX).

**Exhibit XXX: Cassava Cutting distribution by March 31, 2006**

<b>Beneficiary</b>	<b>Bags Delivered</b>
ASB	565
Hunger Alert	500
NRC Gulu	390
NRC Kitgum	360
Action Against Hunger	600
FAO	200
WFP *	750
<b>Total</b>	<b>3,365</b>

**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 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 APEPs manageable

control, APEP continued to support this undertaking by providing expert opinion, guidance, and issue profiles. However, 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 ASPsII to develop training manuals by 9/30/2006  
 ~ *Training manuals for private sector seed industry in preparation (50% accomplished).*

During the period under review, a consultant was hired. The consultant has already been in the country on the first leg of the exercise and according to the agreed time scale, the consultant will present draft manuals to stakeholders around May 9-10, 2006. Once complete, the manuals will be used to train private sector seed inspectors who can be accredited by the National Seed Certification Services to undertake certain tasks on their behalf.

**Benchmark 8.2:** TA provided in compiling rice quality standards developed and presented to EAC policy makers by 9/30/2006  
 ~ *Quality standards not yet presented to policy makers (0% accomplished).*

Although rice production has increased dramatically, policy issues continue to hamper development in the sub-sector. These include EAC member adherence to the Common External Tariff (CET) arrangement as well as quality standards as they pertain to local and regional market development. It is anticipated that these two issues will be resolved during the work plan year. APEP has continued to provide technical input as appropriate. APEP continued to perform a secretarial (information sharing) role for the Uganda EAC rice taskforce members which includes the Government of Uganda through the office of the Vice President, private sectors (rice processors and chemical companies), NGO's and public sectors.

**Benchmark 8.3:** TA provided in support of common external tariff agreements at EAC level by 9/30/2006  
 ~ *Support continued to be provided (50% accomplished, on-going activity).*

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 scheduled to be held in Arusha, Tanzania sometime during the second half of the work plan year.

## **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, 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 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  
~ 52 interns to be placed in June 2006 (0% accomplished).

The internship program that has to date placed a cumulative 98 students with local agribusinesses will be continued during the work plan year. Fifty two (52) Makerere University Faculty of Agriculture (MUFA) interns will be screened and selected using the same criteria from previous years. Discussions have been held with MUFA. There is a new Internship Coordinator. APEP-supported agribusiness firms and institutions have been contacted to solicit request for interns. Interns will be placed in time for full completion of the third round of private sector internships by June 2006, so they can commence their internships in July 2006.

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

An action plan developed by previous STTA work laid out a road map for APEP in conjunction with Cotton Development Organisation (CDO), Uganda Ginners and Cotton Exporters Association (UGCEA), and Ministry of Education and Sports (MOES) to work and raise the profile of the Busitema training centre in Tororo. This was to bring expanded and sustained cotton industry training to Uganda ensuring rapid skills transfer to ginnery staff and other stakeholders involved in technology transfer activities, as well as ginnery management and operations. The plan was not operationalized and instead shelved due to lack of finances for it.

**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 period under review, no short courses were organized for seed company personnel. It is, however, expected that at least 5 seed company personnel shall attend short courses on seed technology and related industry concerns.

**Benchmark 9.4:** 3 PhD candidates placed at US universities by 3/31/2006  
~ 2 candidates placed (67% accomplished).

During this work plan year, APEP is implementing its formal educational plan with MUFA. Three (3) PhD candidates will be placed at US universities. The candidates will remain in the US for one year and then return to MUK to continue their PhD research under this "sandwich program."

To date, two of the PhD candidates have been placed:

- Michael Kidoido, Ohio State University, Agriculture, Environment & Development Economics, September 2005 – August 2006

- Richard Miiro, Iowa State University Agricultural Extension & Education, January – December, 2006

The third candidate, John Bosco Kawongolo will be studying Agricultural Engineering at Michigan State University. He will be placed in September 2006 to synchronize with the academic year. He is currently conducting his research at MUFA. His admission to MSU has been accepted, and he is already entered in TraiNet, and is applying for his visa.

**Benchmark 9.5:** 5 MSc candidates placed at MUK by 3/31/2006  
~ 1 candidate placed, balance by 10/30/2006 (20% accomplished).

APEP will fund the MSc scholarships at MUK. To-date, there is one candidate placed, Ms. Rose Basiita undertaking an MSc program in fish biology. Her program is being deferred while she participates in a short course on fish breeding at Auburn University sponsored by Africa Development Bank. Solicitations have been made to MUFA, NARO institutes, MAAIF and UNCST. Applications closed March 31 2006. Interviews and selection will be made in April 2006 with APEP representation on the Selection Committee.

**Benchmark 9.6:** 110 MUFA staff and students complete "faculty on wheels" study tour by 7/31/2006  
~ Deferred (0% accomplished).

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

**Benchmark 9.7:** 2 guest professors complete attachments to MUFA by 9/30/2006  
~ Deferred (0% accomplished).

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

**Benchmark 9.8:** 2 MUFA staff complete retooling short courses by 9/30/200  
~ Deferred (0% accomplished).

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

**Benchmark 9.9:** African Crop Science Conference proceedings published by 3/31/2006  
~ Volume 7 Parts I & II funded by APEP (100% accomplished).

Through the partnership with MUFA, 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. Part I comprised 506 pages and Part II comprised 511 pages. Part III was funded by the African Crop Science Society due to limitation of 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 participants undergoing training (50% accomplished, course is on-going).

The ninth Applied Tropical Floriculture Course (ATFC 9) was opened in November 2005 at Xpressions. It is organized by UFEA in conjunction with Makerere University Continuing Agricultural Education Centre (CAEC). The course aims at building capacity of supervisors and middle managers of floriculture sub-sector. It receives technical and financial support from USAID/APEP. Two modules of ATFC are 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. The course covers all aspects of flower growing and marketing issues. Out of the 18 participants; 5 are University degree holders; 2 diploma holders; 2 UCAE certificate holders; 7 UCE holders and 2 are primary leavers. 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  
 ~ 202,250 participants trained (101% accomplished).

Exhibit XXXI 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, the Busitema training, Internship program, group/association training, seminars, etc. Details of the formal/informal training events are provided in Annex D. Overall, 202,250 individuals ((39% of whom were females) were trained during the reporting period.

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

Training Category	Number Trained		
	Males	Females	Total
Field days	130,342	52,208	182,550
Formal/informal training	15,439	4,571	20,010
<b>TOTAL</b>	<b>145,781</b>	<b>56,779</b>	<b>202,250</b>

In a bid to foster agricultural lending countrywide, APEP conducted the Agricultural component of the regional trainings of all CERUDEB Loan officers sponsored by ASP/DANIDA. 79 loan officers from southern and western region branches and 57 loan officers from Eastern region branches were trained. In addition, APEP conducted a comprehensive Banana Production Finance and Credit training for 10 agricultural loan officers of CERUDEB branches of Rakai, Mbarara and Ishaka.

The 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:** APEP technology packages realigned to address IEE concerns by 9/30/2006  
 ~ (0 % accomplished, to be effected during second half of work plan year).

Following on from the IEE, environmental management modules will be developed and implanted through all commodity technology transfer mechanisms.

**Benchmark 9.14:** At least 6 pesticide and fertilizer safe-use trainings conducted by 9/30/2006  
 ~ No pesticide training event conducted, scheduled for second half of work plan year (0% accomplished).

In response to the recommendations made under the APEP PERSUAP, at least 6 pesticide safe-use trainings shall be conducted across all commodity chains. Following a recent consultancy for PRIME/W, APEP will develop new guidelines for input use around protected areas. The agreed guidelines will be used to develop joint activities with UWA in consultation with PRIME/W.

## **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. APEP activities in biotechnology continued to be supported by other initiatives, including the Program for Biosafety Systems (PBS) and Agricultural Biotechnology Support Program II (ABSPII). APEP TA activities focused 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, 50% accomplished, on-going activity).

The Biosafety Desk Office at the UNCST is fully operational and regular technical advice and financial support continued to be provided. The APEP Biotech Advisor was in a regular contact with the Desk Office and has established a very good working relationship with the council and the desk office as well. As the result of this capacity building, the NBC is fully equipped to receive and process GMO applications. This is very encouraging development that needs to be fostered.

**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).

This activity has not yet been undertaken to the extent expected due to elections in the country during the reporting period, which made it difficult to mobilize policy makers and legislators to get the job done. This activity will be completed as soon as the executive and the legislative body of the country are fully operational.

**Benchmark 10.3:** At least 1 participant sponsored for bio-safety short course training at MSU by 9/30/2006  
 ~ (0% accomplished).

Candidates have already been identified in collaboration with Cochran Fellowship Program. The final decision will be made by end of May 2006.

**Benchmark 10.4:** One communications/outreach module developed and disseminated in collaboration with PBS-Uganda by 9/30/2006  
 ~ (Nearly 60% accomplished).

Biotechnology communication strategy has been developed in collaboration with PBS. Ugandan Journalists training on biotechnology communication has been conducted and APEP Biotech Advisor provided technical support and training to the journalists. The Biotechnology Quarterly Newsletter is being developed in collaboration with PBS and Biotechnology Advisor will use this window to inform the Ugandan public and global biotechnology community about USAID APEP and ABSPII projects activity here in Uganda. Biotechnology website is being developed within UNCST as biotech portal to the world and Uganda. An outreach module is expected to be disseminated during the second half of the work plan year.

**Benchmark 10.5:** GM Cotton technology transfer and confined field testing started by 9/30/2006  
 ~ (0% accomplished).

The National Taskforce 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 have been obtained from Monsanto and D&PL and consequently, technology and partnership negotiations with Monsanto, A&PL and NARO are underway. Four GM cotton confined field testing sites were identified. Contracting a principal Ugandan cotton breeder is underway to facilitate technical implementation of the confined field testing. The principal cotton breeder will work with a Botanist and an Entomologist on ex ante environmental risk assessment of the identified testing sites.

**Benchmark 10.6:** One external study tour completed for key biotech stakeholders in collaboration with PBS-Uganda by 9/30/2006  
~ (0% accomplished).

The APEP Biotech Advisor is in discussion with PBS Coordinator to organize the study tour for key Ugandan policy makers and biotechnology users either to RSA or West Africa. The study tour now expected in the second half of work plan year and is predicated on biotechnology policy and testing of materials progressing.

### 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. APEPs mandate is to help in this process. APEPs role is to determine with the various commodity sectors the real research needs of each 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 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 contract established (100% accomplished).

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

1. Balton Uganda has continued to work to promote the release of commercial Acetamaprid as a sucking pest control option for cotton. The company is progressing well and the product will enter the 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.
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). In addition supply remains an issue and correspondingly, the price of the product. Only one supplier has commercial stocks at this time, resulting in an uneconomic field cost. POE under field conditions will contribute to better adoption as dependency on pyrethroids is reduced. The POE is being carried out under partnership agreements with BoWeevil and Dunavant.

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

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 has embarked on monitoring improved management practices (mulching, desuckering and inorganic fertilizer use) that are promoted by USAID/APEP as they impart on plant health and yield. Out of the 9 districts where USAID/APEP operates the banana program, field marking and characterization has been completed in 7 districts. Selected farmers have been given weighing scales and modified yield data record sheets. For the dissemination of banana hybrid contract, four districts (Masaka, Rakai, Mpigi and Mukono) were selected basing on the prevalence of black sigatoka and nematodes. Selection of farmers was completed, and planting holes have been dug and for Masaka, farmers have already planted.

For the INIBAP contract, sites have been selected from Luweero and Mukono districts and rehabilitation of heavily BBW diseased plots started. Activities include destruction of diseased plants using Glyphosate; uprooting diseased plants without first injecting them with glyphosate and slashing without uprooting. The plots have been prepared and awaiting planting using tissue culture materials. Other management activities include de-budding at different stages, bagging, pruning and de-leafing. These activities will continue throughout the work plan year.

**Benchmark 11.3:** 2 coffee research contracts established by 9/30/2006  
~ 1 research contract completed (50% accomplished, on-going activity).

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) will be adopted and piloted in Sironko Mbale and Manafwa Arabica region. The parties involved in the pilot project under MoU arrangements with USAID APEP will include MTL, CORI and IPM/CRSP. APEP will provide technical assistance for the pilot project. In addition to the ICM proposed 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. Preliminary work on Identification and characterization of farmers with coffee banana intercrop has been completed.

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

With USAID APEP financial and technical support, Pearl Flowers Ltd. is expanding into high altitude rose growing. Construction work is underway and programs to carry out training have been drawn. APEP is providing financial support to set up a small trial greenhouse of different rose varieties to determine the best performers. The research contract will be established in the following reporting period.

**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).

Sunflower research has been the responsibility of the NARO Serere program. Progress has been hampered by the late acquisition of funds and subsequent late operations. This has

reduced yield from trials and made releases of new materials difficult. 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, APEP, VODP, Mukwano and the sunflower team from Serere held a meeting to discuss the way forward. At this meeting it was agreed that NARO work closely with Mukwano to establish trials in the districts of Masindi, Lira and Apac, while Serere works directly in establishing trials in Sironko and Kumi districts. 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.

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

Two new rice technologies mainly in rice planting and rice threshing was evaluated and demonstrated to farmers in Kumi and Kabarole districts with private sector involvement. The performance of the two technologies which can ease farmer's drudgery in upland rice production was appreciated by the farmers and generated interest among the farmers. The Danish agricultural-supported project ASPS II (one of USAID APEP partners) has shown interest in supporting the purchase of these equipments through the Enterprise Innovation Fund support.



Picture 2: Testing of the rice planters on farmer's field in Kumi and testing of the rice combines on farmer's field in Kabarole

The first official phase of testing the bird repellent and Rical® rice herbicide was completed in collaboration of Balton (private sector and marketers of the product) and Ministry of Agriculture (Crop Protection Department). The final testing will be concluded by end of June 2006 and it will be available to farmers in Uganda by end of August 2006. The upland rice manual has been completed with collaboration of UNDP/A2N. The manual addresses farmers' recent challenges in growing upland rice, citing the most frequently asked questions by farmers. The upland rice manual will assist rice extension farmers, producer's organization and farmers in better production technologies.

## PROGRAM MANAGEMENT

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

### Strategic Activities Fund Management

The Strategic Activities Fund (SAF) under 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 APEP's eligibility/evaluation criteria, as well as contribute to project results (Annex E).

### Objective 12: Implement an Effective SAF Program

- Strategy:** By leveraging SAF resources, APEP has continued to target opportunities for strategic intervention with clients and partners. The technical team and SAF manager continued to identify activities within APEP's 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  
~ (50% accomplished).

The SAF activity reports are submitted in combination with the 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 E. This report shows all activities and programs awarded since the start of APEP implementation.

**Benchmark 12.2:** At least \$3,500,000 of SAF committed by 9/30/2006  
~ US\$2,922,592 of the SAF has been committed to-date (84% accomplished).

As shown in Annex F, US\$2,922,592 of the SAF has been awarded to-date. APEP has made 48 awards through the SAF, 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 are championed by an 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.

**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 available for download from the APEP website, [www.apepuganda.org](http://www.apepuganda.org). The APS provides a general overview of 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.

## 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, 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 12/08/2006 (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 3/31/2006 there has been no feedback. 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).

Under Objective 10, biotechnology, a benchmark is the establishment of confined field trials with GM cotton during the work plan year. All regulatory approvals will be documented.

**Benchmark 13.3:** APEP technology packages realigned to address IEE concerns and PERSUAP recommendations by 9/30/2006  
 ~ (50% 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 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 sensitive areas. These adjustments are reflected in training outlines for cotton and oilseeds.

**Benchmark 13.4:** At least 6 pesticide and fertilizer safe-use trainings conducted by 9/30/2006  
 ~ 3 pesticide and fertilizer safe use trainings conducted (50% 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. Issues of safe use were also covered during the business development trainings of agri-input dealers. Further trainings will be conducted in the course of the year.

Training on IPM and safe use of pesticides and fertilizers is being conducted and recorded in APEP's training log for activities carried out with farmers, POs, DCs and input stockists. Additional safe use training is planned in conjunction with Crop Life Uganda especially for cotton IPM managers in each of the cotton zones to enhance the pest management systems and to improve safe and timely use of pesticides.

**Benchmark 13.5:** All SAF awardees environmental reviews completed by 9/30/2006  
 ~ (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 will be 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 all together 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. APEP continues to council the cotton industry as well the international suppliers regarding strategy.

Table 1 of the draft PERSUAP 2005 lists 4 products for immediate removal and replacement in all USAID partner programs. Two of the products listed are applicable to the APEP program - Lamda Cyhalothrin (Ambush CY and Ambush Super) and Paraquat (Gramoxone). Both of these products have been removed from current training documents and are not being utilized by APEP partners. None of the ginnery partners are using the Lamda Cyhalothrin for boll worm control, nor do they carry any stocks of this product.

Paraquat was popular with banana growers initially but is now discouraged in training activities and in the production system of partner farmers and demonstrators. No training guide used by the project mentions the use of Paraquat. Field extension partners are actively sensitizing growers on the negative affects of the product.

Carbofuran is not being recommended by the APEP program and it is intended to initiate commercially available Buveria trials to evaluate its effectiveness in banana weevil control. Other pyrethroids and OP's are to be substituted by the replacements mentioned above. Work is ongoing to move these replacements forward.

**Benchmark 13.7:** New guidelines established for input use around protected areas in conjunction with UWA and PRIME/W by 9/30/2006  
~ (Nearly 10% accomplished).

Following preliminary discussions with the PRIME West Consultant during 2005, APEP has 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 will be utilized in establishing the agreed guidelines in time for the cotton season 2007/8. The main points to be included in the cotton extension messaging this season therefore are as follows:

- a) Incorporate training in proper handling, use, and disposal of pesticides in any activities that directly or indirectly promote the use of pesticides.
- b) Locate demonstration plots that may use pesticides at least 15 meters upwind and 30 meters up gradient from the boundaries of any protected areas.
- c) Manage 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>3</sup>

<sup>3</sup> Krahl, L.: 'Pesticide Use Near Protected Areas', Final Draft 2005

## 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.

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

**Strategy:** The M&E system is based on an impact design linking activities to desired outcomes and impacts. This design is reflected in the APEP RF presented in the first section of this work plan. The APEP 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 SO 7 and associated IR indicators. APEP continued to use a distributed approach to M&E where all APEP 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 APEP TA 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 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 indicators updated (50 % accomplished, on-going activity).*

The modules on sentinel sites, producer organizations and site coordinators were refined to meet additional data needs (on disability) and the 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 (50% accomplished, on-going activity).*

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

As a way of gauging adoption rates and associated project impact at the household level, 320 sentinel sites covering the key commodities supported by APEP were established as shown in Exhibit XXXII.

<b>Exhibit XXXII: APEP Sentinel Sites</b>		
<b>Commodity</b>	<b>No. of sites established</b>	<b>No. of districts</b>
Cotton	100	14
Coffee	50	6
Banana	35	5
Upland rice	40	5
Sunflower	40	3
Maize	35	6
<b>Total Number</b>	<b>320</b>	

The sentinel sites are made up of a representation of 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.

**Benchmark 14.4:** At least one verification/impact study conducted by 09/30/2006  
 ~ No field verification study conducted (0% accomplished).

As a way of ascertaining economic returns from adopting the technologies promoted by APEP, the M&E Specialist together with the Finance Specialist will conduct a cost of production and profitability analysis study. The study which will cover cotton, coffee, banana, upland rice, sunflower and maize will compare three production practice/technologies broadly categorized as “traditional”, “low input” and “high input”. The methodology to be adopted for this exercise is that of focus group discussions, where producers will be grouped according to crops produced.

**Benchmark 14.5:** At least 9 APEP impact stories produced by 9/30/2006  
 ~ No impact stories produced (0% accomplished, impact stories to be produced during second half of work plan year).

During the period under review, the M&E Specialist in consultation with the APEP TA identified a number of possible assessments to be undertaken with a view to gauging project progress towards achieving its LOP goals and targets. These were mainly in the areas of technology adoption, input supply, agro processing, producer organization bulk marketing and depot committee formation, and enterprise-farmer linkages.

At least nine impact stories will be highlighted during the remainder of the work plan year. The stories, some of which may be revisited over the life of project, will be posted on the APEP website [www.apepuganda.org](http://www.apepuganda.org)

## **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 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 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  
 ~ *Two financial reports submitted to-date (50% accomplished).*

As required by 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 will be submitted in due course when they become due. 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, APEP, SCOPE and Rural SPEED in preparing a mini-max solution to budget cuts. A Plan of Action was submitted for USAID consideration on 03/31/2006. Obviously, these budget cuts will negatively impact APEP service delivery and support to clients.

**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 (50% accomplished).*

As required by APEP contract Section H.14, in November 2005 Chemonics submitted the final VAT reports for APEP on items exceeding US\$500. The report was compiled and submitted by the HO PMU and was based upon charges incurred. The remaining VAT report will be submitted in due course when it becomes due. On a monthly basis, APEP has submitted VAT reclaim reports to USAID for items less than US\$500. To-date, APEP has not received any VAT reimbursement.

**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  
~ *This progress report is the subject matter of this benchmark (100% accomplished).*

This semi-annual progress report covers the period 10/01/2005 through 03/31/2006. It was prepared with joint input from all the TAs on APEP.

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

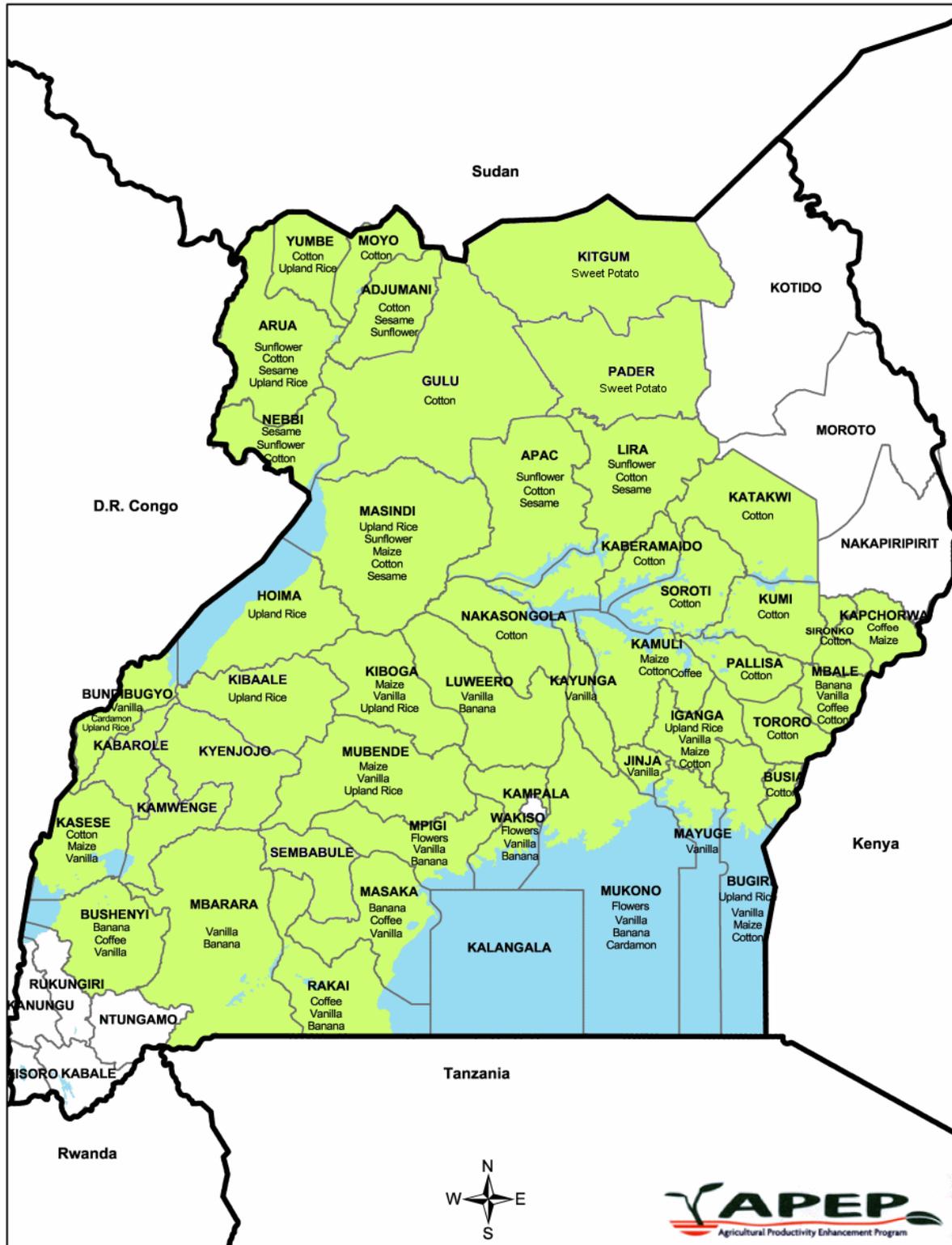
CTO and CO approval is obtained for commodity procurements in excess of US\$100,000. As each non-expendable commodity exceeding US\$500 in value is procured, it is inventoried according to USAID regulations. This annual property report was submitted on 02/03/2006, about 3 months behind schedule. The report covered Office items and Expatriate household items. The compilation and maintenance of the inventory is done by the APEP Operations Manager. APEP project management, the project accountant and the HO PMU also contribute. 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  
~ *To be prepared in September 2006 (0% accomplished).*

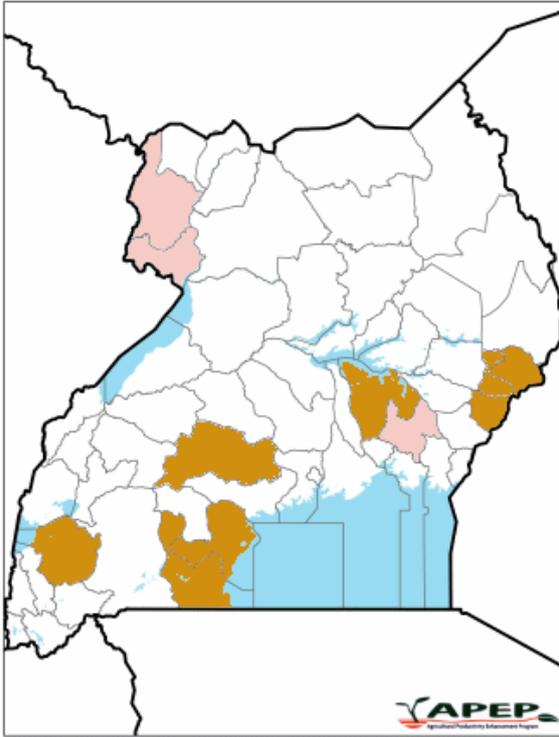
This activity is programmed for September 2006.

# ANNEX A

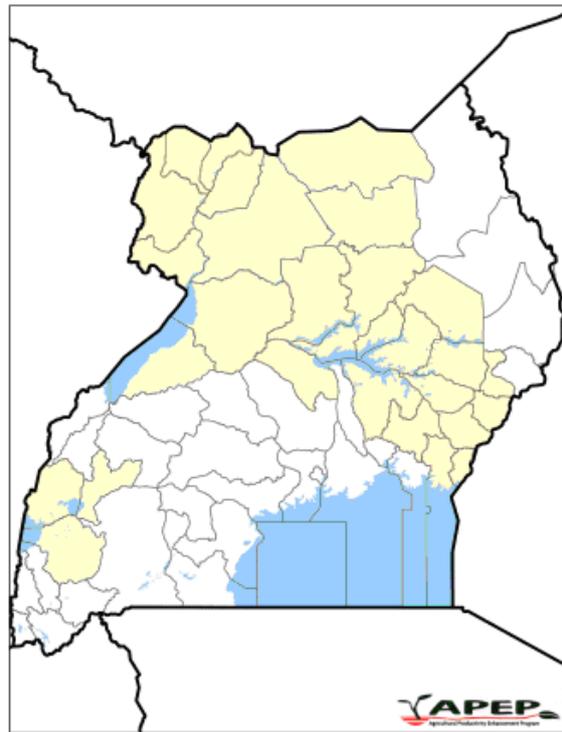
## APEP Commodity Intervention Areas



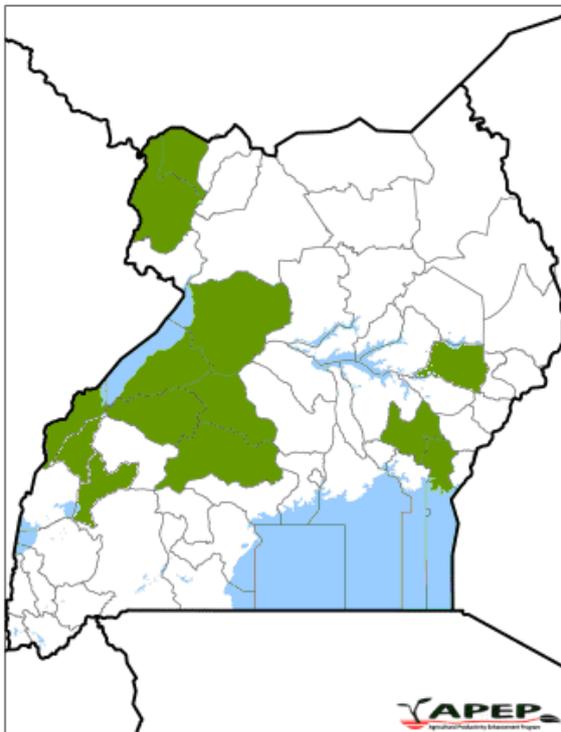
**APEP Coffee Intervention Areas**



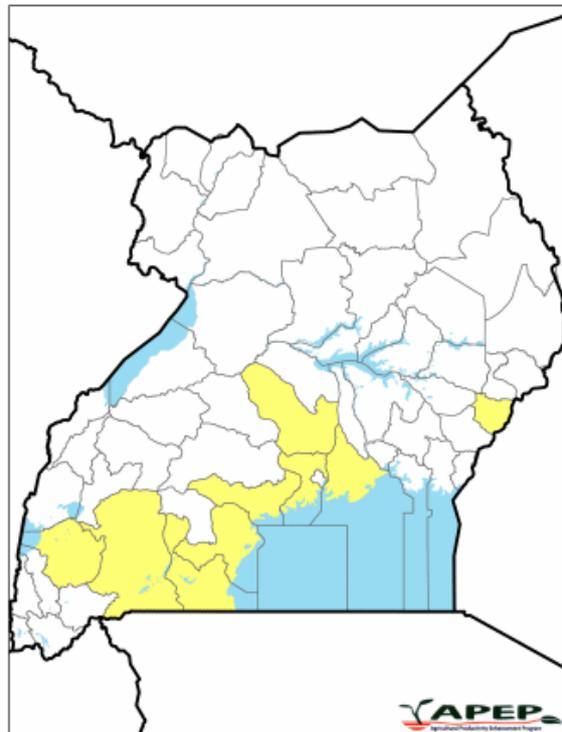
**APEP Cotton Intervention Areas**



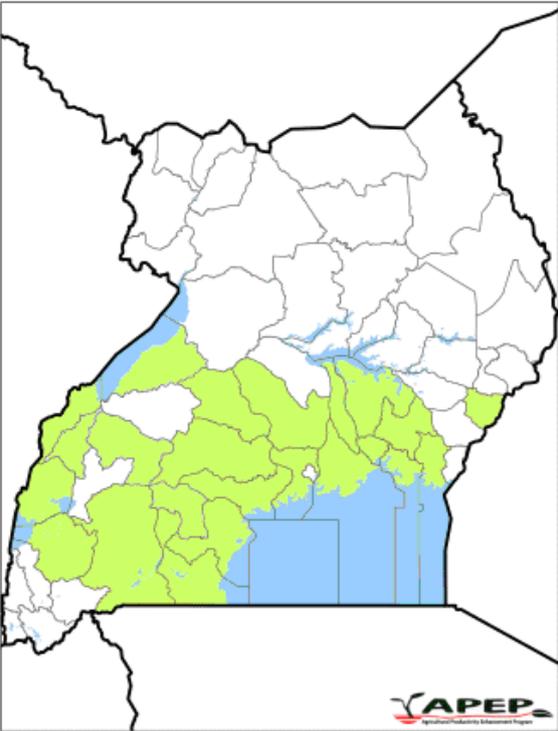
**APEP Upland Rice Intervention Areas**



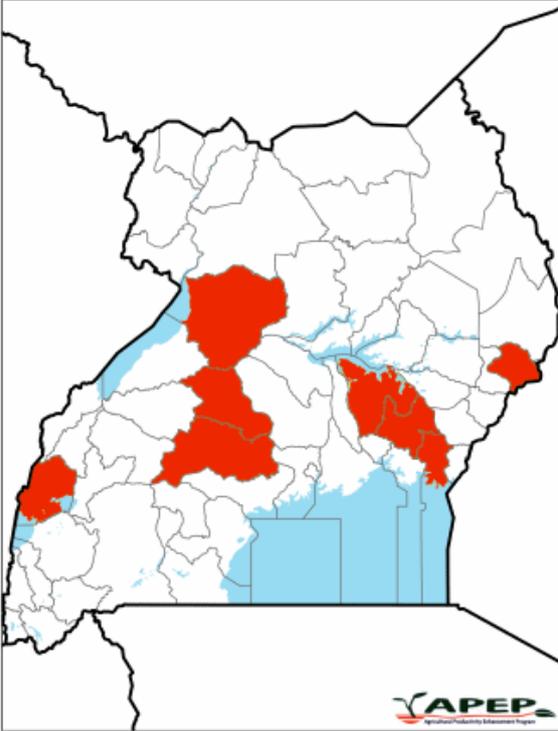
**APEP Banana Intervention Areas**



APEP Vanilla Intervention Areas



APEP Maize Intervention Areas



APEP Sesame and Sunflower Intervention Areas



**ANNEX B****APEP PMP Indicator Progress**

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 (from APEP-supported commodities)	US\$ p.a	185.45	260.00	197.43	224.57	125.1	48%
% change(over baseline) in h/h income of APEP-supported producers	%	0	40%	6%	21%	n.a	n.a
# of h/h supported by APEP (cumulative)	No	0	250,000	165,000	204,603	212,550	85%
# oh h/h with disability supported by APEP (cumulative)	No	0	5,000	0	1,358	2,090	42%
# of on- & off-farm jobs created (cumulative)	No	0	80,000	13,347	30,219	30,914	39%
# of on- & off-farm enterprises created (cumulative)	No	0	600	311	495	539	90%
Total production of APEP-supported crops (national level)							
- coffee	mt	160,000	200,000	151,383	150,113	62,106	31%
- cotton	mt	29,250	64,750	30,155	46,620	18,382	28%
- sunflower	mt	10,000	40,000	10,600	16,000	10,000	25%
- rice	mt	100,000	160,000	113,000	147,000	115,000	72%
- maize	mt	315,000	750,000	550,000	620,000	230,000	31%
- flowers	mt	4,424	7,000	6,284	6,935	3,752	54%
- banana	mt	8,000,000	11,000,000	8,200,000	8,500,000	4,000,000	36%
- green vanilla beans	mt	880	1,200	900	525	202	17%
Yields of APEP-supported crops (Average for adopters)							
- coffee	mt/acre	0.290	0.500	0.350	0.600	0.750	150%
- cotton	mt/acre	0.200	0.600	0.460	0.525	0.476	79%
- sunflower	mt/acre	0.300	0.800	0.600	0.650	0.543	68%

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- rice	mt/acre	0.350	0.800	0.720	1.200	1.400	175%
- maize	mt/acre	0.550	2.000	1.500	1.500	1.250	63%
- flowers	mt/acre	11.000	15.000	12.000	12.500	11.700	78%
- banana	mt/acre	5.850	9.000	7.260	12.000	11.850	132%
- green vanilla beans	mt/acre	0.250	0.400	0.250	0.300	0.320	80%
Unit cost of production of APEP-supported crops (APEP adopters)							
- coffee	US\$/kg	0.270	0.180	0.245	0.206	0.220	82%
- cotton	US\$/kg	0.310	0.200	0.290	0.237	0.305	66%
- sunflower	US\$/kg	0.250	0.140	0.156	0.141	0.146	96%
- rice	US\$/kg	0.400	0.200	0.238	0.209	0.230	87%
- maize	US\$/kg	0.080	0.060	0.072	0.065	0.076	79%
- 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	0.035	57%
- green vanilla beans	US\$/kg	0.700	0.550	0.633	0.626	0.605	91%
Value of targeted commodities marketed by APEP clients	US\$	106,000,000	150,000,000	112,448,014	122,277,184	82,100,000	54%
% change in value of targeted commodities marketed by APEP clients	%	0	40%	6%	15%	-46%	-115%
Volume of targeted commodities marketed by APEP clients	mt	615,000	800,000	662,972	681,411	382,000	48%
% change in volume of targeted commodities marketed by APEP clients	%	0	30%	8%	11%	-52%	-174%
Gross revenue of off-farm enterprises supported by APEP	US\$	140,000,000	225,000,000	151,482,439	166,340,898	109,500,000	49%
% change (over baseline) in gross revenue of off-farm enterprises supported by APEP	%	0	60%	8%	19%	-51%	-86%
No of input suppliers serving APEP clients (cumulative)	No	0	400	177	281	321	80%
No of local credit service points reaching APEP clients (cumulative)	No	0	30	8	24	27	90%
Amount of credit provided to APEP-supported clients	US\$	612000	900,000	830,867	1,404,485	980,183	109%
% change in amount of credit provided to APEP clients	%		45%	36%	129%	60%	134%

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No of APEP-supported firms exporting agricultural products (cumulative)	No	0	100	19	68	69	69%
No of agricultural processors supported by APEP (cumulative)	No	0	50	20	52	59	118%
Output value of APEP-supported processors	US\$	65,331,921	130,000,000	65,331,921	87,984,372	45,000,000	35%
% change in output value of APEP-supported processors	%		100%	0%	35%	-65%	-65%
No of APEP-supported firms managing outgrower schemes (cumulative)	No	0	25	7	12	13	52%
No of farmers involved in APEP-supported outgrower schemes (cumulative)	No	0	125,000	12,402	29,287	46,309	37%
No of public/private partners developed by APEP (cumulative)	No	0	125	29	32	38	30%
Amount of private sector resources leveraged through partnerships (cumulative)	US\$	0	6,000,000	1,442,203	3,171,332	10,827,158	180%
No of Depot committees (DCs) strengthened** (cumulative)	No	0	200	30	89	156	78%
No of producer organizations (POs) strengthened by APEP (cumulative)	No	0	200	290	763	1,284	642%
Average group membership per PO	No	20	40	22	25	24	60%
% change in group membership of APEP-supported producer organizations	%	0	100%	10%	25%	-40%	-40%
No of APEP-supported producers using improved technologies/practices (cumulative)	No	0	150,000	18,215	105,239	112,144	75%
Area cultivated using improved technologies	acres	0	150,000	74,078	99,880	102,500	68%
No of key policy/institutional constraints alleviated through APEP intervention (cumulative)	No	0	10	0	2	2	20%
No of key policy constraints that have been addressed through APEP intervention (cumulative)	No	0	15	2	5	5	33%
No of individuals trained by APEP in disciplines related to private sector agric (cumulative)	No	0	365,000	168,107	215,864	232,250	64%
No of individuals completing internships with private sector firms through APEP support (cumulative)	No	0	200	47	97	97	49%
No of biotech/biosafety regulations improved and in place (cumulative)	No	0	3	0	1	1	33%
No of APEP-funded research contracts implemented by public sector bodies (cumulative)	No	0	25	4	6	6	24%

\* Figures for 2005/06 are only for half the year. Achievements as percent of LOP targets should therefore be considered in light of the fact that the 2005/06 figures are for half the year only.

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

**ANNEX C****APEP Active Client Portfolio: October 2005 – March 2006**

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 Farmer Association	various	Apac	Technical support under Dutch Partnership
6	Arua District Farmer Association	various	Arua	Technical support under Dutch Partnership
7	Balton Uganda	Rice 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	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 and Pallisa	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	Grant and Technical Assistance
32	INIBAP	Banana	Luwero, Mukono	Grant and Technical Assistance
33	Kaberaimaido District Farmer 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	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 and Sironko	Training and extension support
48	Mubende Commercial Farmers Association	Maize	Mubende	Training /technical assistance/support
49	MUK	All APEP commodities, biotech	Kampala	Training, capacity building
50	Mukwano Agro Project	Sunflower	Lira, Apac, Masindi	Technical assistance and finance
51	NAADS	Rice	Country-wide	Technical assistance/support
52	NARO	All APEP commodities,	Wakiso, Soroti, Mukono, national	Finance, training, capacity building

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		biotech		
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	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	Various	Upland rice production project development

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81	UFEA	Flowers & Cuttings	Kampala	Grant, technical assistance, training and research
82	Uganda Breweries Ltd	Barley	Kapchorwa, Kampala	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 Farmer Association	various	Yumbe	Technical support under Dutch Partnership

**ANNEX D****APEP Supported Training Events****OCTOBER 2005 TO MARCH 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-sucking
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
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
Banana	Mbarara	Farmers meeting	Banana growers	0	0	0	To improve banana productivity
Banana	Manafa	Seminar	Banana Growers	97	97	0	Increasing banana productivity
Banana/Coffee	Manafa	Seminar	Matooke farmers / coffee	108	108	0	How to improve coffee and banana yields
Bananas	Mpigi	Field Day	Banana Farmers	91	22	69	Improve Banana yield
Maize	Kamuli	Workshop - Seminar	Commercial Farmers	74	56	18	Improved quality grains
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

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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
Sesame	Lira	Workshop / Seminar	Area and site coordinator	32	23	9	Sesame productivity enhancement
Sunflower	Arua	Workshop/Seminar	Area and site coordination	17	16	1	Sunflower productivity enhancement
Sesame	Arua	Workshop / Seminar	Area and site Coordinators	24	22	2	Sesame 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
<b>TOTAL</b>				<b>20,010</b>	<b>15,439</b>	<b>4,571</b>	

**ANNEX E****SAF Client Database Activity Report**

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					
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-Jul-04	569,410		\$ -	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)	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)	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	\$ -		completed
6	Mukwano A.K.Oils & Fats (U) Ltd	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	
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	

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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.	2-Sep-04	30-Jun-05	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	-	\$ 103,186.97
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	\$ -	-	completed
19	Ibero (Uganda) Ltd	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	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-05	65,308,600		\$127,500	4,906,670	
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 biosafety.	01-Aug-04	31-Dec-07		\$ 86,943	\$ -	-	\$73,139.00
22	The Association of the Vanilla Exporters of Uganda (VANEX)	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	403,936,000		\$ 81,122	290,592,310	
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

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24	Sai Farms	Conduct an Environmental Impact Assessment 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	7,076,398	
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	28-Feb-06	11,280,000		\$ 65,709	5,790,000	
27	Uganda Grain Traders Ltd	Training in maize for 500 farmers in the 6 districts of Mubende, Kiboga, Kamuli, Iganga, Bugiri and Kapchorwa.	21-Mar-05	20-Mar-06	20,160,000			8,200,000	
28	Savannah Commodities Ltd.	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		\$ 415,009	18,380,000	
29	Sunrise Commodities and Millers Ltd.	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		\$ 575,210	27,533,700	
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.	1-Apr-05	30-Jun-06	12,580,000		\$ 6,012	2,817,581	
31	Ankole Coffee Processors Ltd	Training 600 farmers in coffee production using improved technologies and methods. Maintain 32 demonstration plots in Ibanda district.	2-Jun-05	28-Feb-07	89,028,000		\$ 42,529	59,277,920	
32	A.K.Oils & Fats (U) Ltd	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	11,939,416	
33	COPCOT (E.A) Ltd	Establishment and maintenance of 855 cotton demonstration sites for increased production and improved technology transfer in the West Nile region. The districts targeted include Arua, Nebbi, Yumbe, Moyo and Adjumani.	17-May-05	28-Feb-06	70,357,500		\$ 68,020	1,020,708	
34	Dunavant Uganda Ltd	Establishment and maintenance of 1,440 cotton demonstration sites for increased production and improved technology transfer in the Northern region. The districts targeted include Lira, Nakasongola, Apac, Gulu, Kitgum and Pader.	23-May-05	28-Feb-06	111,015,000		\$ 110,989	53,898,680	
35	Bon Holdings Ltd	Establishment and maintenance of 680 cotton demonstration sites for increased production and improved technology transfer in the Busoga region. The districts targeted include Iganga, Bugiri, Kamuli and Mayuge.	17-May-05	28-Feb-06	51,273,000		\$ 59,483	3,776,090	
36	North Bukedi Cotton Company Ltd	Establishment and maintenance of 1,170 cotton demonstration sites for increased production and improved technology transfer in the Eastern region. The districts targeted include Pallisa, Mbale and Sironko.	23-May-05	28-Feb-06	81,315,000		\$ 96,794	13,307,100	
37	COTTCO (U) Ltd	Establishment and maintenance of 675 cotton demonstration sites for increased production and improved technology transfer in the Mid-Western region. The districts targeted include Masindi, Hoima and Kiboga.	17-May-05	28-Feb-06	55,822,500		\$ 49,057	32,264,340	
38	Nyakatonzi Co-operative Union Ltd	Establishment and maintenance of 810 cotton demonstration sites for increased production and improved technology transfer in the Southwestern region. The districts targeted include Kasese, Kyenjojo, Bushenyi and Rukungiri.	1-Jun-05	30-Apr-06	64,179,000		\$ 67,011	3,373,452	

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39	Novo Enterprises Ltd	Establishment and maintenance of 540 cotton demonstration sites for increased production and improved technology transfer in the Eastern region. The districts targeted include Tororo and Busia.	17-May-05	28-Feb-06	44,658,000		\$ 36,531	433,240	
40	C.N.Cotton Ltd	Establishment and maintenance of 630 cotton demonstration sites for increased production and improved technology transfer in Eastern region. The districts targeted include Kumi, Soroti and Katakwi.	17-May-05	28-Feb-06	51,750,000		\$ 50,291	752,740	
41	International Institute of Tropical Agriculture (IITA)	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	295,995,001	
42	International Network for the Improvement of Banana & Plantain (INIBAP)	Assessing Banana Bacterial Wilt Control Options	1-Oct-05	28-Feb-07	48,189,000		\$ 31,167.98	38,075,500	
43	Kawacom (U) Ltd.	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	137,050,000		\$ 344,476	137,050,000	
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	
45	Ibero (Uganda) Ltd - 2006/2008	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	179,860,000	
46	Main Traders Ltd (MTL)	Introduction of Coffee washing stations, coffee drying technologies, establishment of coffee demo plots, training of trainers in Mbale, Sironko and Manafa Districts	1-Apr-06	31-Mar-08	179,791,200		\$ 682,155	179,791,200	
47	Olam Uganda Limited	Transfer of best agronomic practices and initiation of direct market linkages for farmer organizations and; ultimately lead to registration of Utz Kapeh certification of 3,000 coffee farmers in Nakaseke district	1-Apr-06	31-Mar-08	179,104,000		\$ 99,723	179,104,000	
48	NKG Coffee Alliance Trust	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 quality enhancement procedures in Mubende District	1-Apr-06	31-Mar-08	179,188,000		\$ 101,067	179,188,000	
					<b>3,809,496,621</b>	<b>\$ 806,205</b>	<b>\$ 11,520,048</b>	<b>1,806,080,046</b>	

## PRIVATE SECTOR FUNDS LEVERAGED

	Private sector funds leveraged	APEP funds leveraged through SAF
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
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.	\$ 344,476	\$ 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
<b>TOTAL</b>	<b>\$ 10,827,158</b>	<b>\$ 2,187,381</b>

## AMOUNT AWARDED IN USD

	\$
USH awards	2,116,387
	\$
USD awards	806,205
	\$
Total awards	2,922,592

## AMONT REMAINING

SAF	\$
remaining	1,577,408
% awarded	64.95%
% remaining	35.05%