ASSESSMENT OF PROGRAM IMPACT

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Introduction

A.I.D.'s assistance to Uganda over the past four years has gradually evolved from a program concentrating on rehabilitation and recovery to one that more directly supports Uganda's current attempts to set the stage for sustainable economic growth. Since 1987, the existence of stable political leadership has been a key element in encouraging a resurgence of private sector activity among the business community and nongovernmental organizations as well as at the farm level. The result has been an annual rate of growth in GDP which exceeded ten percent from 1986/87-1988/89, approached 7 percent in 1989/90 and was over four percent in 1990/91. Given the recent news that the population growth rate in Uganda in the 80's was only 2.5 percent per year (instead of the expected 2.7 percent or more), these rates of real GDP growth imply substantial per capita income increases as well.

This excellent rate of economic growth announced to the world that Uganda had truly recovered from the devastation of the Amin regime of the 1970's and had found its economic balance after faltering performance in the early 1980s. As we drafted our Country Program Strategic Plan (CPSP) for the 1992 - 1997 period, however, we became increasingly aware of the weaknesses in the present economic structure and the staggering social problems which will surely stress future economic performance. These are our challenges for the future. In this AFI, we attempt to summarize the results of our efforts to date, recognizing that for the foreseeable future, Uganda will continue to require very large amounts of external assistance under even the best performance circumstances. That assistance will be used to both encourage a continuation and deepening of reforms to create a favorable environment for private investment and production, and to create the institutional structure needed to improve the welfare of Ugandans.

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1 Taken from the most recent draft of the Policy Framework Paper for 1991-1993. p.5

2 Figure taken from Provisional Results of the 1991 Population and Housing Census. Ministry of Planning and Economic Development, July, 1991.
Although we are planning to re-articulate our program objectives and to revise our indicators in the near future (as we move to finalize our CPSP), we have not submitted an Annex A at this time. Full revision of the program logframe will follow the AID/W review of the CPSP.

SECTION I. SPECIAL FACTORS AFFECTING THE USAID PROGRAM

Since the submission of the last API, four events have directly affected the development environment in Uganda and colored our outlook for the future:

-- The establishment of a privately-managed free market for foreign exchange (emulating Ghana’s forex bureaus) provided Ugandans concrete evidence that the Government is serious about its export orientation and opening up the economy to market forces. Use of the forex bureaus climbed from a level of about $4 million per month in the first few months of operation to a level of $12 million per month just eight months later. The forex bureau operations persuaded us that our efforts in this arena had the desired demonstration effect and that there were strong prospects for further progress in private sector and export growth as well as in continued monetary reforms.

-- The Rwanda-Uganda border dispute had a serious dampening effect on the prospects for regional trade, particularly the kinds of non-traditional exports (beans, maize,) for which farmers were beginning to find good markets in neighboring countries. There is little we can do about this in the short term, as the conflict drags on, however, consideration must now be given to the impact which its continuation will have on the government budget. The fact that an estimated 40 percent of the Government of Uganda’s budget is being devoted to military expenditures implies a possible crowding-out of expenditures in infrastructural expansion or social sectors.

-- The Gulf War further squelched growing market opportunities for non-traditional agricultural exports in the Middle East (for sesame, ginger, and hides/skins) and contributed to a temporary crisis with regard to petroleum imports. USAID/Kampala was able to respond to the latter incipient crisis with a supplemental

3 This percentage is only estimated; an exact amount needs to be declared by WB. The PFP does not give numbers but does refer to the need to control "security-related" expenditures; regardless it remains high.
allocation of $20 million in foreign exchange resources. While there were reports of increases in the price of petroleum products, the government managed to keep fuel in the market place and fortunately, only a few exports were affected by lack of transport, notably, pineapples.

Not related to trade, but certainly a major factor to be reckoned with in considering the long-term prospects for growth, the AIDS virus (HIV) continued to spread in Uganda. The Government response, with USAID support, has included the formation of a new multisector AIDS Commission to coordinate the efforts of public and private sector implementors and donors, the expansion of public education programs, and private sector marketing of condoms. However, Government ambivalence toward aggressive promotion of family planning and AIDS condom messages, due to pressure from the clergy, has caused some confusion in program implementation. Logistical problems have constrained the availability of condoms and HIV test kits due to the exponential rise in demand for these commodities.

**SECTION II. PROGRESS TOWARD OVERALL PROGRAM GOALS**

As noted in the introduction, over the past year or two, USAID/Kampala's program goal has clearly evolved from its emphasis on recovery toward the long-term goal of sustainable improvements in Ugandans' standards of living. Our draft CPSP proposes that we continue to reshape our program objectives in this direction. But it is fair to ask whether the assistance provided for the recovery and rehabilitation of the economy has already had an impact on peoples' welfare. Have households' and individuals' incomes, job prospects, food security, and access to social services been improved by A.I.D.'s resources and by the policy analysis and dialogue which A.I.D. has pursued to help the Government of Uganda fundamentally alter the economic policy environment?

On the side of incomes and jobs, the answer is a clear, if qualified, "yes".

Aggregate data at the national level indicate that opportunities to earn money through the production and marketing of agricultural commodities have expanded in the last three years. Real GDP in both the monetized and non-monetized parts of the agricultural sector increased at rates well in excess of population growth in 1987-89 and only in 1990 did the growth rate decline to only just above the rate of population growth. The threefold increase in non-traditional exports from 1988 to 1990 has largely derived from...
agricultural production. The continued decline in coffee production and coffee prices, however, has meant that aggregate farm incomes have grown far below potential levels and, in some ways more importantly, foreign exchange earnings have contracted. This has reduced the capacity of the economy to import the inputs needed to increase productivity in all sectors, including agriculture.

Survey information shows that the business community is well aware of the impact which the liberalization of the trade regime has had on their individual enterprises. An opinion poll of 115 wholesalers, conducted in March 1990, for example, indicated that approximately 80 percent of them were aware of Government's agricultural trade liberalization policies. Between 16 and 50 percent of the wholesalers (depending on their location) reported that one effect of the policy change had been an expansion of their businesses.

Case study information shows that farmers are eager to respond -- and have responded -- to production opportunities which have stemmed from the liberalization of the foreign exchange regime. The rapid expansion of vanilla production for export is a direct result of the policy reforms initiated under ANEP and export promotion efforts supported by A.I.D. through the Ministry of Planning and Economic Development. In 1990, 400 farmers were producing vanilla primarily in the Mukono district. In 1991, sharply increased farmgate prices offered by a Ugandan firm which had secured a contract with McCormick's, the U.S. spice company, encouraged 600 farmers to increase their production. In 1990/91, vanilla exports worth $110-120,000 went out of Uganda and approximately 50% of that in income went to the vanilla producers. For this same time period, the export of all non-traditional exports was worth $30 million and Ush 22.5 billion in income went to producers and those in the marketing channel.

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The liberalization of trade in foreign exchange has visibly and dramatically increased the incentives for people to expand their efforts as more consumer goods are available in Uganda's shops and markets.

Finally, the ability to move around the country has been eased by major improvements in the transport network and relative political stability.

Since the Demographic and Health Survey (DHS), there has not been any national level data available to show improvement in infant mortality rates or life expectancy. The continued, discouraging increase in AIDS prevalence has already been noted. Even if HIV transmission was stopped completely in 1991, however, the number of AIDS cases would not decrease for ten years due to the long incubation period of the virus. While Uganda's food production has been considered to be adequate to keep the population relatively well nourished, recent data from the Demographic and Health Survey indicate pockets of malnutrition—45% of the under fives were two or more standard deviations below the mean of height for age. One in five were severely stunted. This is likely associated with inappropriate weaning practices and protein deprivation rather than total calorie shortages. It is also associated with inadequate birth spacing. The Demographic and Health Survey reported that children born less than two years after previous births were more likely to be stunted than those born after intervals of two years or more. For general health services delivery, both preventive and curative care access has been constrained as government expenditures in these sectors have not expanded. Although non-governmental organizations, including some supported by A.I.D., have mounted a number of programs to address specific, growing social problems (notably AIDS, family planning, orphans, and the provision of prosthetics to the thousands of Ugandans who were maimed in the past), the reach of these programs has so far been hampered by the need to undertake major rehabilitation of infrastructure and training (or re-training) of Ugandans in the provision of health and education services prior to significant expansion of community-level efforts. Target populations actually benefiting from most NGO-implemented social services have, therefore, been small.

Once considered the pearl of Africa in terms of the quality and access of the populace to education, Uganda now faces a crisis due to deterioration of physical plants, lack of supplies, overcrowding, and unskilled teachers. An estimated 30% of Uganda's children never attend school at all. Drop out and repeat rates are substantial. Only 35% of students who begin in first grade make it to the 7th grade. Sixty percent of the primary school teachers have no training at all and lack the basic literacy and numeracy skills they are expected to impart to their students (GOU Teaching Service Commission). In addition to the deleterious effect a lack of basic education has on the prospects for Uganda's children to
gain productive employment and contribute to real economic growth for the country, there is a direct relationship between maternal education and child mortality rates in Uganda. With no education, the mortality rate per thousand children under five was 198.4, but for the mother with primary education the rate was 30% less (Uganda Demographic and Health Survey, 1988/89). The quality of basic education services in Uganda is lower than it was in the 1960s.

A positive "interim" impact on education at the tertiary level has been the re-establishment of professional capacity in Uganda through provision of training opportunities, rehabilitation of the agricultural research infrastructure, and rebuilding of the Makerere University agriculture faculty.

In sum, we can point to concrete evidence that A.I.D. is helping to make a difference in Ugandans' lives. But progress to date is far short of that needed to realize the potential of Uganda's people and the country's natural resources. The magnitude of the challenge is clear.

According to the 1989/90 national household budget survey which was published in February, 1991, the approximately 3 million Ugandan households earn and spend, on average, about 35,000 Uganda shillings (USh) per month (about $50 at the unofficial rate of exchange prevailing at that time). Since the average size of household includes 5.5 members, this works out to a per capita expenditure rate of just about $100 per year (a figure consistent with GDP per capita reported for the same year).

While Uganda is not the most densely populated country in Africa, average farm size is estimated to be only 2.3 ha per family. At current levels of yields in staple crops (banana, cassava, maize, sweet potatoes), Uganda's farmers apparently produce enough to feed the nation. But to continue to respond to export demand for more specialized commodities (sesame, ginger, the vanilla already discussed), an intensification of food crop production using improved varieties and methods is essential. This requires continued attention to price incentives, availability of foreign exchange for input supplies, and technologies to increase the efficiency of resources used.

SECTION III. PROGRESS TOWARD STRATEGIC OBJECTIVES AND RELATED PROGRESS INDICATORS

The program logframe here has been developed from the purpose statements of major activities which USAID/Kampala has been carrying out for the past three to four years. Individual activities were not necessarily designed to be complementary parts of the country program (e.g., the CAAS, ANEPP, and MFPAD projects), but it became clear, as we looked for appropriate ways to measure
our progress in accomplishing the activity purposes that there was a convergence of objectives among various activities.

Strategic Objective One: Increase non-traditional (agricultural) exports

In percentage terms, there is no denying the dramatic growth in the non-traditional export (NTE) sector. A tripling of earnings from NTEs in three years is impressive by any standard. What is important to note, however, is that the growth has derived from increased utilization of existing capacity, stimulated by the liberalized marketing environment and trade regulations supported by ANEPP. To sustain this rate of growth, farmers are going to have to increasingly produce for the market and exporters may have to develop markets. An indication that this will occur is represented by the rapid re-introduction of Ugandan vanilla to the world market.

UGANDAN VANILLA

Vanilla is grown primarily in Uganda’s Mukono District and other areas around the shores of Lake Victoria. Mr. Aga Sekalala, an entrepreneur with a 500 acre farm near Kampala has vanilla growing on his land. After seeking advice from the A.I.D. supported/sponsored Africa Project Development Facility in Nairobi, during 1990, Mr. Sekalala, set out to revive the Uganda-U.S. vanilla export market. Utilizing purchases from a few farmers, Mr. Sekalala sent the beans for testing to several international spice buyers, including McCormick's of Baltimore, Maryland, U.S.A. McCormick's responded that they would agree to buy all the vanilla processed so long as the quality could be maintained. In exchange for this commitment and a guaranteed floor price, with the option of price premiums for better quality, the Sekalalas agreed to a three year exclusive marketing agreement with McCormick's. With assurances from McCormick's that they would continue to purchase his vanilla, Mr. Sekalala approached USAID and the Africa Project Development Facility for technical assistance for small-holder farmers growing vanilla. Mr. Sekalala, over the past 18-24 months, has invested $60-100,000 in a processing plant, estate production and nursery establishment which resulted in exports worth $112,000.

While Mr. Sekalala has re-introduced Ugandan vanilla to the world market through his association with McCormick and has capitalized on a real market opportunity, the impact of this venture on vanilla growers in the Mukono District is equally impressive. When Mr. Sekalala began looking at vanilla, there was a vanilla growers association in the district which had 200 members who were not paying their dues on a regular basis. They had vanilla plants which they maintained, but did not manage for optimal production. In 1989, farmers earned approximately US$0.600/kg, if and when a
buyer came through. They did not actively seek markets for their crops and understandably did not calculate its production as critical to their household income. In 1990 Mr. Sekalala guaranteed the association members that he would purchase all the vanilla beans they grew at an established price of Ush. 2,500 per kilo (green). Maize at the time was selling for USh.100 kilo. After one season, the number of members in the association had grown from 200 to 600. In addition to purchasing all quality vanilla beans available in the 1991 season at a price between Ush. 3,500 and 4,000/kg (almost 10 times what farmers are being paid for coffee beans), the Sekalalas retained an extension coordinator to assist member farmers and USAID provided a technical advisor to train additional local extension agents (men and women) to work with the association and other vanilla farmers. An illustrated extension services manual has been prepared to help the extension agents teach better production methods and a simplified manual is being translated into the local language for farmers' use.

The vanilla project has the chance to be very successful because of Mr. Sekalala's willingness to take risks, to invest his funds in the project and to manage carefully all critical points in the production and marketing process. Farmers who immediately responded to the opportunity offered by this venture are participating in an impressive international marketing breakthrough for Uganda. This initiative represents a real success for the Mission-funded ANEPP program.

The exports of maize through the WFP purchase amounts to 20,000 tons worth $3,000,000. A further promising outcome from the USAID funded MFAD agricultural research effort is the release this year of improved (higher yielding) varieties of maize, and improved high oil content varieties of sunflower, which figures prominently in the growing NTE sector. It is hoped that this release will stimulate the kind of production response in vegetable oil by user of the adapted sunflower variety, Sunfola.

**SUNFOLA**

On September 26, 1991, the Ministry of Agriculture, Animal Industry and Fisheries officially released Sunfola, a sunflower seed variety which had been grown and tested at the USAID-refurbished government agriculture research station at Namulonge. While there are hybrids which can outyield Sunfola, there are reasons to be excited about this release. (For experts in the profession, Sunfola is an Australian selection of Peredovik.) Over a ton of Sunfola seed was harvested in July 1990. It was distributed to farmers participating in the On-farm Testing Program and to selected others to increase and test for milling quality. The Uganda Seed Project, funded by GOU/EC received 4 bags, the South Bukedi Cooperative
being assisted by CAAS/USAID took 4 bags and smaller amounts went to the Church of Uganda, the Catholic church oil mill, GTZ, the German development agency operating in Uganda and the Experiment in International Living (EIL), a U.S. EVO which is currently being funded by USAID.

What impact has this seed had on the individual organizations? The cooperative reported that a year ago they crushed sunflowers that had an oil content of 10%. Sunfola contains 40% oil and their mill leaves 5% oil in the cake. Going from a 10% oil variety to a 40% oil variety is a seven-fold change in oil yield. By reproducing the Sunfola seed received from the research station, the South Bukedi Cooperative Union was able to distribute 10 tons of Sunfola to their farmers on credit and they were able to hold 3 tons of seed in reserve. They are planning to harvest a 24 acre field to sell as planting seed next season.

EIL has reported that 2,000 acres of our 40% sunflowers are grown by those using the hand-operated oil mill which EIL distributes. The Uganda Seed Project produced 50 tons of Sunfola and 400 tons of composite maize, also produced as a result of the USAID funded agriculture research initiative.

In 1988, the annual sunflower production was listed at less than 2,000 hectares. In 1991, well over 4,000 hectares are under production. While the rate that improved sunflowers are being grown is impressive, more work is needed. The two most modern oil mills stand idle most of the time because they can not buy enough oil seeds to crush. And, if they ran full time, some oil would still have to be imported to satisfy the demand. Currently, 98% of the vegetable oil consumed in Uganda is imported. For the time being, we are extremely encouraged by the potential benefit of Sunfola on the national economy.

Both the Vanilla and Sunfola stories illustrate the importance of having private organizations, such as cooperatives, helping to organize production for the market as well as the importation and sale of inputs. The CAAS project has so far assisted 31 of the 33 district cooperative unions in Uganda. Since 1989, 19,675 of their members have received organizational and management training. The CAAS project has laid some of the essential groundwork for future cooperative development. The recent decision by the Government of Uganda to permit four private cooperative unions to export coffee directly will certainly encourage the growth of such organizations in the future. The formation of UNEX (Union Export Services) is viewed as a major accomplishment and step forward for the Cooperative movement and its members.
Coffee is still the major foreign exchange earner for Uganda, even though it has been plagued with a steady decline in production and exports since 1982. The Coffee Marketing Board (CMB) has had a monopoly for the export marketing of coffee since 1969. In February 1990 the Government responded to the analysis of the coffee sub-sector and the CMB and decided to rescind the monopoly of CMB by allowing the private sector to export coffee directly to overseas markets. Four cooperative unions immediately applied for licenses to export in direct competition with CMB. In May 1990, a coffee marketing consultant, under the CAAS project prepared a coffee marketing strategy which provided a plan of action for the private sector cooperatives. With the assistance of CAAS and the Swedish Cooperative Center, Union Export Services (UNEX), a subsidiary was formed to provide operational and managerial guidance to the exporting unions. UNEX is publicly tendering and selling coffee on behalf of the 4 cooperative unions on an open bid basis.

The ability of UNEX to not only export coffee, but to receive higher prices on the international market, the Coffee Marketing Board has been restructured into a commercial limited company, and a Coffee Development Authority, which is under the Ministry of Commerce, Cooperatives and Marketing.

In the first three quarters of 1991, the unions, through UNEX exported 101,275 out of the 1,395,292 bags exported (7%) and received a higher price for coffee exported; $8,104,405 out of $87,295,528 (9%). It is expected that UNEX will eventually export 25% of Uganda's coffee, other private entities 25% and CMB Ltd., 50%.

With the objective of increasing agricultural productivity through increased availability of agricultural credit, the Mission acknowledges that the Rehabilitation of Productive Enterprises project is not yielding the desired results. With a repayment rate of 12 percent, the Mission's major credit initiative has fallen prey to the poor financial policies and borrower attitude about credit which has plagued similar donor supported agriculture credit initiatives in Uganda. The Mission is currently reviewing this activity to identify alternative uses of the remaining funds in support of our NTE objectives and will be seeking avenues for enforcing repayment on the outstanding ICI debt. The lack of success under this project is unfortunate because we were attempting to address what continues to be a critical gap for short term credit in agriculture development in Uganda. Recognizing the problems and lack of a credible financial system, WB will be focusing on major financial system restructuring and development.
Strategic Objective Two: Increased contraceptive prevalence

The DHS survey done in 88/89 indicated that the total fertility rate for Ugandan urban women had declined between the period 1982-84 and 1985-88 from 6.1 to 5.7, while that for rural Ugandan women remained stable at 7.6. In 1988/89, the baseline for modern contraceptive use was established at only 2.7% of married women. Given these rates and the fact that the vast majority of Ugandan women are rural, one would have expected that the population growth rate during the 1980's would not have decreased to the rate of 2.5%, the recently published population census growth rate. This means that the growth rate during the 1980's was probably about 2.7% (the lower end of the estimated rate of 2.6 - 3.2%), and that mortality has remained high. It is unclear to what extent the use of contraceptives has affected this rate.

The Mission has supported the information and education efforts to increase knowledge of contraception and demand for family planning services, at the same time we have supported training and commodity distribution to enhance supply of these vital services. A condom commercial retail program was launched in July, to expand private provision of social services and complement the Government NGO family planning programs. A quarter of a million condoms have already been distributed to over 400 retail outlets by the private pharmaceutical distribution company. The condoms are on sale for Us$1.150 for 3 (5 cents each). Sales figures will be available for the next API report.

Strategic Objective Three: Improved coverage and quality of AIDS prevention programs

The most dramatic impact of AIDS prevention efforts to date has been a tremendously increased awareness of the causes of AIDS transmission among the entire Ugandan population. Surveys conducted by several organizations consistently show awareness rates, even among schoolchildren, of 90 percent or more. However, it has not yet been documented that awareness has led to the kinds of behavior changes which will to a measurably decreased incidence of AIDS in the near future. Even if HIV transmission was stopped completely in 1991, however, the number of AIDS cases would not decrease for ten years due to the long incubation period of the virus.

A second follow-up survey of more than 600 individuals in workplaces covered by AIDS counselling efforts supported by A.I.D. through the Experiment in International Living and the Federation of Ugandan Employers was conducted in March, 1991. Although the data are only indicative, it appears that basic knowledge of AIDS transmission remains high, and peer education sessions may have increased the knowledge of mother to infant transmission (only 9%
The AIDS Information Centre (AIC), which began operations with full USAID funding in February 1990, and has tested over 22,000 clients to date, represents the first major HIV counselling and testing program in Africa. A CDC evaluation in October, 1991, observed that AIC counselors were highly motivated, well educated and had received excellent and intensive training, and that the quality of AIC services is among the best in the world. AIC data indicate that combining HIV testing with intensive counselling may effect sexual behavior in a way which would slow transmission. At the initial client contact, more than 40 percent of men and women seeking testing indicated that they had multiple sexual partners. One of the points in the counselling is information that a negative HIV test does not mean that the person is not in danger of developing AIDS. Even those with a negative HIV tests were encouraged to seek a repeat test in six months. In a group of 102 individuals seeking such testing, less than 20 percent noted that they had continued to have multiple sexual partners in the interim. While this may be a highly-motivated and self-selected group, nevertheless it may indicate the effectiveness of this intensive combination of HIV testing, counselling, and on-going support groups.

Strategic Objective Four: Increase child survival rates

Infant mortality rates have come down over the last decade from 120/1000 live births in 1980 to 101 on average in the 1983-88 period (UNICEF, Uganda Country Information, 1990). This was due largely to increases in immunization rates for under one year old children. However more than half of all deaths in Uganda each year are among children under five years of age. A 1988 household survey found that one-quarter of all deaths occurred in children below one year of age. However total under 5 mortality rates still remain high at 180/1000 live births. This reflects continuing problems with diarrheal disease, nutritional deficiencies and the onset of the AIDS epidemic. USAID efforts to increase child survival rates, in addition to the AIDS control program, have focused on detection and proper treatment of diarrheal disease. Diarrheal disease was the second leading cause of death among hospital in-patients in 1987, up from third place in 1981. In a 1988-89 UNICEF survey, 21% of children aged 1-5 years reportedly suffered from diarrhea in the previous two weeks.

The child survival intervention has consisted of production and dissemination of health education materials, training of health staff, extension workers, traditional healers, and women leaders in
detection and proper treatment of diarrhea, and provision of oral rehydration salts. According to recent home visiting reports, 90% of mothers now recognize oral rehydration therapy as the correct method to correct dehydration due to diarrhea. Forty percent of health workers could properly assess signs and symptoms of dehydration (UNICEF Health Facility Survey, March 1991). However, only 47% of mothers knew how to prepare ORS correctly and 37% knew how much to give (FRITECH 1991). Prior data have been mostly anecdotal, and the recent statistics on incidence and treatment of diarrheal disease will serve as a comprehensive baseline for measuring future program performance. Clearly from the current data, there is much that remains to be done in training for diarrheal disease management. Provision of oral rehydration salts, however, does represent a significant success story during this reporting period.

ORADEX

USAID has been supporting diarrheal disease control activities since 1984, in collaboration with the Ugandan Ministry of Health and UNICEF. Initial activities focused on supplying the Ministry of Health with imported oral rehydration salts. Access to the salts in-country was variable and subject to delayed shipments and irregular supplies from overseas. In 1987, the Mission began discussions with Ugandan counterparts on the potential for producing ORS in Uganda. Feasibility studies, cost-benefit analyses and market surveys led to identification of an indigenous private sector manufacturer of pharmaceuticals. Technical assistance, and funding for procurement of machinery, raw materials and plant expansion were provided under our program. A full line of state of the art mixing and packaging equipment was bought from U.S. suppliers and installed in the factory outside Kampala. The factory was inaugurated by President Museveni, Secretary of HHS Sullivan and Administrator Roskens in January of this year. The factory is now fully operational and on target with their production schedule -- 1.65 million sachets of ORS by the end of the year. Their product meets all WHO specifications and has passed independent laboratory inspection in the U.S.

Local production of ORS has eliminated the need to continue to use valuable foreign exchange to import sachets from abroad. The factory creates good steady skilled employment for 30 more Ugandans, and local production ensures a safe and reliable supply of this vital medication.

The bulk of the factory output of salts to date have been provided as loan repayment by the private manufacturer for use in the national diarrheal disease control program. Overtures have already been received from neighboring countries for regional sales; these
cannot be accommodated until domestic demand is satisfied, but there is good export potential for this product. In October, a new orange packet with the trade name ORADEX was launched as a second product line. It is the same formulation but packaged for sale in retail outlets. By utilization of both the free distribution program through health centers and the commercial retail sales program, we hope to reach a larger percentage of the population in need. The data show that 43% of the population live more than 10 km from a health center, whereas small shops and markets cover the countryside. Stocking these local shops with ORADEX will bring this rehydration medicine to the grassroots level where and when it is needed most. The price, at USh.100 for a sachet (10 cents), is in many cases less than the cost of transport to a health center where the ORS is distributed free.

Sales figures are not yet available since the retail sales program is less than a month old. However, distribution, using a private pharmaceuticals distribution company, and promotion of the product using a local advertising firm have covered most of the country. The ORADEX example demonstrates effective import substitution, development of an indigenous enterprise, and the private provision of a vital social service. We are looking forward to reporting on production figures of ORS, sales of ORADEX, usage, and reduction in diarrheal disease mortality in the next API report.

Summary

The Mission is encouraged by the impact of our program to date. Ugandans have been made better off as a result of our efforts. Our work with the Ugandan vanilla growers, the coffee cooperatives and the ORADEX production plant reflect the caliber of programs A.I.D. is supporting in Africa.