

PD-AAW-726

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FINAL REPORT ON THE ACTIVITIES
OF THE
ACDI CREDIT PLANNING ADVISOR

ASSIGNED TO THE
UGANDA AGRICULTURAL FINANCE AGENCY
KAMPALA, UGANDA
(FROM OCTOBER 1986 TO JUNE 1987)

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Date: July 1, 1987

Under the USAID Food Production Support Project
No. 617-0102-A-00-2005-00

Foreword

My assignment as the Credit Planning Advisor to the Establishment Committee of the Uganda Agricultural Finance Agency (UAFA) came to a close on the 30th of June 1987, three months ahead of schedule. Due to the inaction on the part of the Government of Uganda to officially approve the formation of the UAFA credit program by the end of June, and because of the obvious lack of interest from key ministries and agencies to promote and participate in such an undertaking, the United States Agency for International Development (USAID) was no longer willing to provide technical, material or financial assistance to the UAFA program. Consequently, USAID and the Ministry of Cooperatives and Marketing (MCM) felt my services would be utilized more effectively if I resumed my former position as Planning Unit Advisor to the Ministry of Cooperatives and Marketing; a post which I had held during a previous contract from January to July 1985.

Since my scope of work and responsibilities have changed with such a transfer, I felt it necessary to prepare some final comments on my activities as the UAFA Credit Planning Advisor while the experience was still fresh in my mind. I will limit the subject matter of this report to my specific terms of reference and to other duties which were assigned to me during the contract period.

I will not attempt to cover the historical series of events that eventually led to the USAID decision to reconsider its technical and financial obligation to the UAFA program. This task I will leave in the capable hands of Lew Clark, the ACIDI Chief of Party and Credit Advisor, who worked tirelessly and with great dedication for the creation of a cooperative movement based credit program that had long term economic potential through its planned association with the commercial financial institutions.

Lew Clark, and his colleague, Joseph Nserenko of the Development Finance Department (DFD) of the Bank of Uganda (BOU), who served as the Chairman of the UAFA Establishment Committee; were an inspiration to those who served on the committee and on the interim UAFA staff. My thanks to both of them for their long hours and persistent determination to make the program work despite the obstacles, politics and individuals who were against such a program. I hope my work, and theirs, despite GOU reluctance to approve UAFA, will still be of benefit to the establishment of a cooperative based credit program that may be planned for the future.

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List of Acronyms

ACDI	Agricultural Cooperative Development International
ACO	Assistant Cooperative Officer
AGM	Annual General Meeting
AO	Agricultural Officer
BOD	Board of Directors
BOU	Bank of Uganda
CA	Cooperative Assistant
CCD	Commissioner for Cooperative Development
CCS	Cooperative Credit Scheme
CO	Cooperative Officer
DAO	District Agricultural Officer
DCO	District Cooperative Officer
DFD	Development Finance Department
DFI	District Farm Institute
DTT	District Training Team
DU	District Union
DVO	District Veterinary Officer
GOU	Government Of Uganda
MAF	Ministry of Agriculture and Forestry
MAIF	Ministry of Animal Industry and Fishery
MCM	Ministry of Cooperatives and Marketing
NGO	Non-Government Organization
UAFA	Uganda Agricultural Finance Agency
UCA	Uganda Cooperative Alliance
UCCU	Uganda Central Cooperative Union
USAID	United States Agency for International Development
Ush	Ugandan shilling

Final Report on the Activities
of the
ACDI Credit Planning Advisor

Assigned to the Uganda Agricultural Finance Agency
(From October 1986 to June 1987)

I. Introduction

My terms of reference were written with the assumption that the UAFA program would move from the concept stage, through the pre-incorporation stage and into the operating stage during the contract period of October 1st 1986 to September 30, 1987. Unfortunately this did not happen and UAFA was unable to gain GOU approval which would have allowed it to pass from the concept stage and start the difficult and challenging pre-incorporation activities.

Despite the setbacks, the UAFA committee, the interim staff and the advisors continued the planning, documentation and preparation activities right up to the final day of work (June 30th, 1987). If approval had come, the UAFA Establishment Committee and the staff were ready. Budgets had been prepared with break-even scenarios which were being adjusted according to the ever changing economic conditions. The Credit Training Planning Committee had compiled a complete training needs assessment and had identified target groups, training events and had an estimated budget for the 24 week program. The Agricultural Input Sub-committee had identified types of input required for such a program, had estimated anticipated input demand and had prepared a cost analysis between labour and input demand. Cost of production studies were completed, farm models for all the agricultural zones were prepared and a farmer profile for the pilot districts was compiled.

The four volume, 300 page UAFA Operations Manual was re-edited and ready for use as a source of training material and as a management operations document. Manpower and training requirements were identified and job description were ready.

The pilot areas of operation had been studied and identified along with sites for Regional Branch Office locations. A survey had been conducted in these districts to verify planning data, loan requirements, average farm size and other pertinent information.

The Articles of Association, prepared from the Private Companies Act by the BOU attorney along with the Cabinet Memorandum was debated and discussed and agreed upon by the multi-agency membership of the UAFA Establishment Committee and prepared in a bound booklet.

The main task yet to be undertaken by the establishment committee and the staff was the presentation of the UAFA program to the potential shareholders, and this, UAFA was never allowed to do. Government approval never materialized, shareholders never met, shares were never paid and a Board of Directors was never elected. Consequently staff were never recruited or trained and Branches were never formed and the planned, Ush 200 million, credit training program never took place. On June 30th the UAFA offices were vacated by the MCM staff and the Planning Advisor.

The role of the Credit Planning Advisor in the preliminary activities of UAFA is best described by presenting the assigned scope of work:

Schedule of Duties for the Credit Planning Advisor

1. The Credit Planning Advisor will assist and advise the Research/Planning Officer of UAFA in matters concerning financial planning of UAFA which will include preparation of budgets and other related documentation.
2. He/She will assist the Establishment of UAFA in the explanation and defense of working papers prepared by the Planning section. This will include the incorporation of necessary changes desired by the Board of Directors.
3. He/She will assist the Planning Section in the preparation of training needs assessment. This will include man power requirements and budgets.
4. Will assist and advise the Planning Section and the Establishment Committee in Planning educational and promoting programs in order to prepare the pilot districts for the loan program.
5. Will assist and advise the Planning Section in coordinating education and promotion programs through the Education Section of the Ministry of Cooperatives and Marketing.
6. Will assist and advise the Planning Section in carrying out duties and responsibilities as set in UAFA operations manual.
7. At the end of the contract, he/she will prepare a report outlining the accomplishments, problems and make recommendations for MCM, UAFA Board of Directors and USAID/Uganda.

Some of the terms depended on Government action in approving UAFA in a timely manner. Item number 2, which concerns the defense of the UAFA concept to the shareholders and the Board of Directors, was obviously never addressed, although the advisor and his counterparts were quite prepared to do so.

The Advisor and his counterparts in the UAFA Planning Section had anticipated that the task of defending the UAFA concept, especially the organizational design and the operational methodology, would be a difficult yet challenging assignment and were well prepared for every contingency. The rationale for every decision was backed up by documented facts and figures. Manuals (the "Blue Book"), survey reports, computer printouts were reproduced in adequate numbers, and the staff, which had over 80 combined years of cooperative, credit and agricultural experience were ready to present, explain and defend their work.

Item number 6, which refers to assisting the UAFA Planning section in carrying out duties as specified in the operations manual, was also not addressed since UAFA never became operational. It must be pointed out that the UAFA Operations Manual was a document to be used for training purposes and as an operational guide after UAFA became incorporated. Incorporation never took place. The advisor, however, did work with his sub-committees and interim planning staff during the concept stage as if they would some day be in permanent staff positions and this work is described in the report.

Item number 5, which refers to the coordination of education and training programs between the UAFA Planning Section and the Education and Training Section of MCM, was difficult to implement, because the programs, although well planned, budgeted and funded (by USAID), had to wait for GOU approval of the UAFA concept which never came and ultimately these training programs never took place. It should be mentioned that the "coordination" component of this term of reference was followed closely and the representative from the Education and Training Section was the Secretary of the UAFA Training Planning Committee.

There are two other terms (three and four) which address the training component of the UAFA program and the work related to these, along with others, is described later in this report.

II. UAFA Planning Section

During the concept stage the opportunity to recruit and hire permanent management and staff never occurred since this depended on a series of events starting with GOU approval which never took place. Hence, what is called the UAFA interim staff, remained as the only staff that worked at UAFA.

Ironically, this interim staff, all assigned to UAFA from the Ministries of Cooperatives and Marketing, and Agriculture and Forestry, held a much stronger view of the merits of the UAFA concept than did some of their own ministry officials. The Planning Section was made up of the following personnel:

Planning Officer, Cooperatives	Thomas Kiwanuka-Mayega	MCM
Planning Officer, Agriculture	Anthony Okello	MAF
Planning Officer, Agriculture	Desire Lubega	MAF

Thomas Kiwanuka was my immediate counterpart and had worked with the advisor during his previous contract in May of 1986. D.Lubega was assigned to the UAFA staff by Mr. F.A. Ojacor, the Deputy Commissioner for Agricultural Development, MAF, who also sat as a member of the UAFA Establishment Committee. Tony Okello came on the team in December of 1986 and played a major role on the Agricultural Input Sub-committee and the World Bank task force on credit which will be discussed later.

Since UAFA never went beyond the concept stage, it could be said that the whole office was concerned with planning. Consequently, other staff members who were involved with credit development and accounting, were also part of the planning activities and worked closely with the Credit Planning Advisor. They were:

Credit Development	James Mpungu	MCM
Accounting	Lawrence Kyazze	MCM

One of the first tasks that the advisor undertook was to organize the personnel into a functioning team. The office procedure was improved with the introduction of Weekly Work Plans and Itinerary forms as well as Monthly Report Forms. Vehicle Log Books were developed along with a sign up sheet and a monthly vehicle report form. Terms of Reference were drawn up for all the staff and submitted to the Chairman of the Establishment Committee and James Mpungu was selected as Staff Coordinator to oversee the work activities on a daily basis. A UAFA Work Plan and Schedule was developed by James from the related Terms of Reference. This Work Plan is included as Appendix 1 of the report.

Financial planning was a major concern of the Planning Section and with the unfavorable and ever changing economic conditions that prevailed at the time, it was considered an ongoing process. Working with the Chairman and counterparts, the advisor updated the break-even scenarios, compiled data on crop production

statistics and monitored the budget. Requests for data from various agencies were frequent and were honored whenever possible. Most of the financial work had been completed during the previous contact period (May to August, 1986) and only periodic updating was necessary. Attention was focused mainly of high priority topics which were not previously addressed.

Although many of the team had individual assignments as stated in their terms of reference, which were being tracked on the work plan, it was considered the best policy to group together and combine experience in order to tackle certain assignments. The formation of the Credit Education and Training Planning Sub-committee, the Agricultural Input Sub-committee and the Credit Field Manual Team are all good examples of such staff cooperation.

III. Agricultural Input Sub-committee

On his return to Uganda in October 1986, the advisor felt it vital to the operation of UAFA that there should be a periodic monitoring of the availability of agricultural inputs which would be demanded by farmers participating in the UAFA program. The best instrument to do this would be a multi-agency subcommittee with representatives from the following institutions:

Ministry of Cooperatives and Marketing
Ministry of Agriculture and Forestry
Ministry of Animal Industry and Fishery
Uganda Central Cooperative Union
UAFA Planning Officer-Agriculture
Development Finance Department, BOU
ACDI

It was also recommended that when UAFA was approved and operational that the two designated pilot district unions also be included on the committee.

The request for such a committee was made to the UAFA Establishment Committee in November and the idea was readily accepted. The committee met for the first time in December (86) and adopted the following terms of reference:

Terms of Reference

It will be the responsibility of the sub-committee to:

1. Keep in constant contact with all sectors involved in the importation, procurement, distribution, financing, and production of agricultural inputs:

- a. Private
 - b. Cooperative
 - c. Government of Uganda
 - I. Marketing Boards
 - II. Bank of Uganda
 - III. Ministries
 - d. Donor agencies and countries
2. Maintain up-to-date data on present and future input availability, pricing trends, and sources of supply.
 3. Keep informed on, and to document, government policies regarding input related matters such as importation restrictions and foreign exchange regulations.
 4. Develop and maintain records and files on all input related information and submit memoranda and reports in a timely fashion to the UAFA Establishment Committee.

The ultimate goal of the committee was to enable UAFA management to know exactly what is available, where and at what price so that the in-kind credit component of the program can commence without delay and operate in an efficient manner once the credit program starts its operation.

Mr. S. Mukasa from DFD, BOU, was designated Chairman and Tony Okello from the Ministry of Agriculture and Forestry (MAF) was approved as Secretary. The "working" members of the committee were the three UAFA Planning Section personnel: Mayega, Okello and Lubega. The rest of the committee were available as resource personnel and were to be contacted at their various localities when needed. The committee met once a month with various degrees of participation.

Although the life span of the committee as a formal group was short due to the retirement of the Chairman and the assignment of the Secretary and the Advisor to the World Bank task force on credit in January, it managed to accomplish some major work as outlined in the terms of reference.

A comprehensive list, identifying the sources of inputs, both locally produced and imported was researched and compiled. All the various sectors involved in the importation of inputs were listed (Commercial, government, donor agency, cooperative and NGO), contact names and addresses were included along with type of business and related products. This list is still available at the UAFA office.

Noting that the wholesale prices as described by the importer had little relationship to what the farmers were paying, another survey was conducted which focused on input availability and retail prices at various farm supply shops in Kampala, Jinja,

Masaka and Mbale. This survey was meant to be conducted periodically (4 times a year) which was why it was kept close to Kampala and only 12 shops were included. It was a biased sample (which included a cooperative shop at each location) and the same 12 shops were to be surveyed each time so that input availability and price could be monitored over time under specific control factors and at a low cost. Unfortunately this procedure could not be completed due to the disagreement over funding between MCM and DFD.

The best piece of work accomplished by the staff, was the development of the regional farm models and the up-date of the original cost of production studies for over 25 crops. This work was included in the World Bank Credit Task Force Report and can also be found as a bound manual at the UAFA office. Tony Okello did much of the research and Tom Kiwanuka-Mayega did most of the computer work.

D.Lubega and I also worked on developing farm budgets and crop packages for loan applications. This was included in Volume IV of the UAFA Operations Manual: "Field Operations Manual". Tony Okello and the advisor also worked on a draft of a farm management training manual.

The committee and its working members would have accomplished much more if not for the three month interruption of the World Bank Agricultural task forces that Mayega, Okello and the advisor were involved with. D. Lubega was also re-assigned duties back at the Ministry of Agriculture and Forestry (MAF) and some of his work was never finished. Tony Okello also took a three week course in Pakistan which cut into his time at UAFA and he was re-assigned back to MAF in May.

IV. Training

Training and education was the major component of the advisor's scope of work (three out of six terms of reference involved this topic). On his return in October of 1986, his first request to the UAFA Establishment Committee was the formation of the Credit Education and Training Planning Sub-committee.

This sub-committee was formed in December 1986 to coordinate and facilitate the planning and designing of the training and education component for the UAFA credit program. The formation of the committee was necessary due to the number of institutions involved with the planned rural agricultural credit program and to ensure that all such institutions had the opportunity and forum in which to make contributions and to share expertise.

To achieve the objectivity and professionalism necessary to develop such a program and to present it in manual form, the sub-committee was formed from the two line ministries (MCM and MAF) which are directly involved in the formation of the credit organization and which are directly concerned with the welfare of the farmer end-user.

This sub-committee was made up of the following personnel:

- | | |
|-----------------------------------|---|
| 1. T. Kiwanuka-Mayega (Chairman) | MCM, Savings and Credit |
| 2. A. Nyamayarwo (Secretary) | MCM, Education and Training |
| 3. T. Okello | MAF, Agricultural Credit |
| 4. J.W. Mpungu (UAFA Coordinator) | MCM, Savings and Credit |
| 5. L.M. Kyazze | MCM, Savings and Credit |
| 6. T.H. Carr | MCM, ACDI Consultant |
| 7. E. Onega | UCA, Training Officer
(appointed 3/87) |

The terms of reference of the committee were as follows:

1. Identify specific target groups that will require training and/or education.
2. Plan and conduct a training needs assessment based on the identified target groups.
3. Determine the best training methodology for each target group.
4. Develop a time schedule and sequence of training events.
5. Develop a training budget(s).
6. Identify and prepare training materials.
7. Analyse logistical constraints such as finance, manpower, and transport.
8. Identify suitable training locations and conduct on-site inspections if necessary.
9. Coordinate plans and activities between UAFA, MAF, MCM, UCA and pilot District Unions.
10. Compile the findings of the above mentioned terms and present a training proposal to the UAFA Establishment Committee and MCM.

All of the above stated terms were completed by the sub-committee and a comprehensive training and education proposal was prepared and submitted to the UAFA Establishment Committee Chairman. This 100 page proposal, titled "Uganda Agricultural Finance Agency Training and Education Proposal", includes target group

identification, training needs assessments, budgets, training methodology, venues, syllabi, time tables, and logistical constraints. A brief description of the proposal, extracted from the introduction, is as follows:

"The Education and Training Proposal for the Uganda Agricultural Finance Agency (UAFA) credit program was prepared and formatted according to the category of the identified target groups, their respective training requirements, and the sequence in which they should occur. The Credit Education and Training Planning Subcommittee identified three main categories of target groups and have designed a three phase training program.

The three phases discussed in this proposal have been designed and budgeted specifically for the first year of operation. Chapter IV, "Expansion Plan", covers the training and budget requirements for a seven year period. It is intended that the program design presented in this proposal will be applicable for future training activities following year one.

Phase I

The first phase is a combination of a public relations program and an information/education/orientation program. It is essential that such a program be immediately launched with the objective of informing and educating the general population as well as specific population segments which are directly involved in the credit process. For UAFA, a program with national implications, it is imperative that this take place in the early stages of development so that misunderstandings and unnecessary confusion will be avoided.

The target groups have been identified as:

- The proposed shareholder groups
- Involved Ministries
- Input related commercial firms and donor agencies
- Cooperative members
- All farmers
- General public

The shareholder groups and the ministries will have to be reached through a direct meeting approach. The remaining groups will be contacted through the media and newsletters. The cost for this phase has been estimated at Ush 79 million. These activities should commence immediately following cabinet approval.

Phase II

The second phase concerns the training of the UAFA management and staff. There are about 36 headquarters and branch positions to be filled the first year which require training. Recruitment must begin as soon as possible after incorporation, and must be followed immediately by the training program. It is recommended that line management be recruited first before the supporting departmental staff to enable management to participate in recruiting and training for their respective departments.

Four training components have been designed for effective implementation of this phase:

1. Orientation courses
2. Departmental/unit training courses
3. On-the-job training
4. Continuous follow-up training activities

The present UAFA staff, made up of ministry personnel, can effectively conduct the orientation courses and will be able to assist in some of the departmental training. Local consultants, such as chartered accountants and computer professionals, will be an important source of assistance. Long and short-term technical assistance to carry out the on-the-job training component has been recommended. This donor sponsored assistance will cost between \$2 - 3 million including regional and overseas training activities.

Phase III

This phase relates to the field components of the credit program and the following groups have been identified as requiring specific training attention:

1. Ministry (pilot district field staff)
 - MCM
 - MAF
 - MAIF
2. Movement (pilot area only)
 - District Union management and directors
 - Primary society management, committees and membership

It should be emphasized that this field training phase is not for the UAFA organization, but is aimed at the recipients of the credit funds (cooperative societies and farmer/members) and for those groups (Ministries and Unions) whose job is to provide support services for those recipients. UAFA does not intend to conduct or fund this phase.

It is therefore recommended that the movement conduct its own training/education program through the Training Department of the

Uganda Cooperative Alliance which is currently gearing up for such an undertaking. They in turn, will coordinate with the Training and Education Section of MCM. Discussions with USAID regarding funding for such as project have resulted in positive indications.

It must be mentioned that although the above listed groups targeted for this phase are also involved in the information/orientation programs of Phase I, it is necessary to provide more specific training to those groups found within the pilot areas. A secondary but important objective of this phase is to develop an effective communication chain from the top down so that reliable information reaches the appropriate targets in a timely manner.

Due to the large number of ministry field staff and cooperative society personnel targeted for training in the five pilot districts, it is recommended that District Training Teams (DTT) be trained and equipped to carry out the training objectives for each of the districts. This approach is the most time and cost effective means of reaching the target groups.

It is estimated that this phase will take 24 weeks to complete. Since the credit process is closely linked to the training process, it has been necessary to network both programs together for efficient programming. Ten training events have been planned and budgeted. All Phase III costs have been included in one budget for ease of soliciting and administering funds. The budget estimate is Ush 190 million for the training activities and Ush 12.5 million for UCA supervision. If the major cost of printing training manuals is included, the overall total will increase by another Ush 100,000,000 (if printed in Uganda). This cost may be partially offset by the ACDI \$ and Ush budgets.

Expansion Plan

It is necessary to include a chapter on expansion for planning and budgeting purposes. Although the location and numbers may change, the target groups and training requirements remain the same. This chapter is based on the recommendations made in the UAFA Expansion Plan which is found in Chapter One of the UAFA Planning Manual.

The public relations program, described in Phase One, will continue as an administrative activity and will cease to be designated as a special training event after year one. The cost, therefore, will be covered under the operational budget.

Six more branch offices will be set up during years two and three which will create the need for thirty-six additional staff who

will require training. The number of Credit Supervisors will increase from 10 in year one to 120 by year five. There will be a need for regional and overseas training activities after year one which hopefully will be sponsored by a donor agency project. The five year budget for Phase Two is estimated at Ush 185 million.

The sheer number of people who have been identified in Phase Three who will require training and education over a seven year period is phenomenal. There will be an estimated 1200 secretary/mangers, 200,000 loan recipients and more than 3300 ministry field staff. The cost of moving into new districts and expanding those already in the program is estimated at more than Ush 3 billion over seven years."

During the planning period of the training program, a major development took place. It was decided by the sub-committee that the main implementing institution of the training programs in the field (Phase III) should be the Ugandan Cooperative Alliance (UCA) and not the Training and Education Section of the Ministry, although they would still play a role in the education of their own staff. It should be mentioned that this would be a total movement effort since UAFA would have no operational role in the training of the movement personnel. This was a important breakthrough in gaining movement acceptance of the UAFA program. As a result of this decision, Emmanuel Onega of UCA was invited to participate on the sub-committee.

USAID also agreed to fund the cooperative movement field training component of the program through UCA and to cover UCA's overhead expenses as they related to the program. The first quarterly portion of this budget (total amount of the UCA/UAFA budget is Ush 219,140,000 old shillings or Ush 2,191,400 new shillings) had already been allocated to UCA as of June 1987.

V. Other Assignments

There were three additional tasks assigned to the advisor during his contract period which were not part of his terms of reference. These included his work on the World Bank/GOU Agricultural Task Force, the final production of the UAFA manuals and his involvement with the computer component of the UAFA program.

A. World Bank/GOU Agricultural Task Force

In January of 1987, the World Bank and the Government of Uganda sponsored and staffed ten task forces to research and report on specific agricultural issues and problems. The Credit Planning Advisor was invited to participate on two of these groups: Agricultural Credit and Agricultural Inputs.

The reason for the participation of the advisor on the Input task force stemmed from his past work with the Uganda Central Cooperative Union (UCCU) and from his work with agricultural inputs as they related to the UAFA program. He was also to fill in until the arrival of John Evavold, an ACDI consultant assigned to UCCU to undertake a four week organizational study. Although the advisor's role on this team was minor, several meetings were attended between February and March and much of the UAFA data relating to inputs was made available to the team.

The work on the Credit Task Force which was chaired by J.N. Nsereko of DFD/BOU, was more demanding and time consuming (75% of the advisor's time for February and March was devoted to this task force). The advisor's contribution to the task force report was a paper on training requirements for a rural cooperative credit program. He was also assigned to break down the cost requirements for the various credit programs that would offer potential investment opportunities for World Bank.

B. UAFA Manuals

The advisor's primary interest in the final preparation of the UAFA Operations Manual related to the development of training materials as specified in his terms of reference, especially term No. 4 which concerned the preparation of pilot districts participating in the UAFA program.

Ed Murray, the ACDI computer consultant, assisted in this task by re-formatting the existing material stored on floppy disks so that it could be re-edited using the advisor's Kaypro computer. There were a combined total of six separate manuals and it was decided to re-format and re-edit them into one UAFA Operations Manual with four volumes:

- Volume I. Management
- Volume II. Accounting Procedures and Guidelines
- Volume III. Internal Audit
- Volume IV. Field Operations

The UAFA interim staff, which had assisted in the development of the original rough drafts, were formed into a credit manual team

headed by the advisor, with the assignment to produce a final version of the Field Operations Manual (Vol.IV)

This manual, as well as the remaining three were edited by Lew Clark, and the original six sections were re-formatted into four well organized and comprehensive volumes which can be used as a reference source for any cooperative based credit institution.

Thirty copies of the complete four-volume UAFA Operations Manual have been reproduced and have been distributed to relative agencies.

C. Computer Systems.

During the month of November, the advisor worked closely with Ed Murray, the ACIDI Computer Systems Analyst Consultant who arrived in late October to conduct a study on the computer requirements of the UAFA program. Many of his suggestions concerning credit management systems were incorporated into the final draft of the UAFA Operations Manual.

Throughout the contract period, the advisor took every opportunity to train his immediate counterpart, Thomas Kiwanuka-Mayega, in the use of the Epson Portable computer which was located at the UAFA office. Thomas was extremely quick to learn and within days, was capable of producing his own spreadsheet templates and programs. His best and most comprehensive effort was the cost of production study and farm model exercises that he developed jointly with T. Okello.

The two IBM compatible computers that USAID had purchased for the UAFA program arrived in May (87) along with four others which were designated for the Ministry of Animal Industries and Fisheries, UCA, UCCU and the Planning Unit of MCM.

It was recognized by the advisor that there was a definite need to organize a training program for the designated operators of these units and working through Rank Consult Ltd., a local computer consulting firm, USAID and UCA a viable program was planned and implemented. USAID agreed to fund the Ush 30 million (old) program through UCA. Rank Consult planned and conducted the classroom training course which took place at the UAFA premises. The Credit Planning Advisor acted as general coordinator.

The program consisted of two phases. The first was classroom instruction for the entire group of operators and the second phase, which has not yet started, is on-the-job (at the various locations) and one-on-one instruction and programming. The first phase was completed on June 26 and the second phase will start in July.

The first phase course ran in two sessions. The first session was a two week introductory course for those staff members from UAFA and the Planning Unit of MCM that were not familiar with computer systems. The second two week course was conducted for the more advanced group from the UCA computerized accounting program. Both sessions ran very well and much of the credit should go to the Rank Consult trainers who did an excellent job. A total of 16 people were trained.

Rank Consult is still contracted under the second phase agreement to work with the Planning Unit and UCA for an additional 60 hours.

VI. Concluding Remarks

This report has outlined the activities, accomplishments and problems of the Credit Planning Advisor assigned to the UAFA program during the contract period of October 1986 to June 1987. The subject content has focused on the advisor's assignment as outlined by his terms of reference and on other duties which were assigned during the contract period.

UAFA did not progress past the concept stage into pre-incorporation activities as was anticipated when the advisor was contracted; and the operational stage, although well planned and documented, was not considered a priority concern while efforts were concentrated on achieving government "approval". This delay in the program was not expected since the Government of Uganda had, in effect, already endorsed the UAFA project when it signed the fourth amendment to the Food Production Support Project of July 29, 1986 which included a covenant which provided "that the GOU will ensure that the Uganda Agricultural Finance Agency is registered as a limited liability company under the provisions of the Uganda's Company Act".

It would not be very constructive to offer recommendations to a program that currently has no on-going activities and which has received no cabinet sanction to proceed with the incorporation program. The work on the UAFA program was a long four year struggle involving personnel from three ministries and several ACIDI advisors and consultants. During this time period there were three different GOU administrations, two different USAID administrations and from 1985, a rapidly deteriorating economic situation. If the conditions which existed during the 1983 to mid 1985 time period had remained constant, the UAFA program may have had a different fate.

It is unusual that a country such as Uganda with such a large agricultural base, which attaches such importance to the promotion of agricultural exports which currently represent 95% of its foreign exchange earnings, does not have a national agricultural credit institution.

If such an institution is contemplated in the future, it would be

difficult to imagine its operation without some participation from the Ugandan cooperative movement, a movement that is responsible for the marketing of 100% of the country's cotton, almost all of the arabica coffee, and most of the robusta coffee. It represents 78% of the rural farm families of Uganda through its 4500 registered societies. There is no better network in the country to reach the rural farmer that is as well supported with storage facilities, management capabilities and strong farmer representation.

A credit organization which may be formed in the future must be institutionalized outside the direct control of a government ministry (but must have full government support and participation), must have a strong independent financial base (aside from donor agency funding) with continuous access to funds over time and must have the means to effectively and economically reach the farmer at his locality (possibly using the group lending approach) through a non-secured (character) loan system.

The UAFA program design met most of the above mentioned criteria. The ownership structure, which would have provided both the financial stability and the means to reach the target farmer was, unfortunately but not surprisingly, one of the causes of the dissatisfaction with the program. The choice boiled down to the creation of a potentially stable and long-term program through the rather unorthodox but pragmatic marriage of a very diverse group of shareholders which required a more than usual amount of cooperation from all parties concerned.

An alternate choice, which was favored in certain sectors, was utilizing existing credit organizations such as the Cooperative Bank and the Uganda Commercial Bank (which were not involved with agricultural credit during the UAFA planning period).

These issues, combined with an economic situation which was not conducive to the formation of a rural agricultural credit agency, were all instrumental in causing the delay in cabinet endorsement.

As a final comment, it should be mentioned that the planners of UAFA fully expected that the above mentioned issues would be the major points of discussion during the shareholder's meetings which were to be held following the GOU endorsement and that there was room for discussion on these points. Unfortunately, the cabinet endorsement was never made despite the project amendment agreement that was signed. Consequently, negotiations and discussions never took place with the shareholders, and the Ministry of Cooperatives and Marketing and USAID eventually withdrew their support.

Uganda's agricultural credit institution, probably under a different name and with a few revisions, will have to wait until several key issues are resolved and the economic climate improves. Meanwhile, the UAFA documents are available. Let them not go to waste.

WORK PROGRAMING AND SCHEDULE FOR UAFA COUNTERPART STAFF: 1987

TOPIC	TASK	STRATEGY	PERSON(S) RESPONSIBLE	START DATE	COMPLETION DATE	REMARKS
Agricultural Inputs Coordination	Sources and availability of agricultural inputs	Conducting surveys in selected areas and farm supply institutions on types, qualities and input prices.	Mr. A.S. Okello Mr. D. Lubega	Late Jan. 1987	End-March	Lack of Logistics and assignment of other duties
Development of Regional crop calendars	(i) Study of crops grown under various agro-ecosystems in the country (ii) Study of soil and climatic conditions under which crops grow (iii) Crop production phasing in each agro-ecosystem. (iv) Study of agricultural marketing systems in various agro-ecosystems.	(i) Identification of crops grown under various agro-ecosystems. (ii) Identification of soils, types under which crops grow. (iii) Study of rain fall aptterns in the agro-ecosystems so as to phase planting and harvesting seasons of various crops. (iv) Conducting market research in selected areas so as to determine demand and supply of various crops and produce prices and then plan future farm production activities	Mr. A.S. Okello Mr. D. Lubega		To be determined	Work not yet started

TOPIC	TASK	STRATEGY	PERSON (S) RESPONSIBLE	START DATE	COMPLETION DATE	COMMENTS
Agricultural data collection	Assessment of crop Production statistics and other data related to UAFA credit program such as agricultural inputs, loan funds, beneficiaries etc.	(i) Compiling data on crop produc- tion, agricul- tural inputs loan funds and sources, beneficiaries etc, as related to UAFA credit program.	A.S. Okello D. Lubega	Feb. 1987	Mid-April 1987	On-going
		(ii) Develop farm Record books	A.S. Okello Kyazze Lubega			
Field Activities coordination	Assessment of UAFA credit related activities	To liaise with district agri- cultural credit officers on matters related to UAFA credit program. Liaise with Ministry of Agri- culture and For- estry Headquarters	A. S. Okello D. Lubega			Work not yet started
Reports and Reporting	To prepare periodic reports on UAFA credit related matters.	Collection of data and information prior to report writing.	A.S. Okello D. Lubega			-do-
Cost of Production of various crops	Assessment of cost of production of various crops to determine cost of financing such crops.	Conducting periodic surveys of selected crops and in selected areas so as to faci- litate their financing.	A.S. Okello D. Lubega			-do-

TOPIC	TASK	STRATEGY	PERSON(S) RESPONSIBLE	START DATE	COMPLETION DATE	COMMENTS
Farm Models	(i) To determine sizes of viable farm models.	(i) To study agro-ecosystems and farm models that can profitably be established in those ecosystems.	A.S. Okello D. Lubega	March 1987		work not yet started
	(ii) To assess types, quantities and costs of agricultural inputs needed to support optimum farm output levels of individual farm levels	(ii) To determine cost of financing farm production activities under varying agro-ecosystems.				
MARKET RESEARCH	Assessment of demand and supply of farm products and produce prices.	Periodic market surveys in selected areas and for specific crops.	A.S. Okello D. Lubega			Work not yet started
Planning and Research	(i) To complete cash Flow Projection Analysis	(i) Develop crop Calendar to support the Financial Plan	Mayega Carr and Okello		To be determined	
	(ii) To complete Loan Flow Time Chart	(ii) Work out Cash Flow loan requirement Determine time constraints in loan procedures through to disbursement point.	Mayega and Carr Mpungu Mayega and Carr		-do- Work in progress	
	(iii) To review and defend recommendations for formulas and assumption based on research and working papers.	Study recommendation and assumptions. Update and fine-tune the data used and prepare	Mayega and Carr		On-going On-going	To depend on cabinet decision

TOPIC	TASK	STRATEGY	PERSON(S) RESPONSIBLE	START DATE	COMPLETION DATE	COMMENTS
		Defense of the recommendations				
Computer as a tool for data compilation	Data processing and analysis of statistics	To train in the use of computer: A. Spread Sheet B. COP C. Word Processing	Mayega	On-going		
Credit Operations Manual	Review and make changes in the Draft Credit Manual, parti- cularly in the follo- wing sections:	(i) Read and discuss the Draft Manual (ii) Identify required modifications and changes	Mpungu and Carr	Jan. 1987		Work in
	(i) Selection of participating primary societies	Streamline procedures	Mpungu and Carr			
	(ii) UAFA line of credit	Determine procedure and make modifications.	Mpungu and Carr	Jan.1987		
	(iii) Loan supervision	Write functions of extension staff of supporting ministries	Mpungu and Okello	Jan. 1987		
	(iv) UAFA CCS Forms	Review all forms and make modifications.	Mpungu and Carr	To be determined		
	(v) Granting loans to farmers	Develop loan packages	Okello and Lubega			
Credit Administration and Training	Training and Preparation of Training materials	Identify Target Group -Develop Training out levels -Research and Develop Training Budget. -Compile Course Topic _Write Training Text/ submit working paper draft	Carr, Mayega Nyamayaro	January		Work in Progress

TOPIC	TASK	STRATEGY	PERSON(S) RESPONSIBLE	START DATE	COMPLETION DATE	COMMENTS
	Training of Identified groups	Conduct Training Courses		January '87		Work in progress
UAFA Management Manual	Review Manual and make recommendations	Read Draft Manual, identify required amendments and recommend.	Carr and Mpungu	To be determined		Awaiting Cabinet decision
UAFA Credit Concept	To defend UAFA Concept as a Credit Institution	Prepare recommendations to be used to defend existence of UAFA.	Counterpart Personnel and Carr	-do-		
Financial Accounting Systems	Preparation of Accounting Manual for UAFA Hqrs., branches and Primary Cooperative Societies	To re-examine and re-develop the working systems to be used in UAFA in matters connected with Accounting and Auditing	Carr/Kyazze	Jan. 1987	Not yet determined	Work in progress
	To complete Accounting guidelines and procedures, auditing and financial management.	Study, review, defend and amend as recommended accordingly	Carr/Kyazze			Not yet tackled
		Assemble after reviewing and studying all contents and have a final production of the Accounting Manual	Carr/Kyazze	Will depend on completion of work above		
Interest	Prepare interest Policy	Identify interest policy guidelines and procedures to be used in UAFA interest policies.	Carr/Matovu Kyazze	February '87	March '87	Work still in progress

UAFA TRAINING AND EDUCATION PLANNING SUB-COMMITTEE

Introduction

The UAFA Establishment Committee, which has been meeting on a regular basis since March of 1986, has been responsible for developing a feasible operational plan for the implementation of a small farmer production credit program. Key policy decisions have been made, Articles of Association have been drawn up, an expansion/growth plan has been designed, management and accounting manuals have been developed, financial projections have been researched and compiled, and several working papers concerning important issues such as agricultural inputs, farmer statistics, cost of production studies have been written and submitted. One key component however, essential to the success of the UAFA program has not been addressed; that of the training and educational requirements.

It falls under the scope of work of the Credit Planning Advisor to advise and assist the UAFA Establishment Committee and the UAFA Planning Section (currently under the direction of Thomas Kiwanuka-Mayega) to:

1. Prepare a training needs assessment
2. Plan educational and promotional programs in the pilot districts which will prepare the for the loan program.
3. Coordinate those programs that relate to the movement as well as the MCM and MAF field staff through the Education and Training Section of the Marketing of Cooperatives and Marketing.

Recommendation

It is recommended that a Training and Education Planning Sub-committee be formed to coordinate and facilitate the planning and designing of the training and education component for the UAFA credit project and is necessary to ensure that all such institutions have the opportunity and forum in which to make contributions and to share expertise.

Purpose

The purpose of the sub-committee will be to coordinate the planning activities for the UAFA credit program so that the training needs of the participants organizations and their related personnel are properly identified and programed, and that input from the participating institutions can be considered.

A very important factor in support of the formation of the sub-committee is the role that the education and training section of the MCM will play in preparing the Primary Societies in the pilot areas for participation in the credit program as well as the education of their own field staff in UAFA credit procedures.

It should be emphasized that it will be the responsibility of the Ministry of Cooperatives, and more specifically the Education and Training Section, to implement all training and education programs at the society and farmer/member levels and for their own field staff. The Ministry has been conducting such training programs for the movement and Ministry staff for some years now and the training staff are very professional and experienced. They also have District training teams in place (including the pilot Districts) which are available to implement their credit related training programs.

Therefore one of the purposes of the sub-committee will be to facilitate the communication between the UAFA team and the Training and Education Section in order to plan and design an effective training program for all target groups in the field.

UAFA staff training which involves another target group, will also need to be addressed and the experience of the designated sub-committee participants will be advantageous in designing an effective UAFA staff training program.

Terms of Reference

It will be the responsibility of the sub-committee to:

1. Identify specific target groups that will require training.
2. Plan and conduct a training needs assessment based on the identified target groups.
3. Determine best training methodology for each training group.
4. Develop a time schedule and sequence for training events.
5. Develop a training budget (s).
6. Prepare training materials.
7. Analyse logistical constraints such as finance, staff, transport.
8. Determine possible training locations, conduct on-site inspections if necessary.
9. Coordinate plans and activities between UAFA, MAF and MCM and pilot Unions.
10. Prepare reports on specific training topics (budget, schedules, target groups, etc.).

Participants

The following organizations should be represented on the sub-committee:

1. Agricultural Credit Section, represented by the officer assigned to the UAFA interim staff.
2. Credit and Savings Section, MCM, represented by the three officers who have been seconded to the UAFA staff.
3. Education and Training Section, MCM, an officer who will be directly involved in the field training program.
4. UAFA is already represented by the three officers from the Savings and Credit Section, MCM.
5. ACDI, represented by the Credit Planning Advisor.
6. Eventually, when UAFA is incorporated and the two Pilot District Unions are officially involved, the two education officers from these Unions should be invited to participate on the committee.

Method of Operation

This will be a working committee with each participant having specific tasks to perform. The key participant will be the UAFA Planning Officer, Thomas Kiwanuka-Mayega, under whose department the UAFA training responsibility officially falls.

The Assistant Commissioner for the Savings and Credit Section, who sits on the UAFA Establishment Committee, has been delegated by the Chairman of that committee to designate a chairman of the sub-committee from the three officers assigned to UAFA from his section.

The sub-committee should meet once a week for a specified period of time, or until a complete plan has been developed and accepted by the UAFA Establishment Committee.

The first order of business of the sub-committee will be to designate a committee secretary who will be responsible for taking notes and compiling minutes of the proceedings.

The sub-committee should then review the recommended Terms of Reference and expand or revise them as they see fit.

A plan of action should be established so that Terms of Reference are completed within a specified period of time.

UAFA AGRICULTURAL INPUT SUB-COMMITTEE

Introduction

In June of 1986, the Chairman of the UAFA Establishment Committee designated several committee members to act as participants in a sub-committee to research and report on the agricultural input situation in Uganda. Participants on the committee represented the Bank of Uganda Development and Finance Department, UCCU, Credit and Savings Section of MCM, Ministry of Agriculture and Forestry and ACDI. The justification of the formation of such a committee stems from the in-kind credit component of the UAFA credit program. Cash alone, without the necessary inputs which are required to increase yields, would not be enough to guarantee a successful program.

It was the objective of the sub-committee to identify what inputs are required, the quantities, the related costs and to identify the various sources of input supply. One objective the sub-committee could accomplish was the accurate tracking of input inventories over time. This requires constant monitoring and investigating. Government economic policies and specific programs related to input procurement and importation, as well as the availability of foreign exchange all affect the flow of the inputs into the country.

The results of the research completed by this sub-committee can be found in three reports which were compiled along with four other reports in the "Blue Book", or the final report of the Credit Planning Advisor. These reports are:

1. Report Four; "UAFA's Role in Agricultural Input Procurement"
2. Report Five; "Report on UCCU's Working Capital Requirements for Fiscal Year 1986/1987"
3. Report Six; "Agricultural Input Requirements"

Recommendation

It is recommended that since the UAFA Establishment Committee has resumed its regular meetings, that this Agricultural Input Sub-Committee be re-established in order to keep the UAFA team up to date on the input supply situation.

Purpose

The purpose of the sub-committee will be to monitor the agricultural input situation so that accurate and timely planning can take place and policy decisions can be made based on realistic and up-to-date data.

Terms of Reference

It will be the responsibility of the sub-committee to:

1. Keep in constant contact with all sectors involved in the importation, procurement, distribution, financing, and production of agricultural inputs:
 - a. Private
 - b. Cooperative
 - c. Government of Uganda
 - I. Marketing Boards
 - II. Bank of Uganda
 - III. Ministries
 - d. Donor agencies and countries
2. Maintain up-to-date data on present and future input availability, pricing trends, and sources of supply.
3. Keep informed on and to document government policies regarding input related matters such as importation restrictions and foreign exchange regulations.
4. Develop and maintain records and files on all input related information and submit memoranda and reports in a timely fashion to the UAFA Establishment Committee.

The ultimate goal of the committee is to enable UAFA management to know exactly what is available, where and at what price so that the in-kind credit component of the program can commence without delay and operate in an efficient manner once the credit program starts its operation.

Participants

Due to the manner of organizations that are involved with the credit program it will be necessary to include those that will have a direct impact on the input component. Therefore it is recommended that the following sections and agencies be represented on the sub-committee:

1. Savings and Credit Section of MCM, represented by the officer in charge of planning ; Thomas Kiwanuka-Mayega.
2. Agricultural Credit Section, MAF, represented by the officer assigned to the UAFA interim staff.
3. MAF, Input Officer.
4. UCCU, preferably someone with input procurement and/or sales experience.

5. Bank of Uganda, Development Finance Section, Mr. S. K. Mukasa has been suggested as participant and possible chairman.
6. Veterinary Services, someone from the Ministry of Animal Industry and Fisheries who is knowledgeable with veterinary medicine.
7. ACCI, Credit Planning Advisor as the committee advisor.
8. Eventually, when UAFA is incorporated and the two pilot District Unions are officially involved, the two farm supply managers from these should be invited to participate on the committee.

Method of Operation

The key person on the sub-committee will be the officer assigned to the UAFA interim staff from the Agricultural Credit Section of the Ministry of Agriculture. This officer will have as his responsibility all aspects of the project involving crop production which includes agricultural inputs.

This officer will be doing the "footwork" of the committee, using the human resources represented on the committee in the form of personnel from the various organizations which have access to input related information.

The sub-committee should meet twice a month on days that are convenient to the members but which do not conflict with regular UAFA Establishment meetings. There should be adequate time for the committee to prepare reports for the UAFA meetings.

The Chairman should be designated by the UAFA Establishment Committee Chairman, or if there is no particular preference then the sub-committee members could select the chairman.

The first order of business of the sub-committee, once the selection of Chairman has been made is to designate a committee secretary who will be in charge of taking notes and compiling minutes of the proceedings.

The sub-committee should then review the recommended Terms of Reference and expand or revise them as they fit.

A plan of action should be established to develop an efficient monitoring and reporting procedure. Sub-Committee members should discuss how they and their relative organizations can contribute to this operation, and specific areas of responsibility should be agreed upon for each member. It should be emphasized that this is a working committee, with each member assisting the Uafa Input Officer in the monitoring process.

To: General Secretary, Uganda Cooperative Alliance
From: Thomas Carr, ACDI Credit Planning Advisor
Date: March 16, 1987

Subject: UCA Proposal For Credit Training Program Financing Through USAID

This memo is a response to your request for a summary of budget data regarding a cooperative movement credit education and training program. Please feel free to extract any of the information in this memo for use in your funding request to USAID. You can use the budget pages just as they are or you can adapt them as you see fit.

Because of the important role that the cooperative movement will play in the group lending method of credit distribution and in the in-kind credit component (as well as marketing, transportation, storage, logistics, etc.) it is important that the movement management and membership be well informed and trained where specific skills or responsibilities are required.

It would also be advantageous to the independence of the program if the training could be conducted "in-house" by the movement itself through the apex organization; Uganda Cooperative Alliance (UCA).

The training plan would correspond to the UAFA five-year expansion plan and has been fully described in the draft proposal which has been submitted to your office and to USAID. The first pilot years involves five districts (Luwero, Mukono, Jinja, Iganga and Kamuli), two Unions (East Mengo and Busoga), one hundred societies (to be selected) and about 5000 loan recipients. This is a big operation which requires extensive planning and organization especially in regards to the training program.

The Credit Training Program as described in the draft proposal is divided into three phases. Phase I is the national orientation/information phase; Phase II concerns the training of the UAFA management and support staff; and phase III involves the training and education of field personnel in the movement and relative ministries.

UCA would be partly involved in phase I and completely in charge of phase III. As described in the proposal under phase I, UCA would be responsible for coordinating the first orientation meetings of the National and District Unions. This is a two day affair and is budgeted at Ush 16,640, 000.

Phase III is a 25-week intensive field training exercise with ten training events utilizing both residential and non-residential type courses. The total budget estimate for this phase is Ush 190 million.

UCA, as the coordinating and supervisory agency, as well as the administrator of the training budget for phase III will, require some internal support in order to carry out such an intensive program. It is recommended that UCA request from USAID one vehicle specifically for this program with a support budget of Ush 5 million which covers running and maintenance for a seven month period (the length of the program).

In order to supervise the operation of the District Training Teams during training events 6, 8, 9, and 10 (as described in the draft proposal) UCA will need a staff support budget of an additional Ush 7.5 million (150 man days at Ush 50,000 /day).

Therefore the total request should cover the following items:

1. Phase I	16, 640, 000
2. Phase III	190, 000, 000
3. Transport	5, 000, 000
4. Supervision	7, 500, 000
<hr/>	
Sub-total	219, 140, 000
5. Vehicle & spares	to be determined
Total	" " "

Enclosed are the budgets for phase I and phase III. I hope this information is sufficient for you to complete your proposal to USAID. I am looking forward to working with you and your organization and I hope that ACDI, USAID and UCA will have a productive relationship in the coming months.

c.c Lew Clark, ACDI Chief of Party
 Ken Lyvers, ADO, USAID/Kampala
 J.N. Nsereko, Chairman UAFA Committee, BOU
 T. Mayega, Chairman, Training Sub-committee