

Executive Board Consultation

National Oil Palm
Project (NOPP)
Additional Financing |
Republic of Uganda

EB Consultation,
25-26 November 2025



Rationale for the NOPP Additional Financing

- The Ugandan government is expanding the oil palm 4P model to connect small-scale growers with processors, benefiting local communities.
- In the Vegetable Oil Development Project (VODP) Phases 1 and 2, 2,064 farmers (39% female) planted 4,700 hectares in Kalangala, earning UGX 347.2 billion (US\$ 99.2 million) and building 879 km of roads.
- In NOPP's current phase, 1,266 farmers (30% female) established 2,458 hectares in Buvuma and Mayuge, earning UGX 208.8 million (US\$ 59,657) so far. Additionally, 5,878 households received support in alternative livelihoods, 107 km of roads were built, and 755 jobs created.

Rationale for the NOPP Additional Financing (2)

Rational:

- The proposed NOPP Additional Financing (AF) will extend project activities to four districts within the Busoga sub-region, one of Uganda's most economically vulnerable areas, where 45.1% of the population experiences multidimensional poverty and 24.1% live below the monetary poverty line.
- The NOPP AF analysis demonstrates the financial and economic viability of the investments, with an estimated Economic Internal Rate of Return (EIRR) of 37.6% and a Net Present Value (NPV) of US\$ 284.06 million.

Additional benefits from the NOPP scale-up include:

- Helping 13,000 more smallholder households plant 16,000 hectares of oil palm.
- Building 1,630 km of farm and access roads in four new districts.
- Creating a crude palm oil mill and nursery by a private company.
- Supporting 12,900 households in crop, livestock, and microenterprise development, focusing on women and youth outside oil palm farming.

Financing Structure of the NOPP AF

- The total cost of NOPP including the Additional Finance is estimated at US\$ 360.9 million
- The proposed AF is estimated at US\$ 145.4 million comprised of:
 - IFAD loan of US\$ 100 million (68%);
 - Government co-financing of US\$ 8.9 million (5.8%);
 - Private sector contribution of US\$ 20.3 million (13.9%); and,
 - Project participants' contributions of US\$ 16.2 million (10.5%)

Table showing the Original and Additional Financing Summary

	Original Financing	Additional Financing	Total
IFAD Loan	75.8	100	175.8
IFAD Grant	1.2	-	1.2
Project participants	17.2	16.2	33.4
Borrower/recipient	25.6	8.9	34.0
Private Sector	90.6	20.3	110.9
CRI Grant	5.1	-	5.1
Total	215.5	145.4	360.9

Environment and Social Safeguards/ Mitigation

Environment/ Social Risk	Safeguard/ Mitigation
High risk profile in terms of increased Green House Gas (GHG) emissions, loss of habitat and reduction in biodiversity, and containment of surface waters	Maintain the requirement of completion of an Environment and Social Impact Assessment (ESIA), obtaining a clearance certificate from the National Environment Management Authority and mandatory 120 day display in IFAD for comments.
NOPP is classified as a SECAP social and Environmental Category A project as its risk profile includes potential adverse environmental and social impacts	NOPP will adhere to the SECAP requirements based on risk categorization including the mandatory ESIA for the new districts and the project will implement and monitor ESMPs for all infrastructure developments
Implementation, monitoring and enforcement of safeguards	IFAD will closely monitor compliance with agreed standards and procedures through the SECAP Unit of IFAD and other relevant staff during supervision and implementation support exercises. Annual Audits will also be carried out and grievance redress mechanisms will be established at local, national and global levels.
Environmental and Social Management System	An ESMS was integrated into the design of NOPP and will continue in the AF with emphasis on the smallholders adoption of good practices in EHS.
Stakeholder and policy engagement	A Strategic Environment Assessment (SEA) is under implementation to answer questions related to cumulative impact of upscaling oil palm development in the country to provide guidance to Government and the private sector on sustainable oil palm development in the Uganda context.

Contact

Sara Mbago-Bhunu
Regional Director
East and Southern Africa
Division
IFAD

Phone: +254 710 796 813,
+39 3316175930
E-mail: s.mbago-bhunu@ifad.org

Mohamed El-Ghazaly
Country Director, Uganda
East and Southern Africa
Division
IFAD
Email: m.el-ghazaly@ifad.org

Thank You



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