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FINAL REPORT

UGANDA

AGRICULTURAL NON-TRADITIONAL EXPORT

PROMOTION PROGRAM/PROJECT

DECEMBER, 1993

KAMPALA, UGANDA

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LIST OF ACRONYMS

ANEPP	Agricultural Non-traditional Export Promotion Program/Project
APCCC	Asian Property Claims Co-ordinating Committee
APDF	African Project Development Facility
AWAID	Assoc. for Women in Industrial and Agricultural Development
BOU	Bank of Uganda
CAAS	Cooperative Agriculture and Agribusiness Support
CIP	Commodity Import Program
DACB	Departed Asian Custodial Board
EC	European Community
EPADU	Export Policy Analysis & Development Unit
GDP	Gross Domestic Product
GOU	Government of Uganda
HBS	Household Budget Survey
IDEA	Investment in Developing Export Agriculture
IHS	Integrated Household Survey
ISEL	Innula Silk Estates, LTD.
LC	Letter of Credit
MFEP	Ministry of Finance and Economic Planning
MTI	Ministry of Trade and Industry
NGO	Non-Governmental Organization
NPA	Non-Project Assistance
NTAE	Non-Traditional Agricultural Exports
NTE	Non-Traditional Exports
NVGA	Ntangawuzi Vegetable Growers Association
OCAP	Operational Constraints Analysis Program
ODA	Office of Development Assistance-UK
PAAD	Program Assistance Approval Document
PEC	President's Economic Committee
PVO	Private Volunteer Organization
REDSO/ESA	Regional Economic Development Services Office/East and Southern Africa
UCB	Uganda Commercial Bank
UEPC	Uganda Export Promotion Council
UIA	Uganda Investment Authority
UMA	Uganda Manufacturers Association
URA	Uganda Revenue Authority
USAID	US Agency for International Development
USIL	Uganda Silk Industries, LTD.
UWEAL	Uganda Women Entrepreneurs Association
VOCA	Voluntary Overseas Cooperative Assistance
WFP	World Food Programme
WID	Women in Development

PROJECT IDENTIFICATION DATA

Country: Uganda

Program/Project Title: Agricultural Non-traditional Export Promotion

Project No.: 617-0113 (617-T-601B), Cash Transfer
617-0114, Technical Assistance Grant

Project Dates:
Date of Initial Obligation: August 1988
Date of Last Amendment: September 1992
Final Obligation Date: September 30, 1994
Most Recent PACD: March 31, 1995

Authorized/Planned LOP Funding: US$ 50,500,000

Mode of Implementation: NPA; GOU and USAID
Project, Institutional Contractor

Project Designers: Robin Phillips

Responsible Mission Officials:

Mission Director: Keith Sherper

Project Officer: James Dunn

Program Economist: Robin Phillips

Previous Evaluations: ES #
July 1990 (AID/W) 90/1
August 1991 (*An Analysis of Recent Developments* - Herlehy) 91/2

December 1993 D 93/3

EXECUTIVE SUMMARY

ANEPP EVALUATION FINAL REPORT

December, 1993

A. Introduction

ANEPP was established in 1988 [to provide support to Uganda] with the purpose of increasing Uganda's range and value of nontraditional exports. ANEPP is composed of both project and non-project assistance and established EPADU (Export Promotion and Development Unit) as an implementing institution attached to the Ministry of Planning and Economic Development (now the Ministry of Finance and Economic Planning, MFEP) to undertake both activities.

As originally authorized, ANEPP granted a total of $US 14.0 million of which $12.5 million was NPA conditioned on exchange rate policy reforms and improved government procedures for private sector exports. The NPA financed commodity imports needed to support export growth, such as packaging materials, production implements, and seasonal inputs. The remaining $1.5 million financed technical assistance primarily for EPADU. ANEPP was subsequently amended in 1990, 1991 and 1992 to provide additional resources.

From 1988 to 1992, a period which included ANEPP Amendments 1 and 2, Uganda made significant strides in improving the broad macroeconomic framework, including stabilizing the economy and putting into play an increasingly liberal trade and payments regime. The conditionality from the NPA components of the program were satisfactorily met, contributing to a greatly improved environment for exporters. Also the 1991 evaluation of ANEPP noted that EPADU had successfully provided important policy analysis and advice to the GOU which led to reforms and improved the climate for exporters.

The 3rd Amendment, signed in September 1992, shifted the emphasis somewhat but continued to build on earlier accomplishments. The focus since 1992 has been more on resolving issues related to the development of a sound institutional framework for export promotion, and to an improvement in the regulations and statutes affecting trade. ANEPP has also provided support to producers and exporters of non-traditional exports direct technical assistance, training and small grants to overcome operational constraints of individual businesses.

This evaluation provides an assessment of the implementation and impact of ANEPP to date, looking at the progress ANEPP has made in achieving the outputs, purpose and goal of the 1992 amendment, as well as making recommendations for future conditionality and institutional development to increase non-traditional agricultural exports in Uganda.

The primary objectives of this evaluation are:

- To examine the problem analysis in the various ANEPP documents and assess the ex post accuracy of that analysis and therefore the appropriateness of the ANEPP interventions;

- To determine whether the policy agenda has met its objectives and what future actions are necessary to provide exporters of NTEs a favorable macroeconomic environment;

- Evaluate the effectiveness of the institutional entities of the project and determine what actions are required in the future; and,

- Evaluate the "people-level impact" of the project.

B. Observations and Conclusions

1. Problem Analysis and Appropriateness of the Constraints

In retrospect most of these constraints identified in the ANEPP problem analysis seem to have been right on target. The constraints mentioned in the ANEPP documentation (original 1988 PAAD, 1990 amendment, 1992 amendment) were major impediments and progress towards removing them have led to considerable improvement in the export environment. Most exporters interviewed in this evaluation noted that liberalized exchange rate, foreign exchange allocation, and trade licensing policies had played a major role in opening the door for exporting agricultural commodities. Improvements made in the investment and export promotion environment were cited by many exporters as being useful, particularly market information and technology advice. In addition, exporters noted that improvements in Uganda's roads have proven to be essential.

On the list of obstacles exporters felt still needed further attention were: medium-term financing; market information and technical advice; improvements in export promotion services; the broad range of infrastructural improvements; specific infrastructural improvements such as airport handling, airport cooling and storage facilities, and general storage facilities. These are all areas identified by ANEPP, hence, it is felt that the constraints analysis was addressing the right issues for exporters, covering the same constraints that exporters themselves were expressing. Given that agricultural exports have increased since the program began, (largely attributable to the GOU effectively addressing some of the key constraints identified in the documentation), it appears that the major constraints defined in the original ANEPP documentation were (and still are) appropriate and, hence, ANEPP interventions which have addressed these constraints have proven to be appropriate.

2. Has the Policy Agenda met its Objectives

The conditionalities formulated in the 1992 PAAD amendment targeted most of the primary constraints to export development in Uganda. The focus on the financial system, foreign exchange policies, commercial regulations, and privatization were clearly primary constraints to generating exports. As a result of the GOU implementing reforms identified in ANEPP, the policy environment today is significantly superior to that of just a few years ago. The dramatic reduction of inflation allows companies to make reasonable planning assumptions, increase savings, have access to lower interest rates, and should eventually generate more funds available to borrowers. The establishment of realistic foreign exchange rates has been extremely important to exporters, who cannot compete with an overvalued currency.[1] The availability of incentives as offered under the Investment Code and UIA efforts to reduce investor exposure to red tape on matters of obtaining land, infrastructure, work permits, etc, has improved the business climate. These reforms provide the necessary foundation for Uganda to move ahead.

The best indicators for measuring the impact of the policy environment are the creation of jobs, income, exports, and investment. Exports, in particular, should become increasingly easy to quantify with increased GOU emphasis on data collection. Indicators could also be established for needed policy reforms. This could range anywhere from a reduction in typical Customs delays to the operationalization of private telecommunications, to the creation of an export policy framework, among others.

Despite this notable improvement in the macroeconomic environment, numerous second-tier policy constraints remain. Unfortunately for Uganda, many of these constraints will be difficult to implement. Remaining obstacles include:

- Uganda offers no export (or other performance-based) incentives;

- Customs operations remain time-consuming (three weeks for the clearance of imports is not atypical) as 100 percent inspection of goods is practiced;

- Ugandan exporters do not have access to inputs at international prices because the drawback system -- as in most countries -- is not efficient. Given experience in other African countries, one would have reason to doubt that the system can be more effective in Uganda. In addition, there are no plans to implement a more effective duty exemption scheme;

- The UIA continues to have difficulties with line ministries and other agencies in fully implementing the Investment Code;

- Interest rates are extremely high given recent inflation figures and the interest rate spread between savings and loan rates is unusually large;

- The export refinance scheme has not performed to many exporters' expectations;

- Financial constraints regarding the repatriation of dividends (not allowed if the company has loans in Uganda) and overly bureaucratic BOU procedures continue;

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[1] It is important to note an emerging belief that despite the use of market mechanisms, the Ugandan shilling is again becoming overvalued due to the large amount of donor funds entering the country. Exporters have found it increasingly difficult to compete internationally with the recent strengthening of the shilling vis-a-vis the dollar.

- The tax system is highly subjective, particularly for smaller and more rural entrepreneurs. The graduated tax (imposed by local councils) and the withholding of taxes (imposed by URA on smaller companies) appear to cause the most problems;

- Access to land, particularly for foreigners, remains difficult and this poses a burden on the development of non-traditional agricultural exports which typically rely to a large degree on foreign investment;

- Air freight rates are higher than they should be due to unreasonable policies regarding landing fees, handling charges, and fuel taxes. This is particularly critical for horticultural exporters as air freight often comprises up to 50 percent of their total operating costs; and,

- Telecommunications costs are uncompetitive and electricity service remains unreliable and subject to extremely high installation costs.

3. Effectiveness of the Institutional Entities

The evaluation team believes that the institutional entities of the program/project (EPADU, UIA, and APDF) have performed satisfactorily. Through 1991, EPADU focused primarily on policy issues, writing seven policy papers which played an influential role in improving Uganda's economic environment. However, since 1991 EPADU has paid less attention to policy matters which the evaluation team feels is unfortunate since real policy constraints remain. It is still believed by most interviewees that EPADU could again assume a role on policy issues, given its reputation for intellectual honesty and access to senior levels of government.

Regarding EPADU's export development functions, the team felt EPADU has done a good job of listening to the needs of the private sector and has strived to be results-oriented. The result of this has been that the technical assistance to export development has been very appropriate, with general satisfaction being expressed by recipients. Overall it was felt that EPADU's effectiveness could have been increased through a more systematic operational approach (better plans, procedures, etc.).

The evaluation team found that there was an unusually wide range of views on the effectiveness of the Uganda Investment Authority (UIA). The UIA has not helped its cause by reporting that it has attracted approximately US$1 billion in investment on over 500 projects (the number refers to the intended investment stated on approved applications -- many of which will likely not proceed or will not occur on the scale originally envisaged) without a full explanation of what this is likely to represent.

A UIA survey conducted in June shows that 65 percent of the projects licensed have been implemented; of these, 38 percent have started commercial operations, 16 percent are under construction, and 11 percent are in initial implementation. Of these projects, over US$150 million in fixed assets has been invested under the Code (and 3,700 jobs have been created). While substantially under the US$1 billion figure, US$150 million is still a very impressive amount of investment for two years of work. It is recommended that the UIA undertake a local public relations campaign to demonstrate its success.

The Operational Constraints Analysis Project (OCAP) is a discrete but parallel program operated by USAID with the assistance of the Africa Project Development Facility (APDF). This assistance was formulated after it became apparent that the sponsoring of trade fairs and missions were generating disappointing results and that effectiveness would be enhanced if specific assistance could be provided to individual enterprises. The OCAP became operational in September 1991 and has been extended through June 1994.

The role of APDF is to conduct feasibility studies for projects with capital investment above US$500,000. Then, if the project is viable, the APDF assists the investor in finding additional finance. By September 30, 1993, APDF had received 72 applications through EPADU. Of the US$700,000 USAID gave as a grant to the project, US$204,554 is available for further allocation (in addition, APDF is contributing US$200,000 for a total project cost of US$900,000). In addition, US$100,000 is reserved for small projects that will require amounts under US$20,000.

Feedback on APDF was generally positive, and at least two investors stated that the projects would not have proceeded without their assistance. One promoter felt that he never would have obtained financing without the OCAP while another stated that APDF played a critical role in identifying the buyer as well as financing. However, others that had applied for assistance felt that APDF did not take them seriously, and that they were never sure exactly what was required of them. Questions regarding the marketing strategy pushed by APDF were raised, as well as the cost of assistance compared to the value received. One investment group noted that the fees and trial program required were almost equal to the total cost of assistance for which they applied. Another applicant claimed that after two years she had still never received a response from APDF or EPADU.

As a grant, OCAP assistance was restricted to companies with significant indigenous Ugandan involvement. While the rationale for this is understood, this restriction prevents the maximization of project output. If one of the objectives of the ANEPP project is to increase exports and jobs, this type of criteria should not be utilized.

In addition, APDF has had difficulty in collecting fees although APDF staff members noted that they have been less diligent than they should have in this regard. Currently, only US$30,000 of the US$104,500 in fees agreed upon have been collected for a collection rate of less than 30 percent. Despite these constraints, the project has already assisted 6 project sponsors (the original target was 5-8), with an expected delivery of eight projects by June 1994.

4. People Level Impact

In spite of efforts by the mission to monitor people level impact, the evaluation team was disappointed by the lack of empirical evidence of progress towards meeting the program/project goal. What we know from export figures provided by the Uganda Customs office is that the value of non-coffee agricultural exports have increased from around $8-9 million in 1988 to over $60 million in 1992/93. Analysis of national export figures from 1988 through May 1993 shows a cumulative increase in the value of NTAEs (including tea, cotton, and tobacco) of $142.9 million. These export figures provide a crude estimate of the GROSS income which may have accrued to producers, transporters and exporters from increases in non-coffee exports from 1988 through May 1993. Net income to producers was estimated to be around $28.1 million over the same period. However, since it is not possible to determine the number of individual beneficiaries from NTAEs, it is not possible to determine the degree to which the goal of increasing rural men's and women's incomes has been achieved.

In conclusion, what can be said is that estimates by the evaluation team indicate that the cumulative increase in GROSS income to producers, transporters and exporters could be as much as $142 million, while net income to producers is likely to be around $28 million. The evaluation team also feels confident that producers of non-coffee exports do have incomes that are higher than average rural incomes, and that it is possible that this increase may well be above the 5% target set for 1994 for some producers. However, the team does not have sufficient empirical data to conclusively support this assessment. Hence, it is highly recommended that the mission follow-up on implementing measures which will ensure sufficient information is collected. Detailed suggestions on how to do this are provided in Section IV.B.1.b).

C. General Conclusions

The design and implementation of the ANEPP project activities showed a number of strengths and weaknesses. Perhaps the overriding characteristic of the project has been its flexibility. In a sense, this characteristic has proven to be the project's greatest strength <u>and</u> weakness. As will be discussed elsewhere in this report, the project has been weak in the preparation of work plans, progress reports, and baseline statistics. Despite this, the project has managed to succeed because of appropriate personnel, properly chosen concentrations, and overall improvement of the Ugandan economy.

The performance of the GOU on ANEPP has generally been satisfactory. In terms of the conditions precedent, the GOU generally fulfilled all but the objectives which related to the Export Development Framework. Conditions precedent were thus met on commercial regulations, foreign exchange markets and prices, financial system development, and privatization. In addition, the GOU has given strong support to EPADU and has also been a fair and open partner for this program.

Weaknesses in the GOU performance relate to the difficulties in resolving the EPADU/UEPC battle over export development functions, although fault also lies with USAID on this matter as USAID knowingly duplicated the export development function of the UEPC within EPADU because of fears that the UEPC would be ineffective. As such, it has exacerbated bureaucratic infighting between the MTI and MFEP.

Overall, the evaluation team concludes that ANEPP has had a positive impact on the Ugandan economy both in terms of increasing income and increasing foreign exchange earnings. The evaluation team is confident that the approach taken is correct noting that the development of NTAEs takes time, particularly in a country which faced the constraints Uganda has encountered, and the critical mass needed has not yet been assembled. But policy changes and the development of a NTAE knowledge base have occurred; these developments are setting the foundation for future growth in this sector.

In evaluating the performance of ANEPP to date one has to say that, in general, there has been a very strong positive response to the policy reforms which have created an enabling environment for Ugandan exporters. While there have been reports of a number of growing pains, many producers jumped in too quickly and have reportedly failed, the general trend is upward. Based on the results to date and the prospects for future growth in NTEs, the program/project has been successful in increasing the range and value of NTEs, even though they may have fallen below indicator levels. However, there is no doubt that they would have exceeded the verifiable indicators had it not been for unanticipated declines in the value of cotton and simsim exports and unfavorable weather conditions.

Further details on conclusions, recommendations and lessons learned can be found in Section V. of this report.

ANEPP EVALUATION FINAL REPORT

December, 1993

I. INTRODUCTION

A. Background

ANEPP was established in 1988 to provide support to Uganda, with the purpose of increasing Uganda's range and value of nontraditional exports. ANEPP is composed of both project and non-project assistance and established EPADU (Export Promotion and Development Unit) as an institutional base attached to the Ministry of Planning and Economic Development (now the Ministry of Finance and Economic Planning, MFEP) to undertake both activities. As originally authorized, ANEPP granted a total of $US 14.0 million of which $12.5 million was NPA conditioned on exchange rate policy reforms and improved government procedures for private sector exports. The NPA financed commodity imports needed to support export growth, such as packaging materials, production implements, and seasonal inputs. The remaining $1.5 million financed technical assistance primarily for EPADU.

ANEPP was subsequently amended in 1990, 1991 and 1992 to provide additional resources in support of its purpose (see Table 1, Summary of Obligations). The 1990 amendment provided an additional $20.0 million in NPA (cash grant) and $1.5 million in project assistance. Although the mode of balance of payments support shifted from CIP to cash transfer, the focus of the program remained on assisting the Government of Uganda (GOU) to liberalize the policy and regulatory framework influencing the non-traditional export sector. As in the original authorization, the NPA in the 1990 amendment was tied to conditionality to support policy reforms dealing with; exchange rate policy, petroleum pricing policy and streamlining government processing of exports.

Table 1. Summary of Obligations, ANEPP Program/Project 1988-1993. ($US Millions)

Activity	1988	1989	1990	1991	1992	1993	TOTAL
Non-Project	12.5	0	20.0	0	7.5	6.0	46.0
Project	1.5	0	1.5	2.5	0.5	2.0	8.0
Total AID	14.0	0	21.5	2.5	8.0	8.0	52.0

Source: ANEPP Amendment, 1992.

The 1991 amendment provided an additional $2.5 million in project assistance. These funds, along with the project funds provided in the 1990 amendment, were used to continue technical assistance to EPADU and the Uganda Investment Authority (UIA) to identify and implement supportive export policies and activities.

From 1988 to 1992, a period which included ANEPP Amendments 1 and 2, Uganda made significant strides in improving the broad macroeconomic framework, including stabilizing the economy and putting into play an increasingly liberal trade and payments regime. The conditionality from the NPA components of the program were satisfactorily meet, contributing to a greatly improved environment for exporters. Also the 1991 evaluation of ANEPP noted that EPADU had successfully provided important policy analysis and advice to the GOU that led to reforms and improved the climate for exporters.

As a result, it appeared to the mission (and was recommended in the 1990 and 1991 evaluations) that sector-specific policy, regulatory, and institutional constraints were more crucial in a continuing effort to further develop non-traditional exports. Therefore, the 3rd Amendment, signed in September 1992, shifted the emphasis somewhat but continued to build on earlier accomplishments. The focus since 1992 has been more on resolving issues related to the development of a sound institutional framework for export promotion, and to an improvement in the regulations and statutes affecting trade. ANEPP has also provided support to producers and exporters of non-traditional exports through provision of technical assistance, training and small grants to overcome operational constraints of individual businesses.

B. Purpose of the Evaluation

ANEPP is due to be evaluated since it has been two years since the last evaluation (August 1991). In addition, the Mission and AID/W intend to further amend ANEPP, increasing both the program and the project assistance significantly making a critical review of the program/project even more pertinent. Thus, this evaluation will assess the implementation and impact of ANEPP to date, looking at the progress ANEPP has made in achieving the outputs, goals and purpose of the 1992 amendment, as well as making recommendations for future conditionality and institutional development to increase non-traditional agricultural exports in Uganda.

The primary objectives of this evaluation are four. They are: 1) To examine the problem analysis in the various ANEPP documents and assess the ex post accuracy of that analysis and therefore the appropriateness of the ANEPP interventions; 2) To determine whether the policy agenda has met its objectives and what actions are necessary in the future to provide exporters of NTEs a favorable macroeconomic environment; 3) Evaluate the effectiveness of the institutional entities of the project and determine what actions are required in the future; and 4) Evaluate the "people-level impact" of the project.

This evaluation consisted of field visits and interviews conducted in Uganda from October 12 through October 29, 1993. The evaluation was structured around guided interviews with individuals involved in agricultural exports, from exporters themselves to those involved in improving the environment for increasing exports. Meetings were held with representatives from USAID/Uganda, appropriate GOU officials, project Technical Assistants, other donors, and private sector agricultural exporters (see Annex II, Itinerary and List of Persons Contacted). The review team also reviewed numerous documents relevant to the program/project.

A draft report was presented to USAID/Uganda and discussed prior to departure. Written comments were provided by the mission during the month of November. These comments have been incorporated in this final report.

Recognizing the difficulty in thoroughly and competently covering this topic in such a short period of time, the evaluation team hopes this critique will be useful to the mission and the GOU as they move forward in this important sector.

The evaluation team was composed of:

Robert K. Rauth Jr.	Senior Consultant, The Services Group
Ruth Buckley-Hughes	Behavioral Scientist, USAID REDSO/ESA/ANAL
Joe W. Carvalho	Agricultural Economist, USAID REDSO/ESA/ANR

II. IMPLEMENTATION AND IMPACT OF ANEPP TO DATE

A. Program-Policy and Regulatory Environment

1. Institutional Framework

The 1992 PAAD supplement contains two conditions precedent on the establishment of a working export development framework. These two conditions were as follows:

- evidence that an institutional framework proposal, relating to export and investment development and meeting criteria set forth in the Amplified Program Description, has been presented at appropriate levels in government (tranche one);

- evidence that an institutional framework, meeting the criteria referred to above, is in place (tranche two).

These conditions were formulated because Uganda was seen to have multiple institutions involved in export development and promotion. These institutions include the Export Promotion and Development Unit (EPADU), the Uganda Export Promotion Council (UEPC), and the Uganda Investment Authority (UIA). The delineation of responsibilities was perceived as unclear, with much potential for duplication of efforts and inefficiency. Moreover, the Mission sought to examine the optimal institutional placement of these organizations and whether formal linkages between them could be established.

The GOU is presently working to meet these conditions. In April 1992, the Cabinet decided that the export development function of EPADU would be shifted to the UEPC while the policy analysis function would remain linked with what is now the Ministry of Finance and Economic Planning (MFEP). Implementation of this decision was originally delayed due to different interpretations of the decision by the Ministry of Trade and Industry (MTI) and the MFEP. EPADU has continued with its export development function as the UEPC is in the process of being restructured.

To ameliorate this situation, USAID provided two consultants to make recommendations on how to remove areas of duplication, as well as increase coordination and linkages between the three organizations. This study formed the basis of a short paper which is to be presented to the Inter-Ministerial Committee. USAID has informed the MTI and MFEP that the proposal must also be submitted to PEC for the condition precedent to be considered met. In addition, USAID is providing a consultant to assist in the restructuring of UEPC to give it more autonomy and private sector input. While these two conditions precedent have not yet been fulfilled, the GOU is moving in the right direction.

2. Commercial Regulations and Statutes

The PAAD amendment identified a number of unnecessary regulatory procedures which required attention. These conditions precedent included:

- evidence that the trade certification system is operating as designed and described in relevant agreements with the World Bank (tranche one);

- the results of analysis of regulations and statutes affecting the production and marketing of exports, discussing the extent to which each regulation and statute impedes or promotes growth (tranche one);

- evidence that the trade certification system continues to operate as designed and described in relevant agreements with the World Bank (tranche two); and,

- evidence that a time-phased strategy for modifying regulations and statutes that impede trade, referred to above, has been presented to appropriate levels in government for decision (tranche two).

The two conditions related to the trade certification system have been met. The implementation of the export and import certification system has proved to be a great improvement over the previous export and import licenses required. These certificates have replaced the licensing system which was more cumbersome and time-consuming. Import and export licenses are typically received within one day from the MTI. The World Bank economist noted that the Bank is satisfied with the present mechanism.

The second condition was met a few months ago when the GOU concluded its study entitled: "A Review of Laws that Impede Investment, Trade, and Export Promotion in Uganda." The study examined 55 pieces of legislation and recommended modifications and outright repeals where necessary. The document is generally perceived as a comprehensive and effective document by public and private sector officials, as well as donors. However, it does not address procedural difficulties such as inefficient Customs operations or excessive delays in receiving drawback payments for exporters as this was beyond the scope of the study.

Overall, evidence of continued evolution of trade policy has occurred. A short negative list of imports is now in operation and includes soft drinks, cigarettes, used motor vehicles and tires, equipment of the Posts and Telecommunication Corporation and the Electricity Board, as well as firearms and pornographic materials. The list was shortened by one item recently when beer was allowed to be imported into Uganda. The rationale behind this list is to protect infant industries. While the merits of such a strategy can be debated, it would be useful for the GOU to establish a timetable for the termination of this protection to prevent these policies from becoming permanent. A short negative list for exports is also in existence.

The need for import and export certificates has been removed by the establishment of import and export negative lists as well as the Custom's department's increasing efforts to collect trade data. Nonetheless, the certification system remains unnecessarily in existence. There has been some discussion of abolishing the certification system altogether as it no longer serves as a necessary control device with the liberalization of foreign exchange policies. However, the GOU is reluctant to remove the system until Customs is better able to record import and export figures.

While the trade regime has improved, some setbacks have also been experienced. In 1992, the Ministry of Commerce announced a ban on the export of maize and other food products in response to fear of a drought. This decision was in place for four months. The Ministry also announced a ban on the import of a number of consumer goods (including paint and foam mattresses) to protect domestic producers. This ban was removed within a month of its announcement. These abrupt and seemingly ad-hoc shifts in policy make the Uganda business environment appear unstable, and have a detrimental impact on fostering private sector development.

The final condition has not been met as the report has only recently been concluded and has not yet been presented to government. The World Bank economist notes that the Bank has dropped this condition. The condition that all statutory and regulatory impediments to exports and investment (except those agreed to by USAID) shall be removed has not been fulfilled and is unrealistic for any time frame. USAID should consider removing this broad condition in favor of a series of more focused and realistic indicators.

3. Foreign Exchange Markets and Prices

> Program Covenant: Uganda shall continue to evolve toward a foreign exchange allocation system that is fully market determined.

This element of the policy component was selected to be a program covenant rather than a condition precedent due to intensive multilateral involvement. It is clear that permitting the purchase of foreign exchange and establishing a market determined rate for the Uganda Shilling are important factors in stimulating the Ugandan economy and in creating a favorable environment for the export sector. Hence, this program covenant was established to ensure that progress towards a market-determined foreign exchange allocation system continues, or, at the very least, there is no retrogression towards this objective.

The intent is that the GOU actively pursue a foreign auction system that is sufficiently liberal to permit the purchase of foreign exchange, that the management of the auction by the Bank of Uganda must not prevent the development of an interbank market in foreign exchange, and that foreign exchange bureaus can participate in the auction.

Having reviewed progress with the mission and local representatives of the World Bank it appears that this covenant has been satisfactorily met. In 1990 the forex bureaus were established and in 1992 an auction system was established which allows commercial banks to purchase foreign exchange on behalf of its customers. Since the introduction of the auction the BOU has been working to narrow the gap between the forex bureau rate and the auction rate in anticipation of introducing an interbank market for foreign exchange. This gap has been closed to around 5% (it was over 30% when the auction was first introduced), and is anticipated that an interbank market will be established within the next week (The New Vision, Oct. 25, 1993).

4. Financial System Development

> Program Covenant: GOU agrees to follow through with commitments under the World Bank's planned Financial Sector Adjustment Credits.

It has been noted that Uganda's financial system is shallow and inefficient, providing the economy with neither a saving mechanism nor a means of adequate investment capital. It is widely recognized that this is an important constraint to economic development in Uganda, which is being addressed by the World Bank through the Financial Sector Adjustments Credits. The Mission chose to support the World Bank efforts and to emphasize the importance of overcoming these constraints by establishing this program covenant.

A World Bank representative in Uganda confirmed that the GOU is making progress towards meeting its objectives. At the time of this evaluation the GOU had revised the Bank of Uganda Act making the BOU more independent and giving it more authority to regulate the commercial banks. They also enacted the Financial Institutions Act which is expected to improve the relationship of the BOU and the Commercial Banks, making it better able to supervise, and strengthen the capital base of the commercial banks. However the World Bank representative did state that the GOU was behind in implementing plans to restructure the Uganda Commercial Bank and in setting up a trust to handle UCB's bad debt. Thus, the mission may want to hold discussion with the GOU on progress in this sector.

5. Privatization

Given the domination of the formal sector economy by parastatals, a Program Covenant was also included on privatization:

> Program Covenant: GOU continues to adhere to commitments made, regarding both Asian properties and broader privatization matters with the World Bank.

This issue was a condition for the World Bank's SAC I program and had to be completed before SAC II could begin. However, because the privatization program is scheduled to be conducted over five years, and has only been in operation for one, few concrete results are evident at this early juncture and economists in Uganda differ on the GOU's commitment to privatization. The World Bank economist believes that the GOU commitment to privatization is strong but others disagree and point to the numerous bureaucratic problems that have occurred.

The World Bank considers that the targets established for the repossession and compensation for departed Asians' properties have been broadly met. There are indications that progress, however, is coming to a halt. According to an article in The New Vision on October 23, 1993, the Executive Director of the Departed Asians' Property Custodian Board (DAPCB) stated that the GOU will no longer give compensation. Of the 1,556 properties under claim for compensation, 880 are still pending. The claimants will have to apply to repossess the properties by October 30, 1993. The Chairman of the Asian Property Claims Co-ordinating Committee (APCCC) argues that the deadline is unreasonable as only 35 percent of the 9,600 assets have been claimed. To date, 2,485 properties have been repossessed by the original owners.

Consequently, the condition that the DAPCB is functionally dissolved with all properties disposed of and enterprise privatization objectives completed has not yet occurred. However, this condition -- at least concerning privatization -- could not be expected to be completed at this time.

B. Appropriateness of the Agricultural Based Export Diversification Strategy, the Constraints Analysis, and Responses to the Constraints

1. Appropriateness of the Agricultural Based Export Diversification Strategy

This section examines the appropriateness of an export diversification strategy for reviving the Ugandan economy. The criteria used for this assessment are: how well this strategy fits with the GOU's strategy for the agricultural sector; how well the strategy supports broader economic constraints the country is facing; and, perhaps most importantly, how well Uganda can compete in export markets.

As has been pointed out many times before, the Ugandan Economy is heavily dependent on the agricultural sector, which accounted for over 50% of GDP in 1992. The Government's stated objectives for the agricultural sector are:

> "Our economy is dominated by agriculture, and remains dependent on growth in the agricultural sector. Such growth has to meet the rising food requirements of a growing population. Through exports it also has to generate foreign exchange earnings to enable us to import agricultural inputs which we are not able to produce on our own, modernize our economy, and improve the living standards of our people."

The GOU translates these broad goals into the following two development objectives: to increase agricultural productivity, especially in food crop production, raising incomes and preventing expansion into marginal agricultural lands; and to diversify the production base and reduce the heavy dependence on coffee for exports and government revenue.

Rapid growth in the agricultural sector since 1986 has returned the country to food self-sufficiency and brought about a broad based increase in rural incomes. GDP for agriculture increased by 27.8% in real terms from 1986 to 1992. However, increasing exports is viewed as the most fragile aspect of the economic recovery program. In 1970 commodity exports from Uganda were about US$260 million, 89% of which were attributable to coffee, cotton and tea (coffee 62%, cotton 20% and tea 7%). At that time, Uganda's commodity exports amounted to over 150% of merchandise imports.

Since then Uganda's trade balance has deteriorated with a deficit in excess of US$360 million in 1992. Uganda's capacity to finance imports had declined sharply due to a continuous decline in coffee production and prices. Concessional donor funding is presently available to bridge this gap, which is likely to continue in the short term. However, with little medium-term opportunity to finance the Balance of Payments deficit with exports of manufactured goods, Uganda must look to the agricultural sector to eventually cover the trade imbalance through foreign exchange earnings. Numerous studies on the export potential of agricultural commodities from Uganda indicate that they can profitably compete in regional and other international markets (Europe and the Middle East). Hence, an export strategy for agricultural based commodities emphasizing diversification seems to be a sound approach to support sustainable economic growth in Uganda. It is expected that increasing agricultural exports will lead to increased income or higher living standards for the people of Uganda as well as contribute to closing the Balance of Payments deficit.

According to a World Bank study on an export strategy for Uganda (Uganda Export Strategy, July, 1991), a strategy for increasing and diversifying agricultural exports should contain three main elements. These are:

- Increasing export value of coffee, tea and cotton;
- Increasing the export value of bulky crops which are sold in the regional markets (maize, beans); and,
- Increasing the export value of other NTAEs.

Within this context the GOU, USAID, the World Bank and other donors have pursued a program aimed at increasing exports. This assistance has been directed at creating an "enabling environment" for increasing exports through various policy reforms and by providing assistance in export promotion activities. To date these efforts have been successful in increasing the export value of tea, cotton, maize, beans, vanilla and chillies. While the impact of these improvements have been dampened by poor prices for coffee and simsim, they have still been able to increase household income and have made some contribution to covering the BOP deficit.

Although it may be too early to judge the eventual impact of the export diversification strategy (since not all of the effects have been translated into exports), improvements to date have been commendable and have proven that Uganda can compete in export markets given the right incentives. Some people argue that substantial gains in increasing NTAEs can only be achieved by promoting investments by large companies which operate in the region and who have connections to international markets. While this strategy does have the potential to greatly increase the value of NTAEs, it is likely to have less potential for improving the living standard of a broad spectrum of people as the promotion of smallholder crops such as coffee, cotton, maize, beans, vanilla, chillies and to some extent, tea. While the promotion of both of these approaches are NOT mutually exclusive, future efforts at increasing agricultural exports should specifically target both of these areas if substantial progress is to be made on both objectives.

For example, future AID support to trade promotion and continued policy reform may need to be defined more specifically to insure that the assistance will effectively address constraints to increasing exports of crops which have a high potential for people level impact AND for those which have a high potential for increasing the value of NTAEs. In some cases these crops may be the same, in some cases they may not, however they are likely to require different types and levels of technical and promotional support. These issues will be addressed in the context of future AID support to increasing agricultural exports in section IV.A.1., "ANEPP Design and Implementation Issues".

2. Appropriateness of the Constraints Analysis

The following criteria were used to evaluate the appropriateness of the constraints analysis:

- are the constraints identified in the program the same or similar to the constraints identified by private sector exporters;
- is the GOU able (and willing) to implement the reforms; and,
- has the elimination of constraints identified in the program led to an increase in exports.

Reviewing the constraints analysis from the program documentation, the constraints were grouped into the following four general categories:

i. Policy and regulatory constraints;

ii. Infrastructure constraints;

iii. Financial constraints; and,

iv. Marketing and information constraints.

Under policy and regulatory constraints the analysis included: exchange rate policy; trade licensing procedures; petroleum pricing policy; GOU revenue measures; and Uganda's lack of an investment code as major constraints. The infrastructural constraints were viewed as the absence or deterioration of transportation and marketing infrastructure. Roads were considered to be severely eroded and in desperate need of rehabilitation. Other infrastructural constraints identified were: high tariff structures for irregular low volume shipments; shortage of flights or indirect routings to Europe and the Middle-East; inadequacy of handling facilities at the airport; lack of competition among air carriers; inadequate facilities for collecting, storing, transporting, grading and packaging produce; electrical power; and telecommunications.

Inadequate financial intermediation was considered to be a constraint to exporters looking for medium-term financing. Market information constraints centered on lack of knowledge concerning tastes and preferences of export markets, prices and contractual arrangements. Additional analysis in the documentation for the 1992 amendment identified the need to continue efforts in the following areas: further fiscal and monetary policy reform; legal and regulatory constraints; infrastructure; credit; and information constraints. Other constraints included: the unification of institutions responsible for export promotion; privatization; land tenure; and technology.

In retrospect most of these constraints seem to have been right on target. The constraints mentioned in the ANEPP documentation (original 1988 PAAD, 1990 amendment, 1992 amendment) were major impediments and progress towards removing them have led to considerable improvement in the export environment. Most exporters interviewed in this evaluation noted that improved exchange rate, foreign exchange allocation, and trade licensing policies had played a major role in opening the door for exporting agricultural commodities. Improvements made in investment and export promotion were cited by many exporters as being useful, particularly market information and technology advice. In addition, exporters noted that improvements in Uganda's roads have proven to be essential.

On the list of obstacles exporters felt still needed further attention were: medium-term financing; market information and technical advice; improvements in export promotion services; the broad range of infrastructural improvements; specific infrastructural improvements such as airport handling, airport cooling and storage facilities, and general storage facilities. Hence, it is felt that the constraints analysis was addressing the right issues for exporters, covering the same constraints that exporters themselves were expressing. Given that agricultural exports have increased since the program began, (largely attributable to the GOU, effectively addressing some of the key constraints identified in the documentation), it appears that the major constraints defined in the original ANEPP documentation were (and still are) appropriate.

3. Responses to the Constraints

Responses to the constraints addressed by donors have been mixed, but generally favorable. The GOU followed through with reforms to the policy and regulatory environment pretty much as planned in ANEPP Second Amendment (1990). Much of this work included collaboration with the World Bank which proved to be complementary. The World Bank also sponsored the Export Credit Refinance Scheme aimed at assisting exporters in overcoming short-term financial constraints. Other GOU and donor support efforts are considered to be strong and effective.

On the negative side, USAID was requested to help support recurrent costs of the UIA due to the World Bank's decision not to finance these investment promotion services. There was also the need for USAID to contribute to support the APDF due to a continued lack of medium-term financing.

USAID's expectations on institutional support to trade and investment promotion have also failed to materialize as assumed. After considerable debate within government, the cabinet made a decision that the Ministry of Trade and Industry would be responsible for export promotion services while the Ministry of Finance and Economic Planning would maintain its function of addressing export policy. However, the lack of follow through on developing an export development institutional framework proposal has led to delays in disbursement of the first tranche of funds under the current ANEPP amendment. USAID had originally anticipated disbursing these funds in June 1992.

Adding to these concerns is the delay in approving the World Bank Export Promotion and Development Project. This project was to provide key assistance in helping the GOU improve its institutional support for export promotion. The current status of this project is still uncertain even though the GOU first made a request for this assistance in July 1991, causing considerable frustration among certain government officials. As a result the GOU is indicating that it will again turn to USAID to pick-up any short-fall in the World Bank's project.

At the time of this evaluation the GOU had taken steps to strengthen its export development institutional framework and USAID was close to disbursing its first tranche of funds under the current ANEPP amendment.

C. Is the Policy Agenda Meeting Its Objectives?

The conditionalities formulated in the 1992 PAAD amendment targeted most of the primary constraints to export development in Uganda. The focus on the financial system, foreign exchange policies, commercial regulations, and privatization were clearly primary constraints to generating exports. The focus on the rationalization of the export institutions was less crucial than the other conditionalities, but made sense given the export focus of this program. After reviewing these conditions the World Bank economist stated that they had been appropriate. Nonetheless, it might have been beneficial to push for the creation of export incentives, or to increase the power of the UIA vis-a-vis other government agencies to facilitate investments. Consideration might also have been given to land issues and the legal system, but these would have been significantly more contentious and difficult. In summation, the conditions chosen were appropriate given the constraints existing at the time.

The policy environment today is significantly superior to that of just a few years ago. The end of inflation allows companies to make reasonable planning assumptions, increase savings, have access to lower interest rates, and should eventually generate more funds available to borrowers. The establishment of realistic foreign exchange rates has been extremely important to exporters, who cannot compete with an overvalued currency.[2] The availability of incentives as offered under the Investment Code has improved the business climate as well as UIA efforts to reduce investor exposure to red tape on matters of obtaining land, infrastructure, work permits, etc. These reforms provide the necessary foundation for Uganda to move ahead.

In a country such as Uganda, where many actors have played a role in liberalization, it is difficult to assess the importance of each player. Without the commitment and good intentions of the GOU, few reforms could have been

[2] It is important to note an emerging belief that despite the use of market mechanisms, the Ugandan shilling is again becoming overvalued due to the large amount of donor funds entering the country. Exporters have found it increasingly difficult to compete internationally with the recent strengthening of the shilling vis-a-vis the dollar.

achieved. Also, many other donors as well as the Ugandan private sector have lobbied for economic changes. Despite this, ANEPP conditionalities did play a role in encouraging reforms. The piggy-backing of conditionalities with the structural adjustment program increased their chances of success, although this strategy necessarily forced USAID into a secondary role vis-a-vis the Bank. The World Bank economist noted that these conditions would have been met even if USAID had not addressed them.

Despite this notable improvement in the macroeconomic environment, numerous second-tier policy constraints remain. Unfortunately for Uganda, many of these constraints will be difficult to implement. Remaining obstacles include:

- Uganda offers no export (or other performance-based) incentives;
- Customs operations remain time-consuming (three weeks for the clearance of imports is not atypical) as 100 percent inspection of goods is practiced;
- Ugandan exporters do not have access to inputs at international prices because the drawback system -- as in most countries -- is not efficient. Given experience in other African countries, one would have reason to doubt that the system can be more effective in Uganda. In addition, there are no plans to implement a more effective duty exemption scheme;
- The UIA continues to have difficulties with line ministries and other agencies in fully implementing the Investment Code;
- Interest rates are extremely high given recent inflation figures[3] and the interest rate spread between savings and loan rates is unusually large;
- The export refinance scheme has not performed to many exporters' expectations;
- Financial constraints regarding the repatriation of dividends (not allowed if the company has loans in Uganda) and overly bureaucratic BOU procedures continue;
- The tax system is highly subjective, particularly for smaller and more rural entrepreneurs. The graduated tax (imposed by local councils) and the withholding of taxes (imposed by URA on smaller companies) appear to cause the most problems;
- Access to land, particularly for foreigners, remains difficult and this poses a burden on the development of non-traditional agricultural exports which typically rely to a large degree on foreign investment;

[3] The large budget deficits are causing the GOU to borrow large sums on the T-bill market thus increasing interest rates.

- Air freight rates are higher than they should be due to unreasonable policies regarding landing fees, handling charges, and fuel taxes. This is particularly critical for horticultural exporters as air freight often comprises up to 50 percent of their total operating costs; and,

- Telecommunications costs are uncompetitive and electricity service remains unreliable and subject to extremely high installation costs.

The best indicators for measuring the impact of the policy environment are the creation of jobs, income, exports, and investment. Exports, in particular, should become increasingly easy to quantify with increased GOU emphasis on data collection. Indicators could also be established for needed policy reforms. This could range anywhere from a reduction in typical Customs delays to the operationalization of private telecommunications, to the creation of an export policy framework, among others.

D. Project-Private Sector Support Component

Recognizing that creating an environment conducive to increasing exports is necessary but not sufficient to meet ANEPP program objectives, project funds were provided to implement the NPA component of the program and offer direct assistance to producers, processors and exporters of specific NTEs. EPADU is the primary vehicle through which assistance is channeled to the private sector, however, ANEPP also supports direct assistance through APDF, VOCA and the UIA.[4]

1. African Project Development Facility (APDF)

In an effort to expand EPADU's analysis of constraints beyond the strictly policy issues and to establish technical assistance to producers on a more solid basis, USAID and EPADU agreed in August 1991, to undertake an Operational Constraints Analysis Program (OCAP) using the services of APDF. Taking a systems approach, APDF identifies constraints to an export project and then helps resolve them. Specific marketing assistance is concentrated on individuals/firms most likely to benefit from such assistance, who meet eligibility criteria, and can withstand a vigorous evaluation/feasibility exercise. Of the 72 applications received to date approximately 10% have been actively pursued. Forty-two percent were below the lower cut off point for APDF assistance, others failed to demonstrate serious commitment to their ideas as reflected in their non-response to requests for further information or reluctance to pay commitment fees. Of the total applications, 14 had significant female ownership and 24 would have resulted in significant female employment. Of the 6 projects which have been assisted to date, 50% have significant female ownership and 80% will result in significant

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[4] In developing project components little thought was given to monitoring their contribution towards the overall program goal or purpose. Furthermore little guidance was given to implementors with respect to expected performance levels and reporting requirements. Indeed many of the indicators (see section II.D.5.) were created 'after the fact". For a full discussion of EPADU, APDF and UIA refer to Section III. For further details on accomplishments of EPADU see Annex III. For a fuller discussion of the people level impact of private sector support refer to section III.F.

female employment. To date approximately 440 full-time and 200 seasonal jobs have been created. Given the specialized nature of the work and the high value of the produce, basic wages for laborers are superior to those offered by other employers, ranging from $30-60 per month plus food, transport and sometimes housing.

APDF has certainly contributed to the success of the projects they have funded and consequently has contributed towards the establishment of new export industries. It is hoped that these pioneers will act as catalysts, demonstrating to other entrepreneurs the viability of these new enterprises.

2. Uganda Investment Authority

The UIA was established in mid-1991 for the promotion and facilitation of investment in Uganda. Sine then they have averaged 80 serious inquiries and 30 applications, from which 25 projects have been approved, each month. To date a total of 524 projects have been approved of which 51% are classified as Ugandan owned and 115 are oriented towards the export market. Sixty-five percent of those licensed by June 30, 1993 have been implemented with 38% having started commercial operations. UIA monitoring of those projects under implementation has revealed investment of approximately $ 150 million in fixed assets and the creation of 3,700 jobs for Ugandans has occurred.[5]

3. Assistance to Smaller Enterprises

Both APDF and UIA are targeted toward medium and large scale NTAEs. Recognizing the necessity of directly reaching and supporting small-scale producers, a separate activity was undertaken through VOCA (an American PVO).[6] Since September 1992 when VOCA began to collaborate with ANEPP, they have focused their support on the development of non-traditional exports at the grass roots level. Their target group was small and medium-scale entrepreneurs, especially cooperative and/or women's group projects. Specifically they provide technical assistance (private sector volunteers) for 1-3 months. VOCA initially experienced some difficulty in locating grass roots organizations with the capacity to handle the required volunteer logistics; project preparation; and the resources to implement recommendations promoted as a result of the assistance. Consequently, for the first six months of the program VOCA concentrated on developing strong collaborative relationships with in-country organizations involved in agricultural development.

To date 9 projects have been completed (jam processing, oil seed production and processing, handicraft production and marketing, vegetable production, organizational strengthening, poultry management, pineapple/passion feasibility studies); 2 are in progress; 5 are in the recruitment stage; 2 are being

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[5] UIA's monitoring system does not at present differentiate between investment in NTAEs or jobs created by NTAEs and other types of investment/jobs created.

[6] Prior to its collaboration with ANEPP, VOCA had experience in providing technical assistance to cooperative projects utilizing funding from AID/W.

developed; and, 3 have been aborted. Of the projects completed, 3 have been with cooperatives, 4 with women's groups/associations and 2 with private companies. Fifty-five percent of the projects have been directly related to the production and export of NTEs (handicrafts, papain, passion fruit and pineapples, vegetables--particularly snowpeas), and an additional 22% could develop an export capacity for oil seed cake. At least 79 individuals have been trained of whom 78% were women. Many more have benefitted indirectly from the training project counterparts received as well as directly through their producer/processing group interaction with VOCA experts.

By September 1994, VOCA hopes to report not only on the number trained but on the impact of their assistance in terms of jobs created, enterprise expansion (volume and profits), and how this has contributed to the welfare of individual participants.

Few individuals interviewed during the course of the evaluation had heard of VOCA, however all except one expressed a need for the type of service provided. The main drawback of the program is that many of the target organizations require additional assistance to short-term VOCA TA, particularly with respect to extending improved production techniques.

4. Special Activities

ANEPP has funds available to support special activities to provide technical assistance to the GOU in the fulfillment of conditions precedent. To date one activity has been completed, an examination of the export development institutional framework.

5. Specific Indicators of the Private Sector Support Component:

a) Three policy papers reviewed at senior levels of government.

One of the indicators identified to measure EPADU's effectiveness is the review of three policy papers at senior levels of government. As such, the purpose of this indicator was to judge EPADU's credibility and access to high level GOU officials. EPADU policy papers have been submitted and reviewed by senior government officials, including the President's Economic Committee (PEC).

EPADU has written seven policy papers since its inception. Four of these documents were submitted to PEC. The most important of these was Policy Paper No. 4, entitled Export Strategy. This document attempted a comprehensive review of government economic management as it affected the export sector and suggested measures by which the GOU could create a more favorable business climate for exporters. It was submitted to the President's Economic Committee, and many of its recommendations were accepted. Recommendations that were implemented include:

- lowering of tax and tariff rates;

- the establishment of an export finance mechanism;

- creation of a realistic exchange rate;

- liberalization of access to foreign exchange;

- deregulation of fixed prices and the abolition of monopolies;

- the passage of an Investment Code and establishment of an investment promotion authority;

- increasing the financial resources available to the National Bureau of Standards;

- a total ban on the export of native hardwoods; and,

- entrusting the Civil Aviation Authority with overall control of airport operations.

The paper also identified a number of Uganda's constraints which have yet to be eliminated. These include:

- the absence of any export incentives;

- the likelihood that a drawback program would not be effective;

- the UIA's powers as provided in the draft investment code, would be "inadequate to enable it to act quickly and decisively;"

- concerns regarding possible duplication of efforts between EPADU, UEPC, and the UIA;

- the need to establish formal linkages between the investment and export promotion organizations;

- "slow progress...in returning sequestered Asian property;"

- inefficient Customs administration;

- inadequate agricultural extension services;

- need for cold-storage facilities at the airport; and,

- airport fees that are uncompetitive with those in neighboring countries.

However, as discussed later in this evaluation, EPADU's policy role has become much less active since 1991 when the last of EPADU's policy papers were completed.

b) **Six operational technical reports and recommendations implemented by exporters and/or export support firms.**

In support of this indicator EPADU has produced the following reports:

- Production Marketing and Export Potential of Passion Fruits in Uganda. October, 1992.
- Opportunities for Non-Traditional Exports from Uganda. Volume 1, Floriculture. January, 1993.
- Opportunities for Non-Traditional Exports from Uganda. Volume 2, Vegetables. March, 1993.
- Opportunities for Non-Traditional Exports from Uganda. Volume 3, Spices and Essential Oils. April, 1993.
- Opportunities for Non-Traditional Exports from Uganda. Volume 4, Cereals, Beans, and Oil Crops. May, 1993.
- Opportunities for Non-Traditional Exports from Uganda. Volume 5, Sericulture. April, 1993.
- Opportunities for Non-Traditional Exports from Uganda. Volume 6, Fruits. July, 1993.
- Review of the Vanilla Industry in Uganda. August, 1993.

These technical reports provide useful and sound analysis on the potential for exporting selected crops from Uganda. Combined they make a considerable contribution to the knowledge base on NTAEs. This is particularly useful since Uganda has been plagued with proclamations that Uganda should be able to competitively export just about anything it can grow. These documents make a serious contribution to narrowing down the number of crops which actually have export potential.

Some of the exporters contacted in this evaluation had either seen the reports or knew of their contents and recommendations. However, since most of the reports are relatively new, efforts still need to be made in disseminating the information. To date, information has been presented through seminars and is being transferred through EPADU technical advisors.

In addition to the reports mentioned above, EPADU has sponsored numerous working papers on such topics as: post harvest handling; trading in the EC market; air transport; operational constraints; integrated production and marketing; and, export procedures and documentation. Much of this information has been presented to exporters through seminars and direct technical assistance. Given that the majority of this work has taken place in the past year, it is too early to determine the extent to which the development and dissemination of technical papers will be translated into either new investment or increases in efficiency, profitability, jobs and/or volume of exports.

c) **Two new firms entering export and related activities.**

The exporters survey published in 1992 (based on 1990/91 data), found 276 exporters of whom only 27 had been in business under the same name, at the same address in 1991. Rather than reflecting an absolute increase of 249 these figures reflect the main characteristics of the export industry in Uganda--it is nascent and experimental with considerable movement of individuals and companies in and out of the business.[7] While the data do not allow one to estimate the actual number of serious/long term exporting enterprises established, there are indications that there has been a steady increase since 1988 as a result of liberalization.[8] Certainly the floriculture is becoming established with 2 firms currently producing and 3-5 projects in the pipeline.

Under Operational Constraints Analysis Project (OCAP) implemented by APDF, 5 new producer/exporter firms have been established. These are:

- Ziwa Horticultural exporters Ltd. was formed was in 1990 to grow and export horticultural produce. This firm is estimated to have created 180 full-time jobs and has projected annual foreign exchange earnings of $2.5 million per annum.

- Uganda Crocs Ltd. was formed in 1991 to breed, grow and slaughter crocodiles for the export of belly skins. The firm has created 26 full-time jobs and has projected annual foreign exchange earnings of $508,000 per annum.

- Nile Roses was formed in 1992 to grow and export roses and other cut flowers. The firm has created 90 full-time jobs to date (72% of which are held by women though no senior positions have been filled by women) and has projected annual foreign exchange earnings of $2 million. This season (their first) Nile Roses expects to earn $800,000 from the export of roses.

- Victoria Flowers was formed in 1991 to grow and export roses and other cut flowers. The firm has created 100 full-time jobs to date and has projected foreign exchange earnings of $760,000.

- Crane Roses was formed in 1992 to grow and export roses. The firm is expected to create 250 full-time jobs and generate $500,000 in foreign exchange annually.

In addition, USAID/EPADU have assisted in the re-establishment of the silk industry through the Uganda Silk Producers Association--which is comprised of

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[7] Data from the Bank of Uganda's export credit refinancing scheme reinforces this picture. They state "there is a general lack of a cadre of serious businessmen who actually have a fair grasp of what it takes to be an exporter." Thirty percent of those surveyed in their evaluation had sought extensions of LCs and 15% had contracts canceled due to failure in procuring commodities for export.

[8] One specific example is maize and bean exporters who commenced operations in 1990. Today over 100 firms are registered with the grain exporters association.

Uganda Silk Industries Ltd. (USIL), formed in 1991, and Innula Silk Estates Ltd. (ISEL), formed in 1990.[9] USIL currently includes 76 established outgrowers[10] and an additional 100 who are planting mulberries but have yet to secure the finance to commence operations (roughly Ushs 400,000 in total). In addition, USIL has created some 60 full-time jobs on their estate. At ISEL[11] 34 outgrowers have been established with a further 106 planting mulberries.[12] Financial constraints are less severe for these growers since USAID has facilitated a line of credit through the cooperative bank. All outgrowers from both firms receive extension assistance from the Government (the sericulture unit at Kawanda boasts 20 Indian trained technicians) and through company extension workers. Despite this assistance, yields have been very low with gross returns to outgrowers of $25-35 dollars per crop as opposed to projected net returns of $100 - 150.[13] Following a study tour to Japan both companies are currently altering their planning and management strategies to address production constraints and pave the way to higher yields next year.

d) Four existing firms expand their export and support operations.

Eighty-five of the exporters surveyed in 1992 indicated that they had diversified their activities (both their markets and exports) since 1990. However, others have had to reduce their activities in order to develop a sound base for future growth. It is not possible from the survey to estimate whether diversification has also led to expansion in volumes and values, and/or jobs created.

Under OCAP one firm, Ankole Unga, a female-owned grain purchasing, processing and exporting industry, is expanding its activities from trade to add value to the commodities exported. This expansion will create an additional 37 full-time jobs with projected foreign exchange earnings of $ 400,000.

VOCA assistance has contributed to RECO Industries successful expansion into vegetable and fruit processing as well as papaya enzyme extraction.[14] Currently 20% of the production is exported and 12 new jobs have been created. In addition, by producing 1000 kg[15] of pineapple, orange and mixed fruit jam per week, RECO

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[9] Both enterprises are outside Kampala with USIL located in Bushenyi and ISEL is located in Jinja with the estate in Iganga.

[10] Sixteen outgrowers are femala headed households. In the other households women participata in silk production with their spouses.

[11] Few full-time jobs have been created at USIL because the company has determined outgrowers to be more successful silk producers than laborers. Consequently they have contracted out production on their estate.

[12] RECON estimated that the company is working with 300 outgrowers. The joint target of both companies is 2,000 outgrowers with at least 0.5 ha. of mulberries each.

[13] Each production unit should produce 4-5 crops a year with ISEL estimating net returns to outgrowers with 0.5ha at Ushs 540,000 ($ 540) per annum.

[14] The equipment necessary for expansion was obtained with financial assistance and guidance from USAID.

[15] The plants capacity is 2,400 kg/day.

has provided an effective market for fruit growers in and around Kasese thereby contributing to rural income growth.

VOCA, in collaboration with the CAAS project, has also assisted the Kigezi cooperative union to diversify production. Trials on snow peas are currently being conducted with 5 groups (one of which is a women's group with 30-50 members though only 3-4 are actually involved in snow pea production).

e) Two women specific cooperative export projects developed and 1 woman specific cooperative support project proposal funded.

To date only one women specific cooperative export project has been developed and funded directly through ANEPP, the NOWOU handicraft production and marketing project.[16] NOWOU secured an initial market for handicrafts through USAID which was contacted directly by a buyer in Florida. Following discussion with NOWOU, the mission's WID officer in Kampala worked with them and VOCA to develop a project to assist NOWOU in fulfilling the handicraft order. Specifically, VOCA provided expertise in both production and marketing of handicrafts to NOWOU member associations.

By successfully negotiating the first order, NOWOU provided a market for over 500 women in 20 handicraft producer groups throughout Uganda. The project also taught women to value their labor and inputs by turning handicraft production into an income generating activity rather than a hobby. Nearly 4,000 baskets have been marketed to date with the majority of profits (Ushs 500/basket after labor and materials have been deducted) being used by women to pay school fees and poll tax. In addition, the secretary general of NOWOU recited individual case histories from the project illustrating how handicraft production has provided pregnant school leavers, grandmothers looking after AIDS orphans and emotionally disturbed women with an income of approximately Ushs 10,000 per week while the order was being completed (3 months).

Unfortunately, unless NOWOU obtains assistance in establishing a handicraft unit they do not believe it is within their capacity to extend the project even if a long term secure market can be established through the initial buyer.[17] However, to extend the impact of the project and protect women's incomes from handicrafts, NOWOU is attempting to build the domestic market through a monthly

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[16] However, VOCA has worked with MWODET (an umbrella organization of women's groups in Mpigi) and is hopeful that their efforts at capacity building will eventually result in additional export projects. It is also likely that the Kinakulya/Bugiri women's groups in Kiboiga whom VOCA assisted in setting up sunflower processing operations will expand their activities including diversifying into honey production for export.

[17] NOWOU has spent a considerable amount of time and effort on the handicraft (primarily basket) production project at the expense of their other activities. While a full accounting has yet to be made, it is likely that these services were not adequately costed. If the full cost of NOWOU staff members time, storage and transportation were included in the price of the baskets, it is probable that the baskets would either be uncompetitive or that women's profits would be eroded. This is not to say that other types of handicraft production are not lucrative. In addition to basket making, NOWOU has assisted member groups to enter the luffa sponge export market. A five year contract has been secured with "Fair Trade" in Germany. 15 women's groups are producing for this market with the largest group supplying approximately 400 sponges per week which provides each member with an income of approximately Ushs 8,000 ($ 8) per week.

craft fair in Kampala, a shop in a Kampala supermarket, and by assisting member organizations to exhibit at agricultural shows and trade fairs.

While ANEPP has not directly assisted in the development or funding of other women's cooperative projects, the positive atmosphere in Uganda towards exports and the willingness of EPADU technical advisors to give assistance freely were two elements in an investors decision to establish a dried fruit export business in Uganda. Fruits of the Nile is a private sector firm with significant foreign female ownership and participation. They produce solar fruit drying equipment and export the produce. This company has specifically worked with NGOs to provide solar fruit drying technology to individual women's groups. Since 1991, 9 large (capacity 200 kg /month gross value Ushs 400,000 - $ 400), 3 medium and 15 small dryers (capacity 32 kg/month gross value Ushs 60,000 - $ 60) have been installed and training given to operators. The vast majority of these driers are under the management of women's groups.[18] In cases where women's groups have no NGO backing, Fruits of the Nile will extend interest free credit for 50% of the equipment purchase and training costs. Total production of dried fruit is currently 1 ton/month during the 8 month season and is expected to rise to 2 tons/month by May next year.

In addition to advice given to Fruits of the Nile, EPADU has sent buyers to the Association for Women in Industrial and Agricultural Development (AWIAD) which resulted in orders for handicrafts (baskets and "men on bicycle" wire toys) and honey.[19] AWIAD works with 1200 women in 12 districts their primary objective is to promote appropriate technology to enhance women's income generating activities. Handicraft shipments to date have grossed Ushs 11,060,000 ($ 11,060) and have created jobs for 20 street boys in Kampala. The street boys are provided with the materials to make "men on bicycle" toys and are paid Ushs 250 ($ 0.25) per item.[20] Similar to the experience of NOWOU, the director of AWIAD is unsure whether her buyer will continue to provide a market for the group's handicrafts, or whether she can continue to facilitate the collection and shipment of the baskets. However, she is confident of continued demand for the toys which due to centralized production are easier to handle. Consequently she is encouraging women to produce honey (using modified hives made out of baskets) for which she has a more secure market. She hopes that they will receive assistance from VOCA in extending improved honey production technology to women's group members.

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[18] The women's groups range from 3-40 members with the most successful being the smaller more homogenous and cohesive units. Some groups have failed due to group conflicts and/or corruption, bad management and/or inadequate supply of fruit. However, a women's group in Kayuga which began with a single unit four months ago has now built three units (assisted by Kawanda research station which supplied materials free). These women now produce 80 kg/month with a gross value of Ushs 160,000 ($ 160). Depending on the type of fruit dried, net income for the groups is around USHS 130,000/month ($ 130) from a labor input of perhaps one hour per day.

[19] The director of AWIAD was also funded by EPADU to exhibit handicrafts at a trade fair in Europe.

[20] The street boys made on average Ushs 82,500 ($ 82.50) each on the first order.

E. Progress Toward Achieving Program/Project Purpose

The purpose of ANEPP is to increase the range and value of non-traditional exports. The verifiable indicators for achieving the purpose are:

- NTEs reach $62 million by 1993; and,
- 3 different NTEs are earning more than $10 million each in foreign exchange by 1993.

In an effort to assess the progress made toward achieving the program/project purpose it is important to determine what constitutes an NTE. In the 1992 ANEPP amendment NTEs are defined as "agriculture-based non-coffee exports" (page 5, footnote 5). This is particularly important since tea and cotton exports, which are usually considered to be traditional crops, have responded well to the improved environment for exports which, justifiably, should be included in an assessment of progress made toward achieving the ANEPP purpose. Leaving them out would seriously understate the progress made under the program/project.

Analysis of export figures (see Table 2) indicate that the value of non-coffee agricultural exports reached $60.2 million in 1992/93, while total non-coffee exports reached $66.2 million.

Table 2. Uganda Export Figures 1990/91 - 1992/93. (US$ '000)

EXPORTS	1990/91 JUL-JUN	1991/92 JUL-JUN	1992/93 JUL-JUN
Coffee	119742	117345	96802
Agricultural NTEs			
Tea	5945	6219	9437
Cotton	7726	11477	4981
Tobacco	4621	3233	6995
Maize	1983	5102	11576
Beans	2931	3333	7467
Simsim	10301	6776	3549
Fish/Fish Products	2771	6848	6824
Animal Skins	5769	3830	4709
Others	1652	3358	4683
Sub-Total	43699	50176	60221
Non-Agr. NTEs	9399	8444	5931
Total NTEs	53098	58620	66152
Total Exports	172840	175965	162954

Source: Uganda customs data.

These figures are largely attributable to increases in exports of tea, tobacco, maize, beans, fish/fish products, vanilla and chillies. Due to less favorable weather conditions, a dramatic decline in prices for simsim, and a decline in the output and price for cotton, the increase in non-coffee agricultural exports was curtailed considerably from 1990/91 to 1992/93. However, indications are that exports will continue to rise in the remainder of 1993 and in 1994.

Over the three year period included in Table 2, maize, cotton and simsim export values exceeded $10 million, but only for one year each. Maize exports reached $11.6 million in 1992/93 and are expected to continue to grow over the next few years. However, the export value of cotton and simsim has declined due to reasons mentioned above. In 1993/94 it is possible that cotton exports could again exceed $10 million, however, due to lost market opportunities, simsim is not likely to reach that mark in the short term.

Substantial increases are expected in exports of maize and beans largely based on purchases by the World Food Programme. WFP estimates that its maize and bean purchases from Uganda will peak at around $13 million and $5 million respectively, and hold at that level for the next ten years. It is also believed that as much as 200,000 tons of maize and large quantities of beans are being exported to the region without being recorded. The issuance of border permits allowing the legal duty-free export of up to $1,000 worth of goods per load may facilitate this trade and bring it into the official records. However, people interviewed who have observed this process at the borders believe that the overwhelming majority of this trade remains unrecorded.

Recent discussions between Presidents Museveni, Moi and Mwinyi on revitalizing the East African Common Market and reducing trade barriers between their respective countries may result in further market opportunities for Ugandan NTEs. At the very least it should help to increase the export of maize and beans from Uganda to Kenya in the short run.

Another export crop which can be expected to show growth in the near future is tea. Production has already begun to respond to policy reforms which removed the Uganda Tea Authority's monopoly on exports, valuation of export proceeds at the market rate, the liberalization of export marketing, and permission to use foreign exchange retention accounts. It was recently announced (The New Vision, Oct. 23, 1993) that the Commonwealth Development Corp. was planning to invest $12.4 million to rehabilitate six tea estates.

Based on interviews for this evaluation, private investors are also making substantial investments in producing flowers for the export market. Although they are essentially beginning from scratch, there should be significant increases in flower exports over the next two to three years. In addition, investments are being made in expanding the export of chillies, vanilla and vegetable crops, each of which should show some marked increases over the next few years, although not as dramatic as some of the other sectors mentioned above. This is an area where large-scale investments from outside investors may be essential in developing the potential of these crops.

In evaluating the performance of ANEPP to date one has to say that, in general, there has been a very strong positive response to the policy reforms which have created an enabling environment for Ugandan exporters. While there have been reports of a number of growing pains, many producers jumped in too quickly and have reportedly failed, the general trend is upward. Based on the results to date and the prospects for future growth in NTEs, the program/project has been successful in increasing the range and value of NTEs, even though they may have fallen below indicator levels. However, there is no doubt that they would have exceeded the verifiable indicators had it not been for unanticipated declines in the value of cotton and simsim exports and unfavorable weather conditions.

Further efforts to address second-tier policy issues and provide technical support to producers are likely to pay off by helping to sustain gains which have been achieved and by helping to develop the potential of other crops. These efforts need to be complemented by promoting outside investment and alternative market outlets in the region as well as in Europe and the Middle-East. Indications are that NTEs are going to develop slowly but will contribute to increasing incomes and in helping to reduce the BOP deficit.

Efforts also need to be placed on promoting growth in exports of traditional crops as well as non-traditional crops (in this case coffee). Despite a long decline in price, coffee remains by far the most important foreign exchange earner in the country. While it has become increasingly important to diversify Uganda's agricultural export base to protect against setbacks such as those experienced in the coffee sector, it is unrealistic to expect non-coffee agriculture-based exports to offset those losses any time soon.

F. Progress Toward Achieving Program/Project Goal

1. Overall Progress

The Program/Project goal is to increase rural men's and women's income from agricultural exports. The indicator chosen to reflect attainment of this goal is:

> By 1998, sum of net rural incomes associated with producing for export are 65% higher than base year.

The target set for 1994 is:

> Rural incomes associated with non-coffee exports will have increased by 5% over average rural incomes (ANEPP third amendment).[21]

In spite of efforts by the mission to monitor these impact indicators, the evaluation team was disappointed by the lack of empirical evidence of progress towards meeting the program/project goal. The mission hired a Ugandan consultancy firm (RECON) to develop and carry out a pilot baseline survey intended to assist in measuring the impact of agricultural exports on rural men's and women's incomes. While this information provided insights into average

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[21] This target is interpreted to mean that by 1994, producers of non-coffee exports will have incomes which are 5% higher than average rural incomes.

household expenditures (as a proxy for income) in areas where non-coffee agricultural exports are being produced, the study fell short of providing an indication of how incomes might have increased.

What we know from export figures provided by the Uganda Customs office is that the value of non-coffee agricultural exports have increased from around $8-9 million in 1988 to over $60 million in 1992/93. Analysis of national export figures from 1988 through May 1993 shows a cumulative increase in the value of NTAEs (including tea, cotton, and tobacco) of $142.9 million.[22] The distribution of this income between farmers, transporters and exporters for selected crops can be found in Table 3.

Table 3. Estimated cumulative income increases derived by producers, transporters and exporters from selected NTAEs, 1988 - May 1993.

Agricultural NTEs	QUANTITY (TONS)	GROSS TOTAL VALUE OF EXPORTS (US$'000)	GROSS INCOME TO PRODUCERS (US$'000)	GROSS INCOME TO TRANSPORTERS (US$'000)	GROSS INCOME TO EXPORTERS (US$'000)	NET INCOME TO PRODUCERS (US$'000)
Tea	11,070	10,695	8,037	221	2,436	2,974
Cotton	11,712	17,571	9,664	234	7,673	3,576
Tobacco	7,207	13,613	6,912	144	6,557	2,557
Maize	157,579	19,956	14,967	3,152	1,837	5,538
Beans	64,430	19,098	11,936	1,289	5,873	2,045
Simsim	42,708	25,227	20,628	854	3,745	4,122
Vanilla	11	510	44	0.2	466	33
Chillies	592	530	84	12	434	27
Others	na	35,738	24,094	1,969	9,675	7,228
TOTAL		142,938	96,366	7,875	38,696	28,100

Source: Evaluation team estimates based on; Uganda Customs data, EPADU technical reports, IDEA Project Paper.

These export figures provide a crude estimate of the GROSS income which may have accrued to producers, transporters and exporters from increases in non-coffee exports from 1988 through May 1993. Net income to producers was estimated to be around $28.1 million over the same period.[23] However, since it is not possible to determine the number of individual beneficiaries from NTAEs, it is not possible to determine the degree to which the goal of increasing rural men's and women's incomes has been achieved.

[22] These figures represent the cumulative increase in export value since 1988 (1988 was used as the baseline). In other words, the export value for 1988 was subtracted from export values in 1969, 1990, 1991, 1992, and up to May 1993 and then summed. Baseline figures for 1998 were cut in half before subtracting from the 1993 figures.

[23] Net income to producers was calculated for maize, beans, simsim, vanilla and chillies from budgets prepared in the EPADU technical reports on "Opportunities for Non-Traditional Agricultural Exports from Uganda". Net income to producers of tea, cotton and tobacco was estimated to be around 37% of gross income, similar to maize. The net income for others was based on the average ratio of net income to gross income which worked out to be around 30%.

Socio-economic data on household expenditures in Uganda reveals that sixty-one percent of Ugandans can be defined as "poor" with average household expenditures of up to Ushs 31,600 per month (1989/90 Household Budget Survey). The poor are disproportionately found in rural areas (65% of the rural population is classified as poor compared to 35% in urban areas) and in the North and Eastern regions of Uganda. Analysis of the Household Budget Survey (HBS) shows, average household expenditures in the Central and Western regions, where most of the NTAEs are produced, is approximately 50% greater than average household expenditures in the Eastern and Northern regions. Average nominal monthly expenditure for all households in the Central and Western regions were estimated to be Ushs 36,477 and Ushs 35,813 respectively.

Analysis by RECON, based on the 1992 Integrated Household Survey (IHS) data, estimated that nominal monthly household expenditures in Mukono district (in central region) was Ushs 38,354 and Ushs 47,725 respectively for female and male headed households. Similarly in Mbarara (a district in Western region) nominal monthly household expenditures for female and male headed households in 1992 were Ushs 30,667 and Ushs 58,670, respectively. While these figures are not directly comparable to the 1989/90 HBS estimates, they give some indication of nominal expenditures.

Although both the Central and Western regions are areas where NTAEs are produced, there is no empirical evidence that the higher expenditure levels in these regions can be attributable to the production of non-coffee agricultural exports. The statistics department of the Ministry of Planning and Economic Development is continuing its analysis of both the national household budget survey (HBS 1989-90) and the integrated household survey (IHS 1992) from which these figures were taken. Additional data from the 1992 IHS, providing regional and district level household expenditures, would help in making comparisons of expenditure levels for households in districts which are heavy NTAE producers with their respective regional averages. This would allow the mission to make some inferences on the impact that the ANEPP project/program is having at the national level. This information should be complemented by conducting survey work where NTAEs are being produced which would help translate national export figures into men's and women's income.

Currently, data available on NTAEs from specific crop surveys only examines income derived from these crops. Therefore comparisons of NTAE producing and non-producing households or individuals to determine the actual people level impact of NTAE production are not possible. However, qualitative evidence suggests that to maintain real incomes and/or achieve income rises farmers are shifting resources, particularly labor, to crops commanding higher farm-gate prices. One example of this trend was the increase in sesame production to meet increased demand in 1991. Other examples can be drawn from vanilla and silk producing areas where farmers are hiring labor to cultivate subsistence crops while they tend higher value cash crops. Indeed, experience in the production of vanilla and silk demonstrates that rural men and women will respond to policy reforms that encourage exports and to technical assistance that teaches beneficiaries how to produce new crops.

By far the most important crops in terms of their income generating potential and distribution are maize, beans and simsim. Maize and beans are grown by most households, the former primarily by men as a cash crop, the latter by women for home consumption and sale to meet basic needs. Simsim, like beans, is grown by women though production is concentrated in the north. In addition to generating income for primary producers, trade of these commodities generates incomes for thousands of rural and urban traders as well as over 100 exporters. For maize alone, profits per ton to the village agent, town agent and exporter are estimated at $ 9.16, $12.50 and $ 20.80 respectively.[24] In the case of vanilla, additional income is also generated for rural households through the creation of farm labor employment opportunities.[25] However, these opportunities are currently largely restricted to Mukono district, where 80% of the vanilla crop is grown.

In conclusion, what can be said is that estimates by the evaluation team indicate that the cumulative increase in GROSS income to producers, transporters and exporters could be as much as $142 million, while net income to producers is likely to be around $28 million. The evaluation team also feels confident that producers of non-coffee exports do have incomes that are higher than average rural incomes, and that it is possible that this increase may well be above the 5% target set for 1994 for some producers. However, the team does not have sufficient empirical data to conclusively support this assessment. Hence, it is highly recommended that the mission follow-up on implementing measures which will ensure sufficient information is collected.[26]

2. Specific Case Studies

b) The People Level Impact of Vanilla.

USAID, EPADU, APDF and the Norwegian Fund for Women have together worked with one entrepreneur and a vanilla growers association to rehabilitate the vanilla industry in the Mukono district. Consequently since 1990 the number of households involved in vanilla production in Mukono has increased from 710 to 1812 with 3000 individual growers including 782 women.[27] As a result, the production of green vanilla beans has risen from 500 kg to 18,091 kg with the number of plants increasing from 160,000 to 347,000. By 1994 it is expected that there will be 633,000 plants or approximately 600 ha. under vanilla.

Currently only 20% of the stand are bearing. However, when in full production, with average yields of 400 kg/ha. gross revenues from green vanilla beans are expected to reach $960,000, an average of $480 per vanilla growing household. Of that total, women would control $125,120 from their own production (approximately 13%).

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[24] See IDEA technical analysis value chain for maize.

[25] Vanilla growers indicate that they pay between Ushs 500 - 1,500 per person day.

[26] Details on recommended monitoring activities are provided later in this report.

[27] For the past two years women have been specifically encouraged to plant and tend their own vanilla through a network of 23 paid women coordinators/extension workers, 4 village agents and 4 government extension workers.

A closer look at vanilla production reveals not only that women control a disproportionately small amount of the crop but that 54% is controlled by 3% of the growers (both men and women) who have 500 or more individuals plants. Consequently 97 growers will earn gross revenues of $ 5344 each at peak production while other growers will gross an annual average of $ 152.

At current production levels, the 97 growers will earn gross incomes averaging $604 each while 2903 growers will gross an average of $ 17 each. Given that there is no evidence to suggest vanilla production has displaced other crops or income generating activities, one can assume these growers have increased their income by $17 less expenses.[28] Translating this into impact on the quality of life, $17 would cover PTA fees for one child, or 5 visits to the health center.

In addition to providing a source of income for over 3000 vanilla growers in 1812 households in Mukono district, the vanilla program has developed an extension service for women to ensure that they gain equal access to training. The program has encouraged women to both control their own production and the incomes generated from it and has provided them with advice on a wide range of subjects. However, further effort needs to be made to reduce the gender gap on production by encouraging more women to plant vanilla in quantities similar to those planted by men.

Women coordinators from this program all report that vanilla has had a tremendous impact on women's lives. The majority of women participating in vanilla production now have at least 10 mature plants giving them a minimum income of $ 12/year.[29] However, the impact of the income is far greater than its purchasing power. Because they have their own money, women believe they can make decisions for themselves and their children without waiting for their husbands approval and are becoming increasingly visible in public life. Most women believe they will eventually be able to buy everything they want and are joining savings and credit societies with an eye to making future investments.

Of the women growing vanilla 80% also tend their husbands and/or fathers plants. Pollination is done by hand and is considered women's work. While the extension service and vanilla producers association encourage vanilla growers to pay family labor for their time, there are few cases where this is occurring. However, women report that in addition to their own personal incomes increasing, household incomes have increased as evidenced by the fact that everyone regularly eats meat and fish and that all children are able to attend school.

[28] Expenses for vanilla growers with only a few trees are minimal since they do not hire labor and obtain vanilla cuttings from neighbors/relatives. If one assumes therefore that they net more or less what they gross and if one accepts the world bank figure of $ 150 per capita income per year, then vanilla growers on average have increased their individual incomes by 10 percent over non producers, more than achieving the target set for 1994.

[29] It should be noted that while this minimum income is less than the average income for the majority of vanilla growers (both men and women) which has been calculated at $ 17, one can not say that women as a group earn less than men from their planta. Furthermore, since women started producing vanilla after men, women tend to have a greater number of immature plants than their male counterparts so any differential which may exist should diminish over time.

b) People level impact of silk

Information from USIL and ISEL indicates that to date 60 full time jobs have been created on silk estates, 110 outgrowers are producing silk (of whom 15% are female headed households) and a further 206 households are planting mulberries for future silk production. However yields have been much lower than anticipated with gross returns to outgrowers of $25-35 dollars per crop (from 0.5 ha mulberries) as opposed to projected net returns of $100 - 150. The Recon survey of a small sample of silk producers in Bushenyi, September 1993, found net annual returns ranging from as low as $7.50 to $100. Consequently only one third of those interviewed admitted silk had thus far improved their standard of living.

Even with these low returns Recon found evidence of apparent increases in household expenditure on education, health, clothing and other household durables. The survey also noted that control over the additional income derived from silk remained with the person (man or woman) actually handling the silk rather than with those providing the labor necessary for production. As with Vanilla, there is no evidence that silk production has supplanted food crop production. Consequently one can conclude that the proceeds from silk reflect a net increase in total household income for households currently producing silk.

3. Additional Gender Considerations[30]

Women represent 53% of the population and 70-80% of the agricultural labor force. Their greatest contribution in agriculture is in food crop production but they also provide labor to cash crop production. However, women's involvement in NTAEs other than vanilla, remains unquantified. Even for vanilla women's contribution in terms of labor provided to their husband's, father's, brother's vanilla plots remains unrecorded. For all agricultural activities, women's work is primarily unpaid and without the benefit of finance (less than 1% of credit is utilized by women) or inputs. While these problems also apply to many men, men are less constrained given their lower labor input per unit of agricultural output.

In 88/89, 97% of rural women were subsistence farmers with access to arable land, 9% owned the land they cultivated and 67% owned basic farm implements. However, less than 5% were serviced by the agricultural extension system. Seventy-five percent of all women also earned cash by selling their labor to other farmers. In total women work 15-18 hour days in agriculture, child bearing and rearing, food preparation, firewood and water collection, and other income generating activities. Their male counterparts working days are by comparison only 8-10 hours long. In addition to agricultural activities, approximately 500,000 women are also involved in small-scale industry, individually or through women's

[30] Unless otherwise cited, the information in the following section is derived from UNICEF: Children and women in Uganda, a situation analysis, 1990.

groups, NGOs and cooperatives. At least half of all traders are women.[31]

A key constraint to women's further participation in the economy is their subordinate social, legal, political, economic, cultural and religious status. However, the government is committed to raising the position of women in the economy by raising the value and productivity of their labor and giving them access to, and control over, productive resources. The positive support given to women by the Government is already having an impact with women reporting that it is easier for them to do business and that they are encouraged to participate in the decisions which affect their lives.

Nonetheless, men have tended to control the cash-based economy and their control is hard to erode. Even when women earn cash rather than being paid in kind, ACFODE reports they often hand it over to their husbands.[32] Household expenditure patterns, as revealed in the HBS, confirm that gender inequality within the household is an extremely important dimension of poverty. On the other hand, UNICEF reports that women do control their income from non-agricultural activities, primarily beer and handicraft production. However, the sums involved were small with 87% earning less than Ushs 500/year.

USAID commissioned a pilot study in 1993 in Mukono and Mbarara districts, the purpose of which was to gain a greater understanding of gender issues related to NTAE production.[33] The results confirm that decisions related to the introduction of new cash crops (NTAEs) and control over the income from these crops is controlled by men.[34] Indeed, the majority of women in the two districts had no cash crops of their own.[35] However, the decision to introduce new food crops is considered the woman's domain, women control the distribution of food crops from the household granaries and women in both districts have full responsibility over at least one field. Furthermore only 5% of the women in

Mukono and 20% of the women in Mbarara controlled less than half of the produce from their fields.

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[31] While women are disproportionately represented at the petty trading level in villages, the largest grain exporter in 1993 is also a woman. She employs 60 people full time and over 2000 people, primarily women, on a causal basis to sort, grade and pack produce in 12 godowns in Kampala and 11 others throughout the country. In the first 9 months of 1993 her business grossed over $ 15 million.

[32] ACFODE has also reported that in many instances women who earn an income have found that their husbands abdicate much responsibility for their families welfare. Consequently women are becoming increasingly responsible for meeting household cash requirements once paid by men. In 1988, 30% of women interviewed paid all or part of their children school expenses.

[33] Given women's contribution to agricultural labor (both for food and cash crops on their own and their husbands fields) and their uncertain control over the income generated from cash crop production, it will be important for USAID to continue track both labor and income allocation within households in order to ensure that the benefits of increased NTAE production are not overshadowed by the increased burden on women's time and the potential negative consequences this infers.

[34] While men control the decisions 60% of the men surveyed in Mukono and 67% of the men surveyed in Mbarara reported that they made decisions to grow new crops in consultation with their wives.

[35] The one exception being women living in the vanilla growing areas of Mukono.

The importance of examining intra-household resource allocation and reasons for gender imbalances in NTAE production can not be overemphasized since resource allocation reflects status, bargaining power and options of the parties concerned. Given existing patterns of intra-household resource allocation, women and men currently face different economic incentives and opportunities. If women do not control cash or participate actively in decisions about the disposition of household resources[36] there is no incentive for them to diversify from food crop production into higher value and more labor-intensive NTAEs. Women also suffer from greater constraints with respect to information, finance, time, and access to other inputs:

- With less education than their male counterparts women have less access to information regarding NTAEs and frequently lack the necessary skills to develop their income generating activities.

- Without access to collateral and lower membership in cooperatives women have little opportunity to obtain the finance or inputs necessary to enter certain NTAE activities.

- Women's labor supply is limited by the demands of domestic food production and processing, household maintenance, child care and health care.

Despite these constraints, women are actively involved in the NTAE sector both as large-scale, medium-scale and small-scale producers and exporters. Traditionally, women are the primary producers of the vast majority of NTAEs, beans, grains other than maize, simsim, vegetables, flowers, and many fruits. In addition they provide the bulk of the labor in all cash crop production, particularly in spice and flower production. Being conscious of their presence and committed to encouraging women's efforts OCAP has been able to assist large scale firms which not only have significant female ownership but which also will create significant female employment albeit in the lower paid categories of work. Similarly VOCA, by focusing on the activities of women's organizations is able to extend their services to numerous small-scale producers at the grass roots level.

All ANEPP related institutions have worked with and through institutions dedicated to increasing women's access to the benefits of NTAEs. Specifically ANEPP has assisted women vanilla growers to gain access to the technology required for successful production as well as increasing all producers awareness of the benefits which can be derived from women's full participation. Consequently while ANEPP originally intended to set aside funds for technical assistance to identify potential women's oriented export projects and to increase the role of women in exporting, this has not been necessary. Rather the constraints faced by women, their needs and aspirations are very much main-streamed through ANEPP activities.

However, it is true that women have not benefitted equally from all aspects of ANEPP. There is clearly scope for women's increased participation in NTAE

[36] Jarawan (1991) found that decisions about the disposition of proceeds from food crop production included only four out of 10 women (39%) and from cash crop production only 17%.

production on their own fields, particularly if they can gain access to technologies and inputs which would increase the yields of their food crops thereby facilitating their ability to meet their traditional obligation of providing for the households food needs while at the same time giving them surpluses to sell for export. As a starting point, there is a need to focus on increasing women access to extension, improved seeds and agricultural inputs as well as developing markets for their products. Greater effort should also be made to meet the specific gender based needs of medium to large scale women NTAE exporters and producers through seminars and exposure tours; and to facilitate their access to finance, training, and markets. In addition, in order to increase the number of direct beneficiaries it would seem logical to identify the constraints faced by potential NTAE producers and exporters as well as trying to alleviate the constraints of those already engaged in the sector.

4. Summary of People Level Impact

While it has not been possible to fully document the people level impact of ANEPP and it is similarly impossible to estimate the number of direct beneficiaries of ANEPPs policy reform activities, it is possible to obtain data on individuals and firms who have participated in ANEPP project activities. The direct beneficiaries of ANEPP are:

1) Exporters whose entry into or expansion of export activities have been facilitated by policy reform.

   - The exporters survey reported policy reform had facilitated entry into export trade and business expansion considerably for 26% of the sample; moderately for 56% and had no effect for 18%.

   - In addition, liberalization of grain marketing has led to the establishment of over 100 grain exporting firms.

2) Entrepreneurs (individuals and groups) who have been assisted in the development and/or expansion of specific enterprises.

   - EPADU provides advice to some 50 firms each week (approximately 30-50% of the inquiries are from women).

   - APDF has assisted 6 firms, 50% of whom have significant female ownership and 80% of which will generate significant female employment.

   - UIA monitoring has shown new investment of $ 150 million in fixed assets albeit not all in the NTE sector.

   - VOCA has completed 9 technical assistance projects of which 5 directly relate to the production and export of NTEs.

3) Producers who are finding more secure markets for their produce and/or receive the technical assistance/extension necessary to diversify production.

- EPADU has assisted in the re-establishment of the vanilla and silk industries.

- VOCA assisted NOWOU to provide 500 women in 200 handicraft producer groups with a market for 4,000 baskets generating Ushs 2 million in profits for the women.

- EPADU has assisted AWIAD to find markets for their handicrafts generating a gross income of Ushs 11 million to date.

4) Employees working in newly established enterprises and/or for other farmers, in trade, transportation, grading, packing and other support industries.

- To date 440 full time and 200 seasonal jobs have been created through APDF assistance; 12 full-time jobs have been crated through VOCA assistance; and UIA monitoring has recorded the creation of 3,700 new jobs.

5) Individuals who have attended training courses, seminars and/or exposure tours.

- VOCA has trained 79 individuals of whom 78% were women.

- 1321 people have attended EPADU seminars of whom 16% were women.

- 31 individuals of whom 16% were women have been on exposure tours.

While the vast majority of direct beneficiaries have been located within 2 hours of Entebbe airport where for environmental and infrastructural reasons the bulk of high value NTAEs will be concentrated for some time, the recent emphasis toward low value, high volume NTEs (agricultural and handicraft) is extending the benefits of NTE reforms to all areas of Uganda.

III. EFFECTIVENESS OF THE INSTITUTIONAL ENTITIES; EPADU, UIA AND APDF

A. EPADU

1. Background

EPADU was created in 1988 as a non-statutory organization linked to the Ministry of Finance and Economic Planning to act as the executing agency for ANEPP. The creation of EPADU was largely a reaction to the non-performance of the UEPC. As the management of EPADU admit, the ideal organization to have performed their two functions were the UEPC (for export trade development and promotion) and the Research and Planning Department within the Ministry of Commerce (for export trade policy analysis). Because the UEPC had become largely irrelevant due to weak personnel and a non-operational Board, it was decided that it would be more effective to create a new organization than to try and rehabilitate a non-functioning, existing organization.

EPADU has two primary functions. The first function is to recommend policy, regulatory, and infrastructural changes to improve the environment for non-traditional exporters. The second function is to promote export development by working with potential exporters. Since the end of 1991, EPADU's focus has shifted primarily to the export development function. There were a number of reasons for this change in emphasis:

- while acknowledging that numerous policy and regulatory constraints remain, EPADU management believes that the main constraints affecting exporters have been eliminated;

- starting in 1991, EPADU became caught in the struggle between the then Ministry of Commerce and Ministry of Economic Planning for the best "placement" of export development functions. As a result, the unit had to address this topic more frequently.

- increasing pressures on the Director's time (as he is also Director of Planning for the Ministry), coupled with what we perceived to be his reluctance to delegate, has made it more difficult to address second-tier policy obstacles.

2. Policy Focus

Through 1991, EPADU focused primarily on policy issues. The unit wrote seven policy papers, which played an influential role in improving Uganda's economic environment. A senior level MFEP official noted that these studies played a critical role and had a major impact in pushing forward Uganda's liberalization efforts. The reports were particularly useful in that they were "Ugandan" and not from an outside institution. EPADU displayed courage in backing market reforms before it was popular in Uganda.

The lack of attention given to policy matters since 1991 is unfortunate, as real constraints remain. Apart from its report on export processing zones, for example, EPADU has written little about alternative export incentive schemes and how they could work in Uganda. The Maxwell Stamp report prepared for the UIA appears to have had significant impact on the preparation of the 1993/1994 budget speech, a role once assumed by EPADU. The unit has also not been involved in the subsequent debate on the Budget speech. In contrast, the Uganda Manufacturers' Association has been very active in expressing its opinion; EPADU -- as the leading organization concerned with export issues -- could have made an important contribution with its unique perspective.

EPADU's lessened activity on policy matters has not gone unnoticed by GOU, donor, and private sector officials. A MFEP official noted that he is surprised that EPADU has not addressed problems relating to drawback procedures or the constraint posed by the appreciation of the shilling. In parallel fashion, the

Grain Exporters Association has been frustrated by EPADU's inattention to its constraints. Despite this, it is still believed by most interviewees that EPADU could again assume a role on policy issues, given its reputation for intellectual honesty and access to senior levels of government.

3. Export Development Function

EPADU has done a good job in listening to the needs of the private sector and has strived to be results-oriented. After the last review was undertaken in 1991, it was decided that EPADU should focus less on trade fairs and overseas missions and more on specific assistance to firms. (One result of this was the creation of the Operational Constraints Analysis program undertaken with the APDF as discussed below). The export development advisor notes that the vast majority of his workload consists of one-on-one consultations, focusing on identification of buyers and operational managers. Similarly, EPADU's assistance in gaining organic certificates is seen as a practical way for Ugandan exporters to create less vulnerable, higher profit niches.

The Chairman of the Horticultural Exporters of Uganda commended EPADU for coming to the private sector to ask what the unit could do to help. He believes that EPADU's close collaboration with the private sector resulted in more specific, and therefore more useful, studies and seminars. In terms of sector studies, all but the one on essential oils was demand driven. EPADU also did not make the mistake of undertaking generic feasibility studies. Consequently, the technical assistance provided has been appropriate, at least in terms of export development.

EPADU's sector-specific studies have generally been considered useful in providing a first step for potential exporters. Some observers noted that it would be useful if all the studies identified likely customers by sub-sector while others noted that this is unnecessary, particularly for projects with foreign participation. Some firms requested that future studies present more information on product specifications (required size and shape of vegetables for example). The most common criticism leveled at the studies is that they are overly pessimistic. However, the export development advisor argues that one of the most positive outgrowths of the studies is that they demonstrated that Uganda has comparative advantage in only a few products. As a result, the studies have helped to focus investors on the best opportunities by exposing them to the realities of the marketplace.

4. Administration

EPADU has 20 staff members, including the Director, the Deputy Director, three professionals, and 14 support staff. In general, the size of the professional staff appears reasonable, although the number of support staff is high. EPADU management argues that the size of the support staff is in line with other institutions. However, the ratio of support staff and professionals appears to be more balanced at the UIA. EPADU has not strictly implemented an organizational structure and in a relatively small institution, there are good reasons to remain flexible with regard to job responsibilities. This approach seems to have worked well for EPADU.

Unlike the UIA, EPADU was designed to be a temporary institution. Once the policy environment was significantly improved, the unit would be disbanded. This planned obsolescence may be partly attributable for the fact that EPADU has generally been more reactive and less concerned with creating organizational plans, procedures, etc.[37] Nonetheless, EPADU's effectiveness could have been improved by a slightly more systematic approach. One example of this is that the unit's steering committee has not met in two years. While EPADU has continued to operate well on the export development side, a steering committee would have likely forced the unit to be more pro-active in terms of policy and regulatory constraints.

Despite the theoretical linkage between EPADU's export development and policy functions, EPADU staff have difficulty expressing how this linkage has worked. While EPADU does have regular staff meetings, it appears as though communication lines in the organization do not work as well as they could.

Although the availability of good statistics remains a problem for the GOU, EPADU was expected to collect information to provide good baseline comparisons for project monitoring. Two exporter surveys were conducted, the last in 1992, but none has been completed since that time. In addition, EPADU has not begun the operation of a computerized data base to track exports. Part of the reason for this is that the systems manager post is vacant. However, the absence of such a system has made it more difficult to quantify EPADU's positive contributions.

B. Uganda Investment Authority

1. Background

The UIA is a statutory body established under the 1991 Investment Code. Originally, the UIA was created as a condition under SAC I and was to be financed by the World Bank. However, because of unforeseen delays, USAID was asked by the GOU to assume the organization's recurrent expenses. USAID was able to respond to this request through the use of local currency funds. USAID's commitment to funding the UIA extends through June 1994.

The GOU and the UIA expect that the World Bank will assume recurrent expenses sometime in the second half of 1994. As part of the process for assuming this role, the World Bank will be undertaking two short studies over the next two months. One study will involve interviewing foreign investors in London and Bombay who once expressed interest in establishing operations in Uganda but have not proceeded. The World Bank hopes that this study will highlight the constraints that Uganda faces in attracting foreign investment. The second study will be undertaken by an investment promotion practitioner in the Far East who will conduct a short institutional analysis of the UIA. This will allow the Bank to tailor its support to the UIA in the most appropriate manner. If the World Bank does not assume these expenses, the UIA will not be easily sustainable.

[37] EPADU's export policy advisor has proposed a restructuring of the unit and a workplan for a series of studies but the document has not yet been agreed upon.

The UIA has been in operation for slightly over two years. There is an unusually wide range of opinions on the effectiveness of the UIA by public, private, and donor officials. Part of the reason for this is because although the UIA is still a young organization, it has become very visible and connected to the highest levels of the GOU. Moreover, the staff is well-paid and one of its principal functions is to reduce bureaucracy -- a role which often comes into conflict with other government agencies. As a result, the UIA has been a natural target for criticism.

The UIA has yet to undertake a local public relations campaign to demonstrate its success. A press release any time a company does a groundbreaking, starts production, or makes its first export would be an important means to generate support and loosen government bureaucracy. The UIA has not helped its cause by reporting that it has attracted approximately US$1 billion in investment on over 500 projects (the number refers to the intended investment stated on approved applications -- many of which will likely not proceed or will not occur on the scale originally envisaged) without a full explanation of what this is likely to represent.[38] A UIA survey conducted in June shows that 65 percent of the projects licensed have been implemented; of these, 38 percent have started commercial operations, 16 percent are under construction, and 11 percent are in initial implementation. Of these projects, over US$150 million in fixed assets has been invested under the Code (and 3,700 jobs have been created). While substantially under the US$1 billion figure, US$150 million is still a very impressive amount of investment for two years of work.

2. Administration

As a young institution with a difficult mandate, the UIA has made significant progress. The UIA has an active Board of Directors with strong representation from the private sector. However, there is a perception that the Board could play a more active role in pushing the UIA's agenda given their substantial influence. While linked to the Ministry of Finance and Economic Planning, the UIA enjoys a great deal of autonomy. The staff of nearly 40 people includes 20 professionals. The hiring process -- despite occasional external pressures -- has reportedly been very transparent and the quality and intelligence of the staff is well-evident. The UIA has been able to hire appropriate personnel as salaries are strongly competitive with the private sector.

The implementation plan for the UIA was conducted by Maxwell Stamp and paid for by the ODA. The document notes that the UIA should have a staff of 28-33 people and that this should be sufficient to handle the nine applications expected to be received each month. While UIA staff has expanded somewhat from the original guidelines, the number of applications received has averaged three times the level expected (27 per month). Since July 1st of this year, the number of applications per month has averaged 34. Consequently, UIA staff are working long hours to process applications and reduce the bureaucracy faced by investors.

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[38] Based on experience from other countries, minimum investment levels used in the Investment Code encourage applicants to overstate intended investment.

The UIA's technical advisors and Board have been diligent in formulating organizational development plans. Strategic goals are clearly laid out and are sufficiently ambitious and realistic to be appropriate for guiding the institution. A well-conceived "Organization Guide" lists the functions and responsibilities of each division and unit. Similarly, the UIA has specific job descriptions for all professional staff members and salary levels have been kept competitive by undertaking a comparative survey of employee compensation and benefits.

3. Promotion

Despite its generally positive performance, the UIA is also hampered by a number of weaknesses. A recent study was completed in June which outlined Uganda's "Resource Endowment and Investment Opportunities." This report laid out a number of sectors and target countries with good potential for attracting investment to Uganda. Despite this study, UIA officials are not able to clearly delineate their target sectors and markets. This is a concern, as the UIA is about to embark on a more aggressive overseas promotional campaign. The UIA believes that the "walk-ins" who have been investing in Uganda generally represent smaller investments that may be less beneficial to Uganda. Despite the large number of applications and needs of current investors, the UIA believes it can manage this added role given its recent improvements in the facilitation process.

It was surprising to learn that UIA officials do not consider Kenya to be a competitor. Kenya certainly regards Uganda as competition and the Maxwell Stamp policy study noted that it "is relevant to compare Uganda's tax holiday provisions with those of Kenya, with Kenya being a next door neighbor and a principal competitor." Given the current onslaught of applicants and their needs, the UIA should reconsider planned overseas investment missions until it can solve existing investors problems and develop a stronger promotional focus and message.

4. Investor Facilitation

While the UIA is in theory a one-stop shop, the UIA does not have the authority to unilaterally make all necessary decisions as implied by the term. Consequently, the UIA must assist investors in registering companies, obtaining land, applying for work permits, clearing imported goods, and accessing necessary utilities. The division that handles these tasks is the largest in the UIA and cutting through red tape -- rather than screening applications -- comprises 70 percent of the division's time. (However, recent improvements made with the Tax Commission and immigration authorities should reduce that figure.) While some investors state that the UIA requires too many forms when assistance is required and that the UIA can sometimes become an additional bureaucratic step to pass through, most investors note that the UIA significantly eased their implementation.

The fact that applications are typically approved within two weeks demonstrates that delays are not due to the UIA investment process.[39] Nonetheless, improvements can be made to the approval process. The UIA claims that projects are only examined to determine whether they would a negative impact on worker safety or the environment. In fact, one of the advisors to the UIA would like the screening process to be somewhat more stringent; this would be a mistake in the opinion of the evaluation team.

5. Policy Analysis

The UIA is supposed to make recommendations on investment policy. To date, the UIA has been less aggressive than it could have been in terms of policy reform although it should receive credit for lobbying for opening competition in the telecommunication and electricity sectors.

There is a need to revise the Investment Code as it has a number of inconsistencies and ambiguities. Moreover, the granting of tax holidays to import-substitution firms, restaurants, and property construction is unusual and deserves revision. However, there is a reluctance to amend the Investment Code for fear that all incentives will be gutted.

The UIA's proposed revisions to the Code were, overall, not far-reaching enough. Weaknesses of the UIA draft Code include:

- restriction on foreign land ownership remains;
- the three to five year tax holiday is not especially attractive given that few firms make profits in their first years of operation and the Code does not allow for losses to be carried forward once the tax holiday has ended;
- the import certification system remains;
- provision that firms are tied to loan limits as determined by the Bank of Uganda after consultation with the UIA is still in the draft Code;
- provisions on the transfer of technology remain onerous;
- a clause should be included which allows for private provision of telecommunications and electric facilities; and,
- a minimum investment level of US$300,000 for foreign investors is too high, discriminates against labor-intensive industries, and forces the UIA to become involved in monitoring actual investment levels.

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[39] See "Review of the Institutional Structure for Investment and Export Promotion," The Services Group, June 1993.

Despite these shortfalls, the performance of the UIA at this stage of development must certainly be considered positive, particularly in comparison to organizations of its type at similar stages of development. In general, the private sector views the UIA services as necessary and helpful, and the staff is perceived as being professional.

C. APDF/OCAP

The Operational Constraints Analysis Project (OCAP) is a discrete but parallel program operated by USAID with the assistance of the Africa Project Development Facility (APDF). This assistance was formulated after it became apparent that the sponsoring of trade fairs and missions were generating disappointing results and that effectiveness would be enhanced if specific assistance could be provided to individual enterprises. The OCAP became operational in September 1991 and has been extended through June 1994.

The role of APDF is to conduct feasibility studies for projects with capital investment above US$500,000. Then, if the project is viable, the APDF assists the investor in finding additional finance.

By September 30, 1993, APDF had received 72 applications through EPADU. APDF ended its promotional campaign fairly early in the process in order to conserve time and resources. Consequently, only a few applications have been received over the last year.

Of the US$700,000 USAID gave as a grant to the project, US$204,554 is available for further allocation (in addition, APDF is contributing US$200,000 for a total project cost of US$900,000). In addition, US$100,000 is reserved for small projects that will require amounts under US$20,000. However, only one of the projects which APDF has assisted or screened has required assistance for an amount less than this. Given APDF's concern about the project's time limitation, APDF elected to concentrate on larger projects. APDF noted that small projects are no less time-consuming than larger projects. Despite this fact, the APDF is confident that the balance of funds will be fully utilized by the end of project.

Though similar in orientation, the OCAP is differentiated from EPADU activities. The differences include:

- while EPADU will examine business plans, it does not conduct feasibility studies; and,

- EPADU assists both large and small investors while APDF limits assistance to projects above US$500,000 (although in special cases assistance can be offered to firms representing investments as small as US$250,000).

Both APDF and EPADU note that the two organizations have been well coordinated. EPADU gives APDF assistance on finding and screening potential applicants, provides initial technical assistance, and helps to monitor projects after start-up. Although EPADU is not formally involved in the APDF evaluation process, it does play a role in determining how money is disbursed.

Although not formally a part of OCAP, coordination has also occurred in other ways. APDF assisted the vanilla project with a feasibility study, and identified a buyer and financing. Subsequently EPADU provided extension services to ensure quality control.

Feedback on APDF was generally positive, and at least two investors stated that the projects would not have proceeded without their assistance. One promoter felt that he never would have obtained financing without the OCAP while another stated that APDF played a critical role in identifying the buyer as well as financing. However, others that had applied for assistance felt that APDF did not take them seriously, and that they were never sure exactly what was required of them. Questions regarding the marketing strategy pushed by APDF were raised, as well as the cost of assistance compared to the value received. One investment group noted that the fees and trial program required were almost equal to the total cost of assistance for which they applied. Another applicant claimed that after two years she had still never received a response from APDF or EPADU.

As a grant, OCAP assistance was restricted to companies with significant indigenous Ugandan involvement. While the rationale for this is understood, this restriction prevents the maximization of project output. APDF officials note that 3 to 4 more projects would likely have occurred if Asian Ugandan firms had been eligible. If one of the objectives of the ANEPP project is to increase exports and jobs, this type of criteria should not be utilized.

APDF's most recent status report (September 30, 1993) notes that the project has faced a number of constraints which include:

- sponsors have great difficulty meeting the minimum equity requirements;
- almost all the applicants required extensive assistance in project planning and finance;
- a large proportion of the promoters are lacking in general export experience and specific experience in the business they are promoting; and,
- because most of the products are new to Uganda, there is a lack of in-country expertise.

In addition, APDF has had difficulty in collecting fees although APDF staff members noted that they have been less diligent than they should have in this regard. Currently, only US$30,000 of the US$104,500 in fees agreed upon have been collected for a collection rate of less than 30 percent.[40]

[40] US$16,000 of this amount has not yet been billed.

Despite these constraints, the project has already assisted the 5-8 project sponsors originally anticipated. With an expected delivery of eight projects by June 1994, the average cost per completed project will be US$112,250. This figure is slightly above the range found on other APDF regions:

- Poland -- US$80,000/project;
- Ghana -- US$100,000/project;
- South Pacific -- US$100,000/project; and,
- Caribbean -- US$200,000/project.

APDF officials noted that Ugandan costs were slightly above average as the Ugandan program is the only one where APDF provides post-finance assistance. The post-finance assistance roughly doubles costs, but is believed to substantially increase the sustainability of projects.

IV. ANEPP DESIGN AND IMPLEMENTATION ISSUES

A. Design Issues

The design and implementation of the ANEPP project activities showed a number of strengths and weaknesses. Perhaps the overriding characteristic of the project has been its flexibility. In a sense, this characteristic has proven to be the project's greatest strength <u>and</u> weakness. As will be discussed elsewhere in this report, the project has been weak in the preparation of work plans, progress reports, and baseline statistics. Despite this, the project has managed to succeed because of appropriate personnel, properly chosen concentrations, and overall improvement of the Ugandan economy.

ANEPP has been amended on a number of occasions since its start-up as USAID/Kampala has used a practice of "rolling design." As such, an amendment has typically been prepared with a small amount obligated to a few specific program activities and, as needs arise, USAID has had the flexibility to meet them. A perfect example of this is the UIA. Originally, the UIA was created as a condition under SAC I and was to be financed by the World Bank. However, because of unforeseen delays, USAID was asked by the GOU to assume the organization's recurrent expenses. USAID was able to respond to this request through the use of local currency funds. Consequently, USAID was able to finance an institution which has played an important role in the implementing of the GOU's liberalization efforts. On the negative side, the UIA was not part of any USAID project design and there are no USAID guidelines or targets to determine the performance of the institution. As one UIA advisor noted, "the flexibility has been great, but I have never worked on a project without a project document or clear set of objectives." Fortunately for USAID, the UIA has been diligent in creating detailed organizational plans and targets and has received strategic direction from its Board of Directors.

Flexibility has also been shown by EPADU's actions which has ensured that the technical assistance of EPADU's export development side has been appropriate. The present long-term technical advisor on export development was to concentrate on post-harvest handling. In fact, this aspect has comprised only a small portion of the day-to-day activity of the advisor who has focused much more on production and the identification of buyers and managers. Similarly, this advisor was expected to be in the field for 4.5 out of every 5 days. But the demands on his time have forced him to remain in the office to handle questions from interested parties.

The creation of EPADU as the project's implementing agent had both positive and negatives. On the positive side, it allowed USAID to support market-oriented reforms in a crucial ministry. EPADU's attachment to the Ministry, while simultaneously remaining outside the civil service, meant that highly qualified personnel could be recruited, without depriving the unit of access to the GOU. On the negative side, the inclusion of export development function within the EPADU (because of the correctly perceived weaknesses of the UEPC) has caused an inordinate amount of time to be spent dealing with inter-Ministerial turf battles. That being said, the export development tasks would have had less impact at the UEPC, which, at least on paper, would appear to have been a more logical institution in which to base these activities.

One concern about EPADU on the export development function is that the institution is strongly dependant on the long-term advisor. While this comment is in part a reflection of the advisor's critical role, there is a perception that his practical knowledge has not been transferred to the Ugandan staff. This transfer of skills has been complicated by the fact that no GOU counterpart was ever identified. As such, departure of the advisor will result in a real loss of knowledge for Uganda. However, it is unlikely that 20 years of experience could be transferred within two years even if a counterpart had been named. Moreover, the absence of a constant counterpart probably allowed the advisor to be more efficient and responsive to investor needs. This decision has meant that some institution building has been sacrificed for quick start-up of the project. Given Uganda's need to move forward on NTEs, this approach was justifiable.

While the export development advisor is widely acknowledged as playing a critical role in the development of NTEs, it is interesting to note that until recently EPADU had no long-term advisor for policy related matters. This is unusual, given the unit's heavy policy focus. EPADU has been virtually inactive in policy matters for two years. The absence of such an advisor is at least partly responsible for EPADU's loss of direction on policy issues following its initial success on this matter.

The institutional contract on the export development side enabled EPADU to access hands-on specialists in a number of fields. A similar arrangement for policy issues would have allowed EPADU to address some of the difficult regulatory issues requiring practical specialists in Customs, financial policies, and air cargo regulations that could have eased the environment for non-traditional exporters.

The performance of the GOU on ANEPP has generally been satisfactory. In terms of the conditions precedent, the GOU generally fulfilled all but the objectives which related to the Export Development Framework. Conditions precedent were thus met on commercial regulations, foreign exchange markets and prices, financial system development, and privatization. In addition, the GOU has given strong support to EPADU and has also been a fair and open partner for this program.

Weaknesses in the GOU performance relate to the difficulties in resolving the EPADU/UEPC battle over export development functions, although fault also lies with USAID on this matter as USAID knowingly duplicated the export development function of the UEPC within EPADU because of fears that the UEPC would be ineffective. As such, it has exacerbated bureaucratic infighting between the MTI and MFEP.

1. People Level Impact and the BOP Deficit

A second design issue which emerges is the fact that efforts to promote people level impact and reduce the BOP deficit may require different types of assistance. For instance, it was noted that some crops such as tea, cotton, maize, beans, vanilla and chillies are largely produced by smallholder farmers. Hence, increasing exports of these crops will generally lead to a wide distribution of income benefits and provide some relief to the deficit.

However, in areas where sophisticated production skills and high capital costs are involved, such as flowers and fresh vegetables, chances of success are much greater for larger scale producers who are familiar with producing for these highly competitive markets. While the income benefits from this type of production system may be limited to the owners/operators and a few employees, the potential to generate considerable foreign exchange earnings is higher.

Given the present situation in Uganda both approaches are needed and, since they require different promotion capabilities, efforts to promote agricultural exports need to explicitly account for this. Hence, as a design feature, efforts to assist in the promotion of agricultural exports need to explicitly spell out the assistance required to attract potential investors to engage in exporting flowers and fresh vegetables as well as what types of assistance are needed in promoting exports of smallholder based crops. For instance, efforts to attract large scale investors to establish floriculture enterprises would require assistance along the lines which is provided by the UIA while assistance to the production of export crops by smallholders would require more effort on extension services.

The IDEA project addresses this issue by identifying two specific target groups. They are:

- Low value crop exports (primarily maize and beans) to regional markets that will increase incomes of a large number of farmers, most of them smallholders, marketing agents and exporters; and

- High value exports (cut flowers, spices and essential oils, vegetables and fruits) that will provide substantial returns to a relatively small number of producers and exporters but will enhance foreign exchange earnings.

Assistance to the first target group will consist of maize and beans research; multiplication and distribution of improved seed; market information and contacts; and, extension services. Assistance to increasing high value crops includes: high value commodity research; customized technical assistance; and market information and market contacts.

However, the project does not focus on what might be called medium value exports (tea, cotton and tobacco) which contribute a lot to export earnings and are largely produced by smallholders.[41] While there may be good reasons not to include these as target groups in the IDEA project, they remain important agricultural exports accounting for over 35% of non-coffee agricultural exports in 1992/93. Hence, assistance to increasing export of these crops should not be overlooked.

Similarly to IDEA, future amendments to ANEPP need to build in the same considerations into the policy agenda. This is becoming more important as ANEPP, IDEA and other export assistance programs begin to address second-tier constraints. As noted earlier in this report ANEPP has done a good job of addressing the most immediate constraints that ALL exporters were faced with. However, when addressing second-tier constraints it will become necessary to examine policy constraints to exporting low, medium and high value crops as well as constraints faced by large and small producers.

B. Implementation

1. Mission Response to the Recommendations of the 1990 Evaluation and Recommendations for Improving Monitoring and Evaluation Activities

The 1990 impact evaluation found that evidence of impact at the rural producer level was lacking and recommended adequate baseline data collection and monitoring be undertaken. As a result, funding was provided to EPADU for a series of studies, a producers survey, a vanilla survey, an exporters survey and analysis of national export data. The producers and exporters surveys provided more information on constraints to NTAE development than on people level impact of NTAE development. Therefore, to ensure that measurement of people level impact (in this case increased rural men's and women's incomes from NTAEs) would be carried out, closer attention to the design and implementation of a monitoring and evaluation system was provided for under ANEPP amendment 3. The mission intended to support an M&E system through three specific interventions:

[41] Unlike ANEPP, these crops are not considered to be NTAEs in the IDEA project.

a) Strengthening EPADU's role in collecting impact information.

EPADU is closely tracking the performance of firms assisted through OCAP and has commissioned two excellent studies of vanilla growers in Mukono, both of which provide impact information on these activities. However, while funds are available to undertake follow-on exporter and producer surveys, these have yet to be carried out. (The exporter survey is currently in the planning stages but it is unclear whether it has been revised to obtain information necessary to report on people level impact).

The data collection system established to monitor actual exports has also been floundering in recent months. Emphasis within the ministry responsible has shifted towards the revenue authority and computers assigned to the export information system are being occupied on other tasks. Furthermore the system for reporting on exports have been changed twice in the past year. Consequently there are some questions regarding the validity of export data for the second half of 1993.

In order to overcome these difficulties and to further strengthen EPADUs role in collecting and analyzing impact information, the following are recommended:[42]

- Similar monitoring systems to those employed for the OCAP and vanilla program should be established to track the performance (increased volume and value of exports and jobs created) of firms assisted by the export development unit of EPADU.

- EPADU should evaluate the impact its seminars, study tours and technical papers are having on export development.

- Agreement should be reached on the objectives for both the follow on exporter and producer surveys. These should then be revised and implemented without further delay.

- EPADU/USAID should monitor export data collection and, if necessary, undertake dialogue with the ministry concerned to ensure that computers purchased to process export data information are reassigned to this purpose. Problems related to export data collection and processing should be reviewed and measures to overcome them implemented.

b) Contracting with a local firm to provide baseline data that can be used in measuring changes in rural men's and women's incomes.

The third amendment to ANEPP's monitoring and evaluation plan provided for a pilot survey. The purpose of this survey was 1) to provide baseline data against

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[42] All data should be collected in a gender disaggregated manner. Analysis should include examination of gender differentiated constraints and or impacts.

which changes in rural mens's and women's income could be measured, and 2) to relate these changes to NTAE production by comparing the expenditure patterns of NTAE producing and non producing households. A secondary purpose of the survey was to collect gender disaggregated data on intra household decision making related to NTAE production and the disposition of profits accrued from NTAEs.

In addition to the pilot survey, it was envisaged that a buyers survey would be undertaken to determine: 1) what percentage of produce sold is exported; 2) the numbers and types of people involved in the NTAE chain; and 3) the benefits which accrue to them from NTAEs. Finally the mission intended to link total export earnings to resulting household incomes through the use of marketing margins and crop budget data.

A pilot survey was undertaken in September 1993 and preliminary results were made available to the evaluation team. However, the survey did not fully address the original terms of reference as laid out in 3rd ANEPP amendment. Rather it was decided that it would be more appropriate to analyze existing national data sets (the HBS 1989-90 and the IHS 1992) and conduct a supplemental survey on gender as a factor in the control of household assets and decision making. Unfortunately the National Data sets were not ready to be fully utilized and the firm hired did not have the capability to undertake the required analysis. Furthermore, the supplemental survey which targeted specific NTAE producers, could not ascertain to what degree NTAE production had changed either individual men's or women's or household incomes or expenditures or reasons for the gender imbalances identified. Repeated visits over the course of a year would be required to achieve such an objective. The survey did however provide useful qualitative information on how income from NTAEs is spent, intra household decisions making, access to resources and control over NTAE production and sale.

In order to improve the missions ability to track ANEPPs impact at the goal level the following are recommended:[43]

i. The mission should obtain data sets from the HBS and IHS and determine how these can be used to meet their program and project monitoring and evaluation needs. Particularly with the 1992 IHS, efforts should be made to compare average household expenditures in NTAE producing districts with their respective regional average household expenditures.

ii. The mission should select specific export crops to study in further detail to obtain additional information on who, and how many others benefit from increasing NTAEs. This analysis would include examining the marketing chain to determine income benefits accruing to traders, transporters, packers, sorters, exports and others. It should also include analysis on beneficiaries from increased input usage. This information should be used in conjunction with data on export volumes and earnings to determine net national household incomes derived from these NTAEs.

[43] All data should be collected in a gender disaggregated manner. Analysis should include examination of gender differentiated constraints and or impacts.

iii. The mission should define a precise target group of NTAE producers and commission a baseline survey of these producers. The baseline should ascertain household expenditure levels (which can then be compared with data from the HBS and IHS or, if this is not possible, with a control group), household involvement in NTAE production, and the roles and responsibilities of all household members in the production and sale of these commodities. These households should be revisited regularly over the life of the project to: a) track changes occurring (particularly those related to women's work loads and household welfare); b) relate the specific household data to national figures; and c) inform future design efforts.

iv. The mission should ensure that all ANEPP implementing partners develop their own monitoring and evaluation systems.[44] These systems should establish links between implementing partner's activities and ANEPP's goals and purpose by, at a minimum, reporting on relevant indicators.

v. Follow through with plans being developed for monitoring the environmental impacts of the program/project.

c) A Prism team visited Uganda in November 1993 to develop indicators for USAID/Uganda's ANR portfolio.

The ANEPP evaluation team has not seen the results of their visit. However, it is clear that if ANEPP is to be extended, additional work is necessary to effectively monitor impact on rural men's and women's incomes. The recommendations made in this report should be compared with those of the prism team as ANEPP monitoring and evaluation is incorporated into USAID's monitoring and evaluation effort for the agriculture and natural resources sector.

2. Mission Response to 1991 WID Evaluation and Recommendations for Future Action

A mission-wide women in development assessment conducted in April 1991 identified the need for ANEPP to:

- expand exports and increase information resources to women entrepreneurs;

- conduct producer surveys to access the impact of vanilla production on male and female farmers; and,

- increase capital available to female and other small scale entrepreneurs.

[44] Both OCAP and VOCA have systems in place proving that M&E activities are not only possible but extremely useful.

Suggested activities included:

- Survey of potential exporters to identify successful small and medium scale entrepreneurs who, with information on markets and export regulations, could become exporters. To date activities have centered more on alleviating the constraints of existing exporters rather than developing the potential of non-exporters.[45]

- Gender sensitization training for EPADU and USAID/Uganda staff. Training given to USAID and ANEPP partners, January 1992.

- Survey to access the impact of vanilla production of male and female farmers. Undertaken in 1991 with a follow-on study in 1992/93.

- Increasing capital available to female and other small scale entrepreneurs. One hundred thousand dollars of the funds allocated for the OCAP program were intended for small scale entrepreneurs, it has not proven practical for APDF to entertain any projects under $ 250,000. USAID/ANEPP facilitated the opening of a line of credit for silk producers at the cooperative bank. Many NTAE firms and associations with whom ANEPP works provide credit in cash and kind to primary producers. None the less all implementing partners of ANEPP agree that crop and other types of finance for small and medium scale entrepreneurs remains a significant constraint to NTAE expansion.

As shown in section II.F.3., women are actively involved in the NTAE sector both as large scale, medium scale and small scale producers and exporters. However, women continue to face information, resource, financial, and time constraints to their increased involvement. In future ANEPP[46] should:

- Focus attention on increasing women's access to extension, improved seeds and agricultural inputs for all NTAEs not just vanilla.

- Continue work to reduce the gender gap in vanilla production.

- Assist individual women entrepreneurs and women's groups to develop markets for their products.

- Increase the participation of female NTAE exporters and producers in EPADU seminars and exposure tours.

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[45] The Uganda Women Entrepreneurs Association (UWEAL) continues to view access to information as a serious constraint to women's increased participation in the NTAE sector making it possible for men to "hijack" their operations as they stumble over export documentation, packaging or finance. UWEAL is committed to the philosophy that the more women obtain knowledge, the more they will be empowered.

[46] Some of these recommendations are perhaps more appropriate to IDEA than ANEPP which the evaluation team regards as a companion to ANEPP rather than a completely separate project.

- Increase women's access to crop and other types of finance.

- Identify gender based constraints faced by potential NTAE producers and exporters in addition to working on alleviating the constraints faced by women already engaged in the sector.

- Continue to track both labor and income allocation within households to ensure that the benefits of increased NTAE production are not overshadowed by the increased burden on women's time and the potential negative consequences this infers. If negative consequences become evident it will be necessary to develop mitigating measures and/or revise project/program design and implementation.

- Continue to work towards the economic and social empowerment of women such that they will be able to exert control over the income generated by their labor in NTAE production.

3. Mission Management/Policy Dialogue

The 1990 evaluation report pointed at that the ANEPP policy dialogue was carried out at a very senior level, noting that this could make the success of the program dependent on a few key individuals in the mission. The perception of team members on this evaluation is that this situation has improved. It is our observation that the Project Officer, the Mission Economist and the Mission Director are all involved in policy dialogue at various levels.

V. CONCLUSIONS, RECOMMENDATIONS AND LESSONS LEARNED

A. Conclusions

Overall, ANEPP has had a positive impact on the Ugandan economy both in terms of increasing income and increasing foreign exchange earnings. The evaluation team is confident that the approach taken is correct noting that the development of NTAEs takes time, particularly in a country which faced the constraints Uganda has encountered, and the critical mass needed has not yet been assembled. But policy changes and the development of a NTAE knowledge base have occurred; these developments are setting the foundation for future growth in this sector.

The mission staff has performed ably in juggling the myriad elements of the project. The GOU has placed the growth of NTAEs at the forefront of its economic strategy and has played a critical role in the success of this project. The institutions involved -- EPADU, UIA, APDF, and VOCA-- have also performed satisfactorily.

The evaluation team believes that if the recommendations suggested below are implemented, the progress of ANEPP could be accelerated. Proposals for future conditionalities, technical assistance, institutional development and follow-up activities are addressed below.

B. Recommendations

1. Future Conditionality

There are a number of conditions precedent which would be appropriate for a future ANEPP amendment. As discussed above, despite the significant improvement in GOU macroeconomic policy, numerous second-tier policy and regulatory constraints remain. Many of these constraints are particularly harmful to the development of non-traditional exports. Focusing on these issues is also considered appropriate by the World Bank economist who noted that "no one is really addressing regulatory reforms." Potential conditions precedent are:

- An export incentive package should be created. This would entail the establishment of mechanisms to reduce duty and tax rates comparable to those existing in competing countries. Incentives should be available to both partial and full exporters. Average time for receiving duty drawback payments should be dramatically reduced or better yet, a post-audit duty-exemption scheme for exporters should be created.

- Customs operations should be streamlined. As such, Customs should evolve from 100 percent inspection to spot checks and goods should be cleared within 48 hours.

- Remove the prohibition for the remittance of profits and dividends from Uganda if the foreign investor has any local loans.

- Reduce landing fees, handling charges, and other costs associated with air freight to international levels. Any remaining barriers to competition should be terminated.

- Establishment and operationalization of a new restructured UEPC with sufficient autonomy and private sector representation.

- Ensure that line ministries and other agencies cooperate fully in implementing the Investment Code.

- Revise the export refinance scheme so that it meets the needs of exporters.

- Revise the tax system for smaller and more rural entrepreneurs, making it less subjective.

- The cold storage facility which is being funded by USAID should have private sector management. This will help ensure that the facility is efficiently run.

2. Future Institutional Development

Much debate has taken place on the future institutional structures that will serve as Uganda's export and investment promotion organizations. The Cabinet decision last year to place EPADU's export development functions in the UEPC should be respected. In addition to the Cabinet decision, USAID has made commitments to the rationalization of these organizations. To go back on these commitments at this point -- as pointed out in a number of interviews -- would do damage to USAID's credibility with the GOU, and not just with the Ministry of Trade and Industry.

The segmentation of the export development and policy aspects is not considered a significant obstacle for export development. First, EPADU has done little in the way of policy since 1991. Second, the linkage between EPADU's two divisions does not appear to be as strong as it was presented. Third, linkages can be created through joint Board/Steering Committee participation.

Once IDEA and the new UEPC are operational, EPADU should end its export development activities. This does not necessarily mean that IDEA should be linked to a new, restructured UEPC. However, should USAID be satisfied with the operation of the new UEPC, USAID should consider strengthening the linkage between IDEA and the UEPC as a means of facilitating institutional development. Alternatively, if an umbrella exporters' association is finally established with broad-based support, USAID should seriously consider placement of IDEA in that organization. In this manner, IDEA can serve as a carrot to either a private sector exporters' association or to the new UEPC.

Despite the loss of its export development function, it is believed that there is merit in maintaining EPADU's semi-autonomous framework. The present structure gives EPADU, the GOU, and USAID the best of both worlds. Its link to the Ministry of Finance and Economic Planning gives it access and clout; its existence outside the civil service allows it a degree of autonomy and the financial flexibility to recruit personnel of a higher level than if it were folded back into the Ministry. By being totally outside of the Ministry, EPADU would have little ability to implement improved regulatory procedures and would be considered either overly academic or representing a special interest group.

These characteristics will be necessary if the Export Policy Unit is to undertake -- as recommended -- the more difficult second step of improving the regulatory environment. While the export development side of EPADU has enjoyed access to specialized high- value horticulture expertise, to provide hands-on assistance in identifying opportunities and producing non-traditional exports, nothing similar was in place for policy and regulatory concerns. Therefore, it is recommended that an institutional contract to address these myriad constraints be established. This is necessary, as no one person will be available to address complex issues ranging from Customs to export finance constraints. In addition, the steering committee -- with sufficient private sector representation -- should be revived (and could form the basis of another possible condition precedent). Similar policy implementation programs have been successful in removing regulatory constraints in other countries such as Jamaica, Costa Rica, and Kenya. A senior official at the MFEP was very enthusiastic about this concept.

While it could be argued that an export policy institution be best placed within the Ministry of Trade and Industry, it is recommended that EPADU remain within the Ministry of Finance and Economic Planning. The MFEP is a stronger and more influential ministry; moreover, the most difficult regulatory constraints are more likely to emerge with Customs, the Uganda Revenue Authority and other agencies tied with the MFEP.

There is little likelihood that a policy implementation unit could be self-sustainable. It is recommended that USAID fund the organization through the end of ANEPP and then terminate its assistance. EPADU should not undertake any other activities; overseas branch offices, international advertising, press tours are best left in the hands of the UIA.

There is some concern that continuation of the OCAP would duplicate the Business Analyst position envisaged within the IDEA. However, it is believed that APDF and IDEA will serve two different clienteles. APDF has had significantly more success with larger projects while IDEA's business analyst will serve projects of a smaller scale. The present export development advisor believes that termination of the OCAP would represent a setback as APDF has a great deal of credibility with financial institutions that will take the IDEA project a few years to establish. Thus, ending OCAP would make it more difficult for larger projects to acquire financing. APDF officials note that there is increasing interest in APDF facility due to the demonstration impact of current projects. They estimate that four projects could reasonably be expected to be completed per year for the foreseeable future. To go beyond this, it is recommended that restrictions on assisting Ugandan Asians be lifted.

Additional recommendations for institutional development include:

- Creation of the UIA as a true one-stop shop. This implies an increase in the UIA's power and respect of Investment Code provisions by other GOU ministries and agencies. This condition would drastically cut through red tape and accelerate, as well as ease, the start-up of new investments.

- Increasing financial independence of the UIA. Two possibilities are access to a portion of the one percent import cess that is presently shared by the UEPC, Tourism Board, and the National Bureau of Standards. Senior MFEP and MTI officials consider this a sound approach. Given the present revenue collected from the cess, and the expected needs of these three organizations, there should be sufficient funds available to cover the UIA's recurrent costs. Alternatively, the UIA could charge an application fee of U$$500 for projects requesting tax incentives. This is common in other countries and would provide the UIA with a substantial new source of revenue.

3. Increasing Project/Program People Level Impact

In order to increase the people level impact of ANEPP it will be necessary to concentrate both policy reform efforts and technical assistance activities on NTAEs produced by significant numbers of Ugandan households. It was noted earlier in this report that some crops such as tea, cotton, maize, beans, vanilla and chillies are largely produced by smallholder farmers. Hence, increasing exports of these crops will generally lead to a wide distribution of income benefits.

The types of assistance required (particularly for small scale producers and women) include extension, marketing and business development advice; increased access to appropriate technologies, improved seeds and other agricultural inputs; and increased access to finance. It is our understanding that the IDEA project will provide a portion of its resources to providing or improving these services. The IDEA project targets two specific types of agricultural exports. They are:

1. Low value crop exports (primarily maize and beans) to regional markets that will increase incomes of a large number of farmers, most of them smallholders, marketing agents and exporters; and

2. High value exports (cut flowers, spices and essential oils, vegetables and fruits) that will provide substantial returns to a relatively small number of producers and exporters but will enhance foreign exchange earnings.

Assistance to the first target group will consist of maize and beans research; multiplication and distribution of improved seed; market information and contacts; and, extension services. However, it should be noted that smallholders also engage in the production of some spices (chillies and vanilla) and will benefit from project support to increasing the export of those crops. What the IDEA project does not do is target important smallholder crops such as tea and cotton, where substantial people level impact might occur.

On the policy side, greater people level impact can be achieved through an additional amendment to ANEPP, or a new NPA follow-on program which addresses "second-tier" policy reforms identified earlier in this report (Section II.C.). This assistance should encompass NPA and project activities which assist in stimulating ALL agricultural exports, adding coffee, tea, cotton and tobacco to the two target areas identified by the IDEA project.

4. Next Steps to Increasing NTAEs

It is clear to the review team that there are important steps which need to be taken to continue the policy reform process and complement activities to be undertaken by the IDEA project. The mission should initiate a review of the remaining (second-tier) policy constraints identified in this report to determine their appropriateness. This assessment would include examining the conditionality and recommendations for future institutional development proposed in this report to determine how these changes or reforms would lead to increasing exports. The analysis should also determine the likely impact these reforms would have on generating foreign exchange and increasing rural men's and women's income.

The next step would be for the mission to begin dialogue with the government to determine their willingness and commitment to undertaking these policy reforms and institutional adjustments. The analysis would consider the political constraints to taking such steps and identify potential winners and losers.

The mission should also determine how best to implement such reforms, given their experience with ANEPP to date and their present commitments under the IDEA project. This assessment would include determining the types of technical assistance which would be required to implement these reforms and the level of effort, in time and cost, which would be needed. This review would also consider relevant interventions of other donors.

C. Lessons Learned - 1990 Evaluation

Upon reviewing the 1990 ANEPP evaluation report it seems appropriate to reconfirm some of the lessons learned which were noted. These include:

- Policy conditionality is the critical factor in an effective reform program.
- Physical infrastructure is critical.
- Marketing systems and business infrastructure are crucial.
- Success depends on choosing the best tactical approach to policy reform.
- A sustained capacity for policy analysis supports the reform process.
- Adequate baseline data-collection and monitoring are a must if the benefits of the reform program are to be fully measured.

It is the conclusion of this evaluation team that the six lessons learned stated above have played an important role in the effectiveness of ANEPP and are still important to consider in the implementation of the program/project. The success of ANEPP to date has largely been attributable to the creation of an enabling environment established by the implementation of selected policy reforms. The selection of these reforms was largely a result of program conditionality which was based on sound constraints analysis.

By all accounts improvements to infrastructure have been essential, particularly given the level of deterioration which had occurred in Uganda. Marketing systems and business infrastructure are becoming increasingly important as second-tier constraints. The 1990 evaluation report noted that choosing the best tactical approach was also an important factor for success. It was pointed out that both the demonstration effect of policy changes and the focus on limited manageable policy reform objectives were important. This evaluation team would add that it was also important WHERE the policy analysis unit was located. Since EPADU was located in the MFEP it enjoyed a direct line to the key policy makers which proved invaluable in getting reforms aired and approved.

By most accounts EPADU's capacity for policy analysis played an important role in supporting the reform process. However, this evaluation team noted that the levels of analysis achieved in 1991 and before have not been sustained. This is largely due to the fact that the major policy obstacles had been successfully removed and EPADU was focusing more on export promotion activities. However, the team feels that there are still important policy questions which need addressing and that sustained policy analysis to support these reforms is still worthwhile.

This evaluation team concurs that adequate baseline data-collection and monitoring are important to capture the full benefits of the reform program. It is unfortunate that satisfactory progress in this area has still not been achieved. It has been difficult in the course of this evaluation to adequately estimate the people level impact of the ANEPP program to date. Efforts to document export levels have improved, making it possible to estimate the degree to which the value of exports have increased. The EPADU "Analysis of Customs Data" reports are useful, however these reports can be improved by adding more information on quantities and prices. However, data on people level impact remains extremely sparse. Recommendations regarding improving data collection for monitoring and evaluation purposes have been presented in section IV.B.1.b).

D. Lessons Learned - 1993 Evaluation

In addition to the lessons learned from the previous evaluation, other lessons learned have emerged. These are as follows:

- the dual objectives of people-level impact and reducing the BOP deficit may require different types of assistance if both are to be satisfied simultaneously.

- the elimination of macroeconomic constraints are not sufficient to allow NTEs to flourish. Less visible regulatory and production constraints can have a debilitating impact and must also be addressed.

- flexibility in the design and implementation of programs/projects is an important characteristic. However, this flexibility makes it increasingly difficult to monitor and evaluate progress.

- the people, focus, and ability of an institution to undertake needed actions is as important as the institutional placement of a project.

ANNEX I

ANEPP EVALUATION

STATEMENT OF WORK

1. Activity to be evaluated.

Project Name: Agricultural Non-traditional Export Promotion
Project No.: 617-0113
Date of Initial Obligation: August 1988
Authorized/Planned LOP Funding: US$ 50,500,000
Authorized/Planned PACD: March 1995
Date of Last Amendment: September 1992
Date of Last Evaluation:
July 1990 (AID/W)
August 1991 (*An Analysis of Recent Developments* - Herlehy)

2. Purpose of the Evaluation

ANEPP is due to be evaluated since it has been two years since the last evaluation in August 1991. Furthermore, the Mission and AID/W intend to further amend ANEPP, increasing both the program and the project assistance significantly. The objective of the evaluation is to assess the implementation and impact of ANEPP to date and make recommendations for the future conditionality and institutional development to increase non-traditional exports.

3. Background

ANEPP was established in 1988 to provide support to Uganda, with the purpose of increasing Uganda's range and value of nontraditional exports. ANEPP is composed of both project and non-project assistance. EPADU (Export Promotion and Development Unit) undertakes both activities. Subsequently, ANEPP was amended in 1990, 1991 and 1992 to provide additional resources in support of its purpose. Although the mode of balance of payments support shifted from CIP to cash transfer, the focus on the program remained on assisting the GOU to liberalize the policy and regulatory framework influencing the non-traditional export sector.
From 1988 to 1992, a period which included Amendments 1 and 2, Uganda made significant strides in improving the broad macroeconomic framework, including stabilizing the economy and putting into play an increasingly liberal trade and payments regime. As a result, it appeared that sector-specific policy, regulatory, and institutional constraints were more crucial in a continuing effort to further develop non-traditional exports. Therefore, the 3rd Amendment, signed in September 1992, shifted the emphasis somewhat but continued to build on earlier accomplishments. The focus since 1992 has been more on resolving

issues related to the development of a sound institutional framework for export promotion, and to an improvement in the regulations and statutes affecting trade.

ANEPP has also provided support to producers and exporters of non-traditional exports through provision of technical assistance, training and small grants to overcome operational constraints of individual businesses.

4. Statement of Work

The primary objectives of this evaluation are four: 1.) To examine the problem analysis in the various ANEPP documents and assess the ex post accuracy of that analysis and therefore the appropriateness of the ANEPP interventions; 2.) To determine whether the policy agenda has met its objectives and what actions are necessary in the future to provide exporters of NTEs a favorable macroeconomic environment; 3.) Evaluate the effectiveness of the institutional entities of the project and determine what actions are required in the future; and 4.) Evaluate the "people-level impact" of the project.

1.) Examine the constraints analysis and the appropriateness of the responses

a. Both the original project documentation and that prepared for the 1992 amendment contained problem analyses and indicated how various players (e.g., donors and the GOU) were expected to deal with constraints. Do the evaluators believe that the analyses have proven correct, in retrospect? Did the constraints analyses ask the right questions? Were the constraints appropriately defined? Did resolution by non-AID actors occur as assumed?

b. If the Mission decides to amend ANEPP, do the evaluators have any recommendations to make regarding follow-on constraints analysis?

c. How well did the Mission respond to the recommendations of the 1990 evaluation of ANEPP, particularly in the 1992 amendment and the period leading up to it?

2.) Determine whether the policy agenda has met its objectives

a. Did ANEPP conditionality tackle the right policies? If so, did ANEPP play a significant role in encouraging the reforms that were conditionality elements?

b. Is the policy environment now significantly more conducive to export agriculture than it was earlier? What indicators should be used to measure this?

c. The project purpose for ANEPP is to increase exports. Have exports increased over the lifetime of ANEPP? If so, why? (Exports decreased by several percent is 1992 - why?) We need a relatively thoughtful discussion about the relationship between (1) the policy changes (and other factors) and (2) the change in the value of exports. (Currently, this relationship is merely posited in the project documentation.) In addition, baseline data on levels of chilies, cut flowers, and essential oils and spices exported is needed.

d. What, if any, sector-specific constraints to export growth should be included in future conditionality?

3.) Evaluate the effectiveness of the institutional entities- EPADU, UIA, and APDF

A. Evaluate EPADU as an export policy analysis and export development institution.

a. Is EPADU adequately addressing sectoral reform, i.e. financing (credit policy) and export taxes? What, if any, sector-specific constraints to export growth should be included in future conditionality?

b. Is the Investment Code transparent? Does it facilitate new investment?

c. How effective is the foreign trade approval system?

d. How well does the policy agenda track and support issues identified through the production and marketing program?

e. Is EPADU doing routine progress reports of its activities?

f. How effective are EPADU's activities and are they updated? (e.g. *Exporter's Handbook* and *Exporter's Survey*?)

g. Evaluate EPADU's organization and staffing. Is it too large? Does it have the right mix of TA?

h. The last evaluation stated that the seminars and training activities were too broad. Have these activities been demand-driven?

i. How effective has EPADU been in coordinating activities with other donors so as to avoid duplication? If there has been duplication, how can future conditionality be developed to be more efficient?

The following donors are providing some form of assistance to the stated institutions:

FAO -	horticulture research at Kawanda
UNDP -	Agricultural Ministries
EEC -	horticulture industry, established a private sector horticulture exporters/producers association
World Bank -	UEPC
ODA -	UIA
African Development Bank & East African Development Bank	credit and TA to several NTE industries
DANIDA -	BOP support to agricultural inputs, TA to grains industry

j. What is the most appropriate institutional structure for EPADU? Should it continue to be a free standing entity? If so, how should the issue of sustainability be addressed?

If EPADU should be dissolved into the Ministry what steps are being taken now to facilitate this process?

k. Should efforts be underway to strengthen the Export Promotion Council (UEPC)? What activities could currently be stream-lined between the two organizations?

The Services Group identified (June 1993) the following areas of duplication between EPADU and the UEPC:

- market intelligence and research
- formation/recommendation of export policies
- trade shows
- seminars
- advisory services

l. IDEA will assume primary responsibilities in providing direct support to producers and exporters of NTEs. In that context, what role is there for EPADU in policy analysis?

m. There is a need to evaluate the effectiveness of EPADU's support to producers and exporters (focusing more on delivery than impact, although they're obviously related). How many exporter's does EPADU reach? What mechanisms are in place to advertise EPADU's services?

n. What are areas of possible expansion for EPADU - perhaps overseas branch offices, more international advertising, and/or business press tours.

o. Possible performance indicators:

- number and size of new investments
- number of jobs created
- foreign exchange earnings generated
- number/types of firms that have initiated inquiries
- site visits

B. Evaluate UIA

a. UIA is funded from ANEPP generated local currency with funding for 9 months. When does AID's support end? What activities should be underway to end AID support?

(UIA will continue to be funded under the World Bank after AID's support ends.)

b. Has an external evaluation been conducted recently? If so, does another evaluation need to be done at this time?

c. How well does UIA identify activities of comparative advantage for Ugandan investment?

d. How well does UIA identify potential foreign investors in selected overseas target countries to secure investment?

e. Can the growing dollar volume of investments be attributed to UIA's activities?

D. Evaluate APDF

a. APDF has received a direct grant under ANEPP. Should AID continue to fund them? Are they cost-effective?

b. Are activities undertaken by EPADU and APDF stream-lined to avoid duplication?

4.) Evaluate the people level impact of the project

a. Evaluate the relationship between increases in exports and the livelihood of Ugandans, particularly those who are producers of NTEs. (ANEPP can use the Recon surveys currently underway for vanilla and silk production.)

b. The evaluators should provide suggestions to whether an assessment is necessary of the increase in incomes to non- producers of agricultural export commodities (exporters, drivers they employ, suppliers of packaging, storage, seeds, and fertilizer)?

c. The evaluators should provide suggestions to how to improve the link between ANEPP and Strategic Objective 1 in the CPSP.

d. Whatever indicators are used in this evaluation should be properly identified so that they can be used in future ANEPP evaluations. If interviews of exporters or farmers are conducted they should be able to be contacted in the future. Perhaps the exporters that Herlehy contacted could be interviewed again (He provided names and addresses.). This will provide an indication to whether increases in NTE are due to a sustainable growth process of developing export capacity or a one-shot lucky investment by individuals who have the initial fixed capital. It also gives an indication of the numbers of individuals who were able to export but then became bankrupt for one reason or another.

e. Have women benefitted from the women-oriented activities? (What are the women-oriented activities? Are they properly identified? Are they appropriate to the needs of women farmers and exporters?)

5. Methods and procedures

The evaluation report is to provide empirical findings to answer these questions, conclusions that are based on the findings, and recommendations based on an assessment of the results of the evaluation exercise. The report is also to specify lessons learned that may emerge from the analysis.

An evaluation of the people level impact of ANEPP will require data collection and analysis which will be provided. (Should they use the Recon vanilla and silk pilot study?)

Illustrative Time Table: (3 weeks)

		Days
1.	Read documents	3
2.	Meet/interview EPADU/UIA staff	3
3.	Analyze data	2
4.	Interview exporters	5
5.	Write report	5
6.	Submit draft	
7.	Submit final	3

6. Evaluation team composition

We envision the evaluation team formally consisting of three individuals, although USAID/Uganda staff will also assist in the effort. The Team Leader/Agricultural Economist will be Joe Carvalho of REDSO/ESA. The Sociologist will be Ruth Buckley, also of REDSO/ESA. The Trade Policy Specialist will be Robert Rauth of the consulting firm TSG. The following brief description of individual responsibilities is not meant to suggest that all team members will not participate in the discussion of issues other than those for which they bear primary responsibility.

The Team Leader/Agricultural Economist will bear overall responsibility for putting the evaluation together and managing the team. In terms of the four major areas of focus of the evaluation, he will be responsible for Issue 1 (the appropriateness of the design) and that part of Issue 2 that focusses on the extent to which exports have increased under the project.

The Sociologist will be responsible for Issue 4, the question of people-level impact. Although the Mission has made some headway with external consultants on a survey relating to this issue, addressing this issue will be a very difficult part of the evaluation, and will be closely scrutinized both within and without the Mission.

The Trade Policy Specialist will be responsible for treating the part of Issue 2 that refers to policy change as an ANEPP output, and for Issue 3 (regarding institutional performance). As to the latter, the consultant several months ago participated in a study that focussed on this institutional question.

7. Reporting Requirements

AID's required format for evaluation report is a follows:

-- Executive Summary

-- Project Identification Data Sheet (see below)

-- Table of Contents

-- Body of the Report

-- Appendixes

Outline of Basic Project Identification Data

1. Country
2. Project Title:
3. Project Number:
4. Project Dates:
   a. First Project Agreement:
   b. Final Obligation Date: FY-- (planned/actual?)
   c. Most recent Project Assistance Completion Date (PACD):

5. Project Funding: (amounts obligated to data in dollars of dollar equivalent form the following sources)

6. Mode of Implementation: (host country or AID direct contractor? Include name of contractor.)

7. Project Designers: (organizational names of those involved int he design of the project, e.g., the International Science and Technology Institute (ISTI)

8. Responsible Mission Officials: (for the full life of the project)
   a. Mission Director(s):
   b. Project Officer(s):

9. Previous Evaluation(s):

ANNEX II

ANEPP ITINERARY AND LIST OF PERSONS CONTACTED

CONTACT NAME	ORGANIZATION
TUESDAY 12 OCTOBER	
Jim Dunn	USAID/Uganda
Robin Phillips	USAID/Uganda
Rosern Rwampororo	USAID/Uganda
WEDNESDAY 13 OCTOBER	
Prof. Erisa Ochieng	EPADU
John Balis	USAID/WA
Roger Poulin	USAID/WA
THURSDAY 14 OCTOBER	
Peter Hodgkinson	Statistics Department
FRIDAY 15 OCTOBER	
Prof. Erisa Ochieng	EPADU
Cherly Anderson	USAID/WID
Tuan Nguyan	EPADU
Martin Hogg	UIA
Patrick Nyaika	UIA
Elizabeth Ssemwanga	UIA
Amos Lugoloobi	UIA
Dr. Shetty	BOU/AG. Secretariat
SATURDAY 16 OCTOBER	
Susan Mugabi	Mukono Women's Vanilla coordinator
Victoria Kakoko Sabagereka	Mukono District Representative
Focus Group Discussion	Vanilla Growers
SUNDAY 17 OCTOBER	
National Agricultural Show Jinja, Uganda	Interviews with various exporters
MONDAY 18 OCTOBER	
Christine Nardi	VOCA
Agah Sekalala	VANILLA
Mr. Nsereko	BOU EXPORT FINANCE
Chukwuma Obidegwu	WORLD BANK, Uganda
Margaret Ndekera	AWIAD
James Cartwright	EPADU
TUESDAY 19 OCTOBER	
Hugh Doyle	WORLD BANK Technical Advisor
Maria Fischer	NOWOU
Florence Nekyou	
Pauline Ojonjo	UWEAL

CONTACT NAME	ORGANIZATION
George Rubagumya	UIA
Mr. Nimrod Waniala	EPADU
Mrs. Ndege	National Grain Exporters Assoc.
WEDNESDAY 20 OCTOBER	
Victor Amann	CAAS Project
Mr. F.J. Kasirye, PS	Ministry of Trade & Industry
Rosern Rwampororo with RECON TEAM	
Bidhu Jayal	UNCTAD/MT&I
Mr. Nyakoojo	UEPC
Jane Ulman	APDF
THURSDAY 21 OCTOBER	
Mr. Lule, Mr. Semwezi	COSEDA
Mr. Katamba Mukasa	Sun Trade
Kate Sebag	Fruits of the Nile
William Kalema	UMA
Sarah Kitakule	UMA
USAID/Uganda Staff	USAID (Debriefing)
FRIDAY 22 OCTOBER	
G. Rubagumya	UIA
Dorothy Kanyomozi	World Food Programme
SATURDAY 23 OCTOBER	
Mr. Senyonjo	Nile Roses
Mr. G. Wavamuno	Victoria Flowers
Rene Bartoli	Spear House
Kibalama Katumba	Horticultural Exporters Association
MONDAY 25 OCTOBER	
Mr. Keith Muhakanizi, PS	MFEP
TUESDAY 26 OCTOBER	
John James	APDF
Misheck Ngatunga	APDF
Arnold Lessard	UIA
WEDNESDAY 27 OCTOBER	
Mr. Philippe Saeys	Sabena Airways
THURSDAY 28 OCTOBER	
USAID/Uganda Staff	USAID (Debriefing/Review of Draft Report)

ANNEX III

FURTHER DETAILS ON ACCOMPLISHMENTS OF EPADU

EPADU: Specifically, EPADU has developed its export development and promotion functions, enhanced its education/information dissemination role and has implemented an operational constraints analysis program (OCAP) with APDF. Working with Institutional Contractors and advisors, EPADU has developed:

- 6 policy papers;
- 6 technical reports identifying NTAEs for which Uganda has a comparative advantage;
- 4 booklets for a series designed to give exporters practical information about the European market (the booklets cover products for which Uganda has a comparative advantage and for which there is significant market demand in Europe);[47] and,
- a produce inspectorate service in Europe for Ugandan exporters whose consignments fetch less than 10% of the expected price or who find more than 10% of their produce being declared unfit.[48]

EPADU has also sponsored 16 seminars and 7 exposure tours. EPADU seminars have covered:

- specific crops/sectors (horticultural exports, fish, cocoa, beans, textiles/garments, bananas);
- specific issues (post harvest handling and packaging, exporting from Uganda, organic production);
- OCAP; and,
- the various technical reports produced (opportunities for floriculture, fruit and vegetable production, maize and bean exports, spice and essential oils).

Since 1990, 1321 participants have benefitted from these seminars of whom 55% have been from the private sector and 16% have been women. However, only two seminars (both launching OCAP) were held outside Kampala. Consequently 93% of the

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[47] Technical reports and booklets are available from EPADU for a small fee (to cover the cost of their reproduction). No records are kept of their dissemination however all NTAE exporters and producers met during this evaluation were aware of them and many had found them useful background information from which they were able to further develop their own ideas and draw up terms of reference for specific feasibility studies.

[48] Figures concerning the number of exporters who have taken advantage of this service are not currently available. However, it is anticipated that a report generalizing on the experience and making recommendations for Ugandans so that they can avoid problems in the future will be forthcoming during 1994.

participants either came from or came to Kampala.[49] Most people interviewed during the course of the evaluation found the seminars informative however some felt they should be more practically oriented and that the audiences should be better targeted.[50] For example, one floriculturalist stated that rather than learning about the technical agronomic aspects of flower production he would have benefitted more from a seminar oriented towards the business side of production. Had he known the content of the seminar in advance, he would have sent his production manager rather than attending himself.

Since 1992, 26 private sector individuals (4 of whom were women) and 5 government/EPADU officials (one of whom was a woman)[51] have also benefitted from exposure tours.

- 2 employees of RECO Industries attended the Institute of Food technologists annual meeting and food exposition in Chicago, 1993.

- 3 individuals (one from each of the Uganda Silk Producers Association, Innula Silk Estates Ltd, and the Sericulture Research Unit at Kawanda research station) undertook a study tour of sericulture institutions in Japan.

- 1 female floriculturalist from Kawanda research station attended a three month study program on floriculture in Kenya with a further 11 people participating in short exposure tour.

- 16 exporters and producers attended 4 marketing tours/exhibitions.[52]

Participants of exposure tours interviewed during the evaluation found them to be of great benefit, both in terms of developing contacts/buyers and in terms of increasing their understanding of the nuts and bolts of their chosen enterprise. Only a minority decided not to entertain exporting/enter a new field of exports, following an exposure tour (either due to lack of finance or because they felt the time was not yet right for their own diversification).

In addition to these services, EPADU offers direct technical assistance to private sector individuals. Prior to the initiation of OCAP EPADU worked with the Ntangawuzi and Vegetable Growers Association (NVGA) and with APDF on a pilot export pineapple project and a project to expand small holder production and

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[49] Given that 90% of the projects approved by UIA are based in and around Kampala and that most high value exports will come from within 2-3 hours of Entebbe airport for some time to come, it is hardly surprising that EPADU has continued to concentrate its activities in the capital. However, given that the purpose of these seminars is to disseminate information and promoted NTAEs greater effort should be made in identifying both topics and audiences for seminars throughout the country.

[50] It should be noted that we tended to interview individuals who had been directly assisted by ANEPP components. The exporters survey of 1992 found attendance at EPADU seminars to have been poor (32% of all exporters) with only 20% of all exporters reporting that they had found the seminars to be useful.

[51] 3 of whom where EPADU staff members acting as facilitators for the tour participants.

[52] 4 participants have attended more than one exposure/study tour.