IFAD
Investing in rural people

Executive Board
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President's memorandum
Proposed additional financing to
Republic of Uganda
National Oil Palm Project

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Action: The Executive Board is invited to approve the recommendation for the proposed additional financing contained in paragraph 63.

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Financing summary

Initiating institution:	IFAD
Borrower/recipient:	Government of the Republic of Uganda
Executing agency:	Ministry of Agriculture, Animal Industry and Fisheries
Total project cost:	US$360.9 million
Amount of original IFAD loan (performance-based allocation system [PBAS]):	US$75.82 million
Amount of IFAD grant (loan component grant):	US$1.2 million
Terms of original IFAD financing:	Highly concessional: Maturity period of 40 years, including a grace period of 10 years, with a service charge of 0.75 per cent per annum
Amount of Crisis Response Initiative grant:	US$5.05 million
Amount of additional IFAD loan 1 (PBAS):	US$80 million
Terms of additional IFAD financing:	Super highly concessional: Maturity period of 50 years, including a grace period of 10 years, with a service charge of 0.75 per cent per annum
Amount of additional IFAD loan 2 (PBAS):	US$20 million
Terms of additional IFAD financing:	Highly concessional: Maturity period of 40 years, including a grace period of 10 years, with a service charge of 0.75 per cent per annum
Cofinancier(s):	Private sector (various)
Amount of original cofinancing:	US$90.6 million
Amount of additional cofinancing:	US$20.3 million
Terms of cofinancing:	Direct investment
Original contribution of borrower:	US$25.6 million
Additional contribution of borrower:	US$8.9 million
Original contribution of beneficiaries:	US$17.2 million
Additional contribution of beneficiaries:	US$16.2 million
Amount of additional IFAD climate finance:[1]	US$16.96 million
Cooperating institution:	Directly supervised by IFAD

[1] 2025 financial prices.

I. Background and project description

A. Background

1. The National Oil Palm Project (NOPP) was launched to scale up the success of the Vegetable Oil Development Project (VODP) phases 1 and 2. Implemented in Kalangala District, VODP pioneered a public-private-producer partnership (4P) model that integrated smallholder farmers into a commercial oil palm value chain. VODP significantly transformed livelihoods in Kalangala, with over 1,800 households directly benefiting as oil palm growers, and an additional 3,000 people employed in estate operations and palm oil mills. Beyond farming, the project catalysed broader development, including improved roads, access to electricity, clean water, financial services and communications infrastructure.

2. NOPP was approved by IFAD's Executive Board in 16 April 2018[2] and entered into force on 1 March 2019, with the first disbursement on 13 September 2019. The project has an implementation period of 10 years, a completion date of 31 March 2029 and a closing date of 30 September 2029. The Government of Uganda has requested additional financing of US$100 million to scale up the NOPP activities in new suitable geographical areas. The performance-based allocation system (PBAS) allocation for Uganda under the Thirteenth Replenishment of IFAD's Resources (IFAD13) is US$134.4 million, with a further Borrowed Resource Access Mechanism allocation of US$4.5 million.

3. The original project financing is US$210.4 million, broken down as follows: (i) an IFAD loan of US$75.82 million; (ii) an IFAD grant of US$1.21 million; (iii) the Government's counterpart contribution of US$25.6 million; (iv) private sector funding of US$90.622 million; and (v) a project participant contribution of US$17.208 million. Additionally, a grant from the Crisis Response Initiative (CRI) of US$5.05 million was approved in 2023.

4. On 4 November 2024, the Government issued a formal request for additional financing (AF) for US$100 million. The proposed AF would be provided as a super highly concessional loan (for 80 per cent of the amount) and a highly concessional loan (for 20 per cent) from IFAD13. The proposed objective of the AF is to scale up the project to four new districts and have a three-year extension of the implementation period with the aim of completing all activities under the AF.

B. Original project description

5. The overall goal of NOPP is to achieve inclusive rural transformation through oil palm investment. The development objective is to sustainably increase rural incomes through opportunities generated by the establishment of an efficient oil palm industry that complies with modern environmental and social standards.

6. The development objective is realized through three outcomes: (i) sustainable supply chains for oil palm growers established; (ii) household livelihoods diversified and resilience increased; and (iii) an enabling environment created for sustainable scaling up of oil palm investment.

II. Rationale for additional financing

A. Rationale

7. NOPP's ongoing performance is classified as moderately satisfactory, which was confirmed by the midterm review carried out in May 2025. NOPP is under implementation in two out of four implementation hubs pending the conclusion of environmental and social impact assessment processes in the remaining hubs. In the Buvuma hub, 78 per cent of the plantation target has been achieved. Overall, 3,219 hectares were established by smallholder farmers for oil palm cultivation, which constitutes 41 per cent of the smallholder oil palm target. Other economic

[2] EB 2018/123/R.9.

opportunities have also emerged: 5,678 households have benefitted from alternative livelihoods, achieving 24 per cent of the targeted 23,922 households (61.9 per cent of which are headed by women and 30.5 per cent by youth).

8. Building on this proven 4P model, the Government aims to expand oil palm beyond the current NOPP hubs into the Busoga subregion, in the districts of Jinja, Luuka, Iganga and Bugweri. The Busoga subregion remains one of Uganda's most vulnerable economic zones, facing deep-rooted multidimensional poverty, underemployment and systemic agricultural underperformance. According to the Multidimensional Poverty Index Report 2022 – Uganda, 45.1 per cent of Busoga's population is multidimensionally poor, with 29.4 per cent being below the monetary poverty line. The subregion also has the country's highest deprivation rate (36 per cent) in productive employment.

9. The proposed AF aligns with national development frameworks such as Uganda Vision 2040 and the Fourth National Development Plan, both of which emphasize inclusive, sustainable agricultural transformation.

10. NOPP is qualified to receive AF from IFAD, and meets the necessary criteria:

    (a) The AF objectives, activities, approaches and components remain consistent with the original project design.

    (b) Uganda is part of the list of countries eligible for core funding under IFAD13, with an allocation of US$139 million.

    (c) The activities to be financed comply with all relevant IFAD policies at the time of the AF request, including IFAD's Social, Environmental and Climate Assessment Procedures (SECAP), targeting policies and performance indicators.

    (d) The Government of Uganda issued a formal request for AF for US$100 million.

Special aspects relating to IFAD's corporate mainstreaming priorities

11. **Climate.** Uganda experiences relatively humid conditions and moderate temperatures throughout the year, with mean daily temperatures of 28° C and with average monthly temperatures ranging from a minimum of 15° C in July to a maximum of 30° C in February. The annual rainfall varies from 500 mm to 2,800 mm; mean annual rainfall ranges between less than 900 mm in the driest districts to an average of above 1,200 mm per year in the wettest districts located within the Lake Victoria basin, and in the eastern and the north-western parts of Uganda.

12. **Gender.** Generally, women are more dependent than men on farm self-employment than on non-farm and formal employment, due to inadequate skills, discrimination in formal labour markets, and difficulties of combining employment with family responsibilities and caregiving. Around 46 per cent of women in the labour force are unpaid compared to only 18 per cent of men.

13. **Youth.** Uganda has one of the world's youngest populations, with over 78 per cent of the population below the age of 30. With about eight million young people aged between 15 and 30, the country also has one of the highest youth unemployment rates in sub-Saharan Africa. With most youth lacking the requisite skills, the informal sector has become the major source of employment and opportunities for job creation. Youth in rural areas have resorted to small-scale agriculture and supplying agricultural labour. Youth seeking to start their own enterprises face challenges in obtaining access to credit.

14. **Nutrition.** Adequate nutrition is a prerequisite for human development and socioeconomic well-being. In Uganda, 34 per cent of children are stunted, 5 per cent of children under 5 years of age are wasted and 2 per cent are severely wasted. About 14 per cent of children under 5 years of age are underweight and 3 per cent are severely underweight.

B. Description of geographical area and target groups

15. **Geographical hub approach.** NOPP is designed to be implemented in four hubs that comprise eight districts. The proposed AF will support expansion of smallholder oil palm development activities to a new hub with the four new districts of Jinja, Iganga, Luuka and Bugweri.

16. Information and analysis about these new districts have been included in the SECAP review note.

17. Targeting remains the same, with the main target groups and strategy unchanged. NOPP will continue to support poor and vulnerable households – smallholder oil palm growers and others – in the communities located within the hubs. The principle targeting mechanisms will include: (i) setting 2 hectares as upper limit per household for the area of oil palm eligible for financing; (ii) promoting the participation of women and youth in all project activities; (iii) promoting environment, health and safety measures; and (iv) addressing the potentially negative effects of the oil palm investments.

C. Components, outcomes and activities

18. The AF will be implemented within the same components as the original financing.

19. **Component 1: Scaling up smallholder oil palm development.**

20. **Subcomponent 1.1: Development of smallholder oil palm plantations.** Under the additional financing, NOPP will support 13,000 new smallholder oil palm households on 16,000 hectares of land in addition to the original target of 9,887 households on 19,700 hectares of land.

21. **Subcomponent 1.2: Development of oil palm grower organizations.** Under the additional financing, the smallholder oil palm households in the new areas will be supported in setting up cooperatives.

22. **Subcomponent 1.3: Establishment of support infrastructure.** Under the additional financing, NOPP will construct 1,630 km of roads, which will increase the project target to 3,210 km of roads.

23. **Subcomponent 1.4: Investment in nucleus estates and mills.** The private sector company will establish a crude palm oil (CPO) mill and a seedling nursery in the new hub. This will increase the targeted CPO milling capacity installed in Uganda to 200 metric tons per hour.

24. **Component 2: Livelihoods diversification and resilience.**

25. **Subcomponent 2.1: Alternative economic opportunities.** Support will be provided to develop crop and livestock enterprises and off-farm microenterprises targeting primarily non-oil palm growing households, and focusing on women, youth and poorer households. The AF will support an additional 12,900 households, increasing the project target to 36,822 households.

26. **Subcomponent 2.2: Mitigation of social risks.** NOPP will assist households and communities in effectively managing social risks that might result from rapid economic development. These include intra-household vulnerabilities, high-risk sexual behaviour, pressure on land tenure systems and social fragmentation. Household mentoring will be used to enable household members to jointly self-assess the challenges they face and identify the required actions. A total of 10,000 households will benefit from the AF under this subcomponent, increasing the NOPP target to 18,066 households.

27. **Component 3: Oil palm sector development framework.**

28. **Subcomponent 3.1: Policy and institutional support for national oil palm sector development.** NOPP will support development of a national policy, an investment strategy and an associated bill to promote and regulate the sector.

29. **Subcomponent 3.2: Strengthening the national capacity for oil palm research.** NOPP will promote systematic management of existing technical knowledge, and strengthen oil palm research through the establishment of a dedicated programme under the National Agricultural Research Organisation.

30. **Component 4: Project management, monitoring and evaluation (M&E) and knowledge management.** This component will support staffing and operations related to project management (see section III).

D. Costs, benefits and financing

Project costs

31. The total cost of NOPP, including the requested AF, is estimated at US$360.9 million. Around US$175.8 million (49 per cent) is financed by IFAD loans, US$1.2 million by the IFAD grant and US$5.05 million by the CRI grant (2 per cent). NOPP is cofinanced by the Government (US$34.5 million or 9 per cent), by the private sector (US$110.9 million or 31 per cent) and by the farmers themselves in various forms (US$32.5 million or 9 per cent).

32. The proposed AF is estimated at US$145.4 million and is composed of an IFAD loan of US$100 million (68.8 per cent) and counterpart financing by the Government of US$8.9 million (5.8 per cent), private sector cofinancing of US$20.3 million (13.9 per cent) and project participant contributions of US$16.2 million (10.5 per cent).

33. NOPP component 1, "scaling up smallholder oil palm development", and component 2, "livelihoods diversification and resilience", are partially counted as climate finance. As per the multilateral development banks' methodologies for tracking climate change adaptation and mitigation finance, the total amount of IFAD climate finance for this project is estimated as US$16,956,000.

Table 1
Original and additional financing summary
(Millions of United States dollars)

	Original financing	*Additional financing*	*Total*
IFAD loan	75.8	100	175.8
IFAD grant	1.2	-	1.2
Target group	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**

* Approved in 2023.

Table 2
Additional financing: project costs by component and financier
(Millions of United States dollars)

					Additional										
	Additional IFAD loan 1		*Additional IFAD loan 2*		*Borrower*		*Private sector*		*Development loan farmers*		*Commercial farmers*		*Farmers' organizations*		*Total*
Component	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*
1. Scaling up smallholder oil palm development	74	54	18.5	14	7.8	6	20.3	15	4.8	4	7.7	6	3.8	3	136.8
2. Livelihoods diversification and resilience	3.2	70	0.8	18	0.50	12	-	-	-	-	-	-	-	-	4.5
3. Oil palm sector development framework	0.72	65	0.18	16	0.2	19	-	-	-	-	-	-	-	-	1.1
4. Project management, M&E and knowledge management	2.08	69	0.52	17	0.4	14	-	-	-	-	-	-	-	-	3.0
Total	**80**	**55**	**20**	**14**	**8.9**	**6**	**20.3**	**14**	**4.8**	**3**	**7.7**	**5**	**3.8**	**3**	**145.4**

Table 3
Additional financing: project costs by expenditure category and financier
(Millions of United States dollars)

					Additional										
	Additional IFAD loan 1		*Additional IFAD loan 2*		*Borrower*		*Private sector*		*Development loan farmers*		*Commercial farmers*		*Farmers' organizations*		*Total*
Component	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*
Investment costs															
Credit and guarantee fund	36	62	9	16	0.6	1	-	-	4.8	8	7.7	13	-	-	58.0
Works	18.6	62	4.7	16	5.4	18	-	-	-	-	-	-	1.3	4	30.0
Goods, services and inputs	22	74	5.5	19	1.2	4	-	-	-	-	-	-	0.7	2	29.4
Vehicles	0.3	49	0.1	12	0.2	39	-	-	-	-	-	-	-	-	0.6
Nucleus estate establishment and mill	-	-	-	-	-	-	20.3	100	-	-	-	-	-	-	20.3
Total investment costs	**76.9**	**56**	**19.2**	**14**	**7.4**	**5**	**20.3**	**15**	**4.8**	**3**	**7.7**	**6**	**2.0**	**2**	**138.2**
Recurrent costs															
Salaries and allowances	1.8	73	0.4	18	0.2	9	-	-	-	-	-	-	-	-	2.4
Operating costs	1.4	29	0.3	7	1.3	27	-	-	-	-	-	-	1.8	37	4.8
Total recurrent costs	**3.1**	**43**	**0.8**	**11**	**1.5**	**21**	**-**	**-**	**-**	**-**	**-**	**-**	**1.8**	**25**	**7.2**
Total	**80**	**55**	**20**	**14**	**8.9**	**6**	**20.3**	**14**	**4.8**	**3**	**7.7**	**5**	**3.8**	**3**	**145.4**

Table 4
Project costs by component and project year (PY)
(Millions of United States dollars)

	PY1		PY2		PY3		PY4		PY5		PY6		PY7		Total
Component	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*
1. Scaling up smallholder oil palm development	4.9	4	10.3	8	37.0	27	18.2	13	29.1	21	26.8	20	10.4	8	136.8
2. Livelihoods diversification and resilience	0.4	9	0.4	9	0.5	10	0.1	2	1.2	27	1.2	27	0.8	17	4.5
3. Oil palm sector development framework	-	-	0.1	9	0.1	11	0.1	9	0.3	31	0.2	20	0.2	20	1.1
4. Project management, M&E and knowledge management	-	-	-	-	-		-		1.0	32	1.1	36	1.0	32	3.0
Total	**5.3**	**4**	**10.8**	**7**	**37.6**	**26**	**18.4**	**13**	**31.6**	**22**	**29.4**	**20**	**12.4**	**9**	**145.4**

Financing and cofinancing strategy and plan

34. The total AF costs, including physical and price contingencies, are estimated at US$145.4 million, with a base cost of US$141.8 million and contingency allowances of US$3.6 million. Taxes and foreign exchange account for 6 per cent and 60 per cent respectively. The largest share is allocated to component 1 (US$136.8 million base cost), followed by component 2 (US$4.5 million base cost) and component 3 (US$1.1 million base cost).

Disbursement

35. The disbursement categories are: (i) credit and guarantee fund; (ii) works; (iii) goods, services and inputs; (iv) vehicles; (v) nucleus estate establishment and mill; (vi) salaries and allowances; and (vii) operating costs. Recurrent costs represent only 5 per cent of total project costs and 4 per cent of IFAD financing. IFAD's additional financing for NOPP will flow through the designated account and the operating account already opened for NOPP at Bank of Uganda. Disbursements will be based on the submission of quarterly interim financial reports, which shall be submitted to IFAD within 30 days of each quarter's end.

Summary of benefits and economic analysis

36. The analysis confirms the financial and economic viability of the investments with an economic internal rate of return of 37.6 per cent, and an economic net present value of US$284.06 million (UGX 1,071.77 billion). Project investments will generate substantial incremental net returns, both to oil palm growers and to other households engaged in income-generating activities and intensification of agricultural production.

Exit strategy and sustainability

37. NOPP's additional financing will enhance sustainability through the following: (i) district local governments (DLGs), which are integrated into project activities, and farmer mobilization for oil palm growing, which will foster alternative livelihood activities; (ii) involvement of the National Agricultural Research Organisation in oil palm research and building their capacity to ensure continuous post-project support of research for the growth of the sector; (iii) partnership with Uganda Development Bank Limited and other banks for financing of oil palm farmers with special products; and (iv) priority given to establishing the Uganda Oil Palm Growers Trust, which will mediate the provision of financing to all oil palm growers in the country and provide broad guidance to the development of the sector. The trust will retain a loan administration function and continue to mediate the provision of financing to all oil palm growers in Uganda using NOPP funding for investing in smallholder oil palm initiatives. The project management unit (PMU) will develop a comprehensive exit strategy.

III. Risk management

A. Risks and mitigation measures

38. **Climate variability.** Increasing climate variability may have an adverse impact on the agricultural productivity in the NOPP target areas. The changes in precipitation and extended dry spells will affect the planting seasons and the incidence of pests and diseases. Mitigation measures include establishing oil palm farms within a 30-km radius of Lake Victoria's shores, which has proven feasible, as these areas receive more consistent and sufficient rainfall compared to areas beyond this zone.

39. **Project budgeting.** The project's annual workplan and budget (AWPB) is prepared by the M&E unit in collaboration with all departments and is cross-validated by the finance team before submission to IFAD. While the budgeting process has improved in terms of detail and is effectively used to monitor performance, the IFAD-approved AWPB figures are not aligned with the national budget appropriated by the Parliament of Uganda. This misalignment, stemming from a parallel government budgeting cycle that runs from September to March annually, may

negatively impact the project's financial performance and execution. Mitigation measures will include: (i) strengthening coordination with the Ministry of Finance, Planning and Economic Development to align IFAD's AWPB figures with the national budget cycle; (ii) including a dedicated budget line for credit reference bureau fees starting with the 2026/2027 AWPB to ensure continuity in farmer enrolment; (iii) using quarterly interim financial reports to track performance and adjust allocations where necessary, especially for underfunded priorities; and (iv) providing targeted training to M&E and finance staff to improve budget preparation and alignment with government processes.

40. **Managerial/operational risks.** The expanded mandate of the PMU to new districts with larger targets requires strong coordination among the PMU, hub offices and DLGs. Currently, the PMU is fully staffed with all technical positions filled. The project also signed memorandums of understanding with all the DLGs under the current NOPP to support implementation and quality assurance of the project services. At the PMU level, the current structure is sufficient for the expanded mandate. At the hub office level, the Ministry of Agriculture, Animal Industry and Fisheries will expedite the recruitments for the new hub to be established under the AF. At the DLG level, memorandums of understanding will be signed with the new districts that will be included under the AF.

41. **Financial management/procurement risks.** The PMU will be responsible for managing US$267 million in financing, composed of the remaining balance from the original financing (US$121.4 million) plus the resources from different AF sources, which potentially increases the financial management and procurement risks. At midterm review, the quality of financial management was rated moderately satisfactory on the basis of capable finance staff, sound budget management, timely financial reports, internal controls, efficient use of the Integrated Financial Management Information System and timely audits with unqualified opinions. The midterm review also rated procurement moderately satisfactory, with well documented procurement processes.

B. Environment and social category

42. **Environmental risks.** The oil palm sector has a relatively high-risk profile in terms of increased greenhouse gas emissions, loss of habitat and reduction in biodiversity, and contamination of the surface waters. Prior to investment in the project districts, NOPP ensured adherence to the following requirements: completion of an environmental and social impact assessment (ESIA), a clearance certificate from the National Environment Management Authority and a mandatory 120-day display by IFAD for comments. NOPP recruited a dedicated environment, health and safety officer at the PMU with the primary responsibility of monitoring and ensuring that good environment, health and safety practices are followed in the oil palm investments. NOPP also recruited an international NGO to conduct training-of-trainers programmes for district technical staff and selected farmers, focusing on environmental and social sustainability, best agricultural management practices and Roundtable on Sustainable Palm Oil (RSPO) standards. NOPP is also tracking greenhouse gas emissions from oil palm farming through studies and has demarcated all the environmentally sensitive areas and started reforestation activities in the buffer zones and in the central and local forest reserves.

43. **SECAP.** NOPP is classified as a SECAP category A project, as its risk profile includes potential adverse environmental and social impacts that are sensitive, irreversible and affect an area broader than the sites subject to physical intervention. This classification will continue under the proposed AF.

44. Regarding SECAP compliance, NOPP will adhere to the SECAP requirements based on risk categorization. NOPP will conduct ESIA for the new proposed districts and will continue to implement and monitor environmental and social management plans for all infrastructure developments. These assessments and plans will ensure

that the project meets the necessary environmental and social standards, and complies with relevant policies and guidelines.

45. To resolve the issue of delayed payment for land compensation, the AF will be used for payment of the land that was acquired from farmers during the original NOPP project. The process will follow SECAP procedures including documentation of Free, Prior, and Informed Consent.

46. **Implementation, monitoring and enforcement of safeguards.** IFAD will closely monitor compliance with the agreed standards and procedures. The SECAP unit of IFAD and other relevant staff will participate in IFAD's regular supervision and implementation support exercises. Independent environmental and social audits will also be conducted annually. Complaint and grievance mechanisms are envisaged at the local and national levels through a stakeholder engagement plan, and global levels through IFAD's complaint mechanism. The private sector partner, Bidco Uganda Limited, is fully committed to environmental and social sustainability. One of its shareholders, Wilmar International Limited, is a member of RSPO. Wilmar International Limited has an explicit No Deforestation, No Peat, No Exploitation Policy whose commitments go even beyond those of RSPO. Bidco Uganda Limited is regularly monitored for its environmental, social and governance performance by an independent organization and such confidential reports are regularly shared with the IFAD Country Office.

47. **Environmental and social management system.** An environmental and social management system was integrated into the design of NOPP and will continue under the proposed AF. Emphasis will be placed on the smallholders' adoption of good environment, health and safety practices. Local and central authorities have been strengthened under NOPP to enable them to perform their enforcement functions under the national regulatory framework. This will be scaled up under the AF.

48. **Stakeholder and policy engagement** are essential to assure sustainability of project impact. A strategic environmental assessment will be carried out to answer questions related to cumulative impact of scaling up oil palm development in the country and to provide guidance to the Government and private sector on sustainable oil palm development in the Ugandan context. Component 3 includes further measures related to this objective.

C. Climate risk classification

49. NOPP is classified as moderately sensitive to the impacts of climate change, mainly driven by the long lifetime and thus exposure of the investments (25 years for oil palms, with investments designed for multiple cycles). The risk is assessed as moderate, and the project design includes specific measures to increase farmers' climate resilience.

50. For the proposed AF, project vulnerability to climate change impacts is classified as substantial, as increasing climate variability may have an adverse impact on the agricultural productivity in NOPP target areas. The changes in precipitation and extended dry spells will affect the planting seasons and the incidence of pests and diseases. However, although annual rainfall patterns are shifting due to climate change, the overall amount of precipitation remains sufficient to support adequate yields.

IV. Implementation

A. Compliance with IFAD policies

51. The proposed AF complies with the relevant IFAD policies. Particularly important is compliance with the SECAP, given that NOPP's classification as category A. Additional financing for NOPP is consistent with both the IFAD Strategic Framework 2016–2025 and IFAD's Strategy and Action Plan on Environment and Climate

Change 2019–2025, and Uganda's country strategic opportunities programme 2021–2027.

B. Organizational framework

Management and coordination

52. The proposed AF will adopt NOPP's management and coordination structure. The Ministry of Agriculture, Animal Industry and Fisheries is the lead implementing agency, which chairs the project steering committee and houses the PMU. The existing PMU of NOPP will remain under the proposed AF. At the district level, all project activities are overseen by the relevant DLGs who ensure that NOPP activities are coordinated with those of the district.

Financial management, procurement and governance

53. **Financial management (FM).** NOPP's additional financing will use the same FM arrangements as the original financing, which is aligned with country systems. Accounting and financial reporting will be performed through the Integrated Financial Management Information System. The key cost centres will include: (i) farmers' organizations at each hub; (ii) participating districts (mainly for component 2); and (iii) Uganda Oil Palm Growers Trust. The PMU will be the accounts consolidation centre, receiving financial returns from these various cost centres.

54. **Staffing.** The PMU staff under NOPP will manage the AF. The PMU is staffed with a finance manager and an accountant. The farmers' cooperatives/organizations at each hub will be staffed with an accountant and credit officer. Each participating district will have a designated project accountant.

55. **Budgeting.** The AF will be part of the NOPP budget, which will (as required by the Public Finance Management Act) be part of the Government's overall national budget estimates each year and will be subject to parliamentary approvals/appropriations. The Government's planning calendar requires the elaboration of the budget by August of the previous year (10 months before implementation).

56. **Procurement arrangements** will continue to follow the national procurement framework, using the staff in the PMU procurement unit. Direct contracting shall continue to be used for procurement of seedlings, fertilizers and other agrochemicals through the private sector partner(s), using framework agreements and call-off orders, with prices of inputs decided by a cost service panel. Construction of access and farm roads will either be contracted out to private sector contractors on the basis of a competitive procurement process or be undertaken by districts on force account, using materials procured by the PMU on a competitive basis. Construction of the fertilizer stores and office buildings will be contracted out to private contractors. Supervision of construction of roads, fertilizer stores and hub offices will be carried out by the PMU with the assistance of district engineers. The use of consultants for services such as business development and capacity-building of stakeholders will be continued as per existing arrangements. A project procurement arrangement letter shall be amended to align with the thresholds as per the latest procurement manual.

C. Monitoring and evaluation, learning, knowledge management and strategic communication

57. **Monitoring and evaluation.** The AF will benefit from the already established NOPP M&E system, which is based on the logical framework and is in full compliance with IFAD's core outcome indicator framework. The existing system includes a consolidated management information system, which will also capture data under the AF with revisions to overall project targets. Furthermore, indicators and end targets have been updated, in line with the additional financing, in the logical framework.

58. **Learning, knowledge management and strategic communication.** NOPP will continue to draw heavily on data, information and analysis generated by the M&E function. NOPP will scale up tools to cover the AF and will produce policy briefs or learning notes that document best practices, lessons learned and failures, which will then be used for policy dialogue and be shared with stakeholders and other projects/programmes.

D. Proposed amendments to the financing agreement

59. An amendment to the current financing agreement between the Republic of Uganda and IFAD will be necessary to formalize the additional allocation of US$80 million on super highly concessional terms and US$20 million on highly concessional terms, including relevant schedules, the incorporation of standard SECAP provisions to ensure compliance with IFAD's updated SECAP 2021 edition, and applicable laws and regulations. Furthermore, a three-year extension of NOPP – proposed by the Government in November 2024 – will be reflected in the amended financing agreement, and the revised project completion and closing dates will be 31 March 2032 and 30 September 2032, respectively.

V. Legal instruments and authority

60. A financing agreement between the Republic of Uganda and IFAD will constitute the legal instrument for extending the proposed financing to the borrower/recipient. The signed financing agreement will be amended following approval of the additional financing.

61. The Republic of Uganda is empowered under its laws to receive financing from IFAD.

62. I am satisfied that the proposed additional financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VI. Recommendation

63. I recommend that the Executive Board approve additional financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a loan on super highly concessional terms to the Republic of Uganda in an amount of eighty million United States dollars (US$80,000,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide a loan on highly concessional terms to the Republic of Uganda in an amount of twenty million United States dollars (US$20,000,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Alvaro Lario
President

Updated logical framework incorporating the additional financing

Results hierarchy	*Indicators*					*Means of verification*			*Assumptions/notes*
	Name	*Baseline*	*Midterm*	*Original target*	*End target*	*Source*	*Frequency*	*Responsibility*	
Outreach	**1.b Estimated corresponding total number of households**					Project records	Quarterly	Operations, MEL	Average household size of 5 members
	Household members – Number of people	9,050	122,450	154,185	333,500				
	1.a. Corresponding number of households reached								
	Women – headed households - Households	33	600	1,542	3,335				
	Non-women-headed households - Households	1,777	23,890	29,295	63,365				
	Households - Households	1,810	24,490	30,800	66,700				
	1 Persons receiving services promoted or supported by the project					Project records	Quarterly	Operations, MEL	
	Males – Males	1,210	18,000	22,665	47,795				
	Females - Females	816	7,715	9,714	20,484				
	Young – Young people	0	10,286	12,951	27,310				
	Indigenous people – Indigenous people	0	0	0	0				
	Total number of persons receiving services – Number of people	2,026	25,715	32,379	68,279				
	Male – Percentage (%)	60	70	70	70				
	Female – Percentage (%)	40	40	30	30				
	Young – Percentage (%)	0	40	40	40				
Project goal Inclusive rural transformation through oil palm investment	District/ sub-county level poverty rates					UBOS, Households Surveys	Annual	MEL	Average household size of 5 members
	Buganda South - Percentage (%)	7	5	3	3				
	Busoga – Percentage (%)	29	23	15	15				
Development objective Sustainably increase rural incomes through opportunities generated by the establishment of an efficient oil palm industry that complies with modern environmental and social standards	Households gross income from oil palm farmers in targeted areas					Outcome surveys	Annual after plantation establishment	MEL	- Peace and stability remain favourable for rural economic growth - Socio-economic infrastructure and services are attracted by oil palm-generated income - Government and private sector remain sensitive to inclusive and environmentally sustainable agric. Investment - Trade with neighboring countries remains open
	Buganda South - Number	2300000	3500000	6500000					
	Busoga – Number	0	0	3500000					
	Number of households receiving programme services (*)						Quarterly	MEL	
	Number of households – Number	1,810	24,490	30,800	66,700	Project records			
	% of Environmental and Social Safeguards (ESS) standard					Environmental audit	Annual	EHSO, MEL	
	% Environmental and Social Standards (ESS) – Percentage	30	60	80	80				
	CI SF.2.1: Households satisfied with project – supported services					Outcome surveys	Annual after plantation establishment	MEL	Government/ Private Sector honor commitments to invest
	Households (number)	0	9,240	21,560	46,690				
	Household (%)	0	30	70	70				
	Household members	0	46,200	107,800	233,450				

Results hierarchy	*Indicators*					*Means of verification*			*Assumptions/notes*
	Name	*Baseline*	*Midterm*	*Original target*	*End target*	*Source*	*Frequency*	*Responsibility*	
	CI SF.2.2: Households reporting they can influence decision – making of local authorities and project supported service providers					Outcome surveys	Annual after plantation establishment	MEL	Government/ Private Sector honor commitments to invest
	Households (number)	0	9,240	21,560	46,690				
	Household (%)	0	30	70	70				
	Household members	0	46,200	107,800	233,450				
Outcome 1 Sustainable supply chains for oil palm growers established	Number of smallholder OP growers selling FFBs to processors					Project records; Farmer Organisation records	Quarterly	Operations, MEL	International prices remain high enough for industry viability Trade with neighbouring countries remains open
	Number of smallholder OP growers – Number	1,810	2,026	9,887	22,887				
	3.2.1 Tons of Greenhouse gas emissions (tCO2e) avoided					FAO EX-ACT	Annually from MTR	IFAD ECG/FAO	
	Hectares of land – Area (ha)	0	17,216	34,433	50,433				
	tCO2e/20 years – Number	0	-3,517,896	-7,035,792	-10,000,000				
	tCO2e/ha – Number	0	-102	-204	-204				
	tCO2e/ha/year - Number	0	-5	-10	-10				
Output 1.1 Smallholder oil palm plantations established and developed	**Number of ha planted and grown by smallholder oil palm growers**					Project records, Farmer Organisation records	Quarterly	Operations, MEL	- Government/private sector honour commitments to invest /g - Commercial farmers able to mobilize financing for expansion - Self-standing smallholder model (no nucleus estate) proves viable - Climate change does not negatively affect oil palm yields - A viable institutional model for sustainable provision of TSS is established - Farmers apply good agronomic practices - Proper operation and maintenance for transport infrastructure (roads and ferries) is ensured
	Number of ha planted and grown by smallholder OP growers - Number	4848	14,200	19,700	35,700				
	Percentage of Development Finance Portfolio at Risk					Project records, Farmer Organisation records	Quarterly	IEFO, MEL	
	Percentage of Development Finance Portfolio-at-Risk - Percentage (%)	0	5	5	5				
	Number of Smallholder farmers (planted) – Number					Project records, Farmer Organisation records	Quarterly	Operations, MEL	
	Number - Number	2,026	5,520	11,041	24,041				
Output 1.2 OP Growers Organisations supported to become financial viable and provide quality services	**% of OP Growers Organisations costs covered by own income**					Project records; Farmer Organisation records	Quarterly	IEFO, MEL	- Government/private sector honour commitments to invest /g - Commercial farmers able to mobilize financing for expansion
	% of OP Growers Organisations - Percentage (%)	0	20	90	90				
	KOPGT – Percentage						Quarterly	IEFO, MEL	

Results hierarchy	Indicators					Means of verification			Assumptions/notes
	Name	Baseline	Midterm	Original target	End target	Source	Frequency	Responsibility	
	KOPGT - Percentage (%) - Percentage (%)	100	100	100	100	Project records; Farmer Organisation records			- Self-standing smallholder model (no nucleus estate) proves viable - Climate change does not negatively affect oil palm yields - A viable institutional model for sustainable provision of TSS is established - Farmers apply good agronomic practices - Proper operation and maintenance for transport infrastructure (roads and ferries) is ensured"
	BOPGT – Percentage					Project records; Farmer Organisation records	Quarterly	IEFO, MEL	
	BOPGT - Percentage (%) - Percentage (%)	0	0	100	100				
Output 1.3 Support infrastructures	**2.1.5 Roads constructed, rehabilitated or upgraded**					Project records	Quarterly	Engineer, MEL	- Government/private sector honor commitments to invest /g - Commercial farmers able to mobilize financing for expansion - Self-standing smallholder model (no nucleus estate) proves viable - Climate change does not negatively affect oil palm yields - A viable institutional model for sustainable provision of TSS is established - Farmers apply good agronomic practices - Proper operation and maintenance for transport infrastructure (roads and ferries) is ensured"
	Length of roads - km	410	1,370	1,580	3,210				
Output 1.4 Complementary processing capacity by private sector installed	**Total CPO milling capacity installed in Uganda (in Mt/hr)**					Private sector player(s)	Annual	PM	- Government/private sector honour commitments to invest /g - Commercial farmers able to mobilize financing for expansion - Self-standing smallholder model (no nucleus estate) proves viable
	Total CPO milling capacity installed in Uganda - Number	40	60	100	200				

Results hierarchy	Indicators					Means of verification			Assumptions/notes
	Name	Baseline	Midterm	Original target	End target	Source	Frequency	Responsibility	
									- Climate change does not negatively affect oil palm yields - A viable institutional model for sustainable provision of TSS is established - Farmers apply good agronomic practices - Proper operation and maintenance for transport infrastructure (roads and ferries) is ensured"
Outcome Household livelihoods diversified and resilience increased	1.2.4 Households reporting an increase in production					Outcome surveys	Annual	MEL	- Government/private sector honour commitments to invest /g Commercial farmers able to mobilize financing for expansion - Self-standing smallholder model (no nucleus estate) proves viable - Climate change does not negatively affect oil palm yields - A viable institutional model for sustainable provision of TSS is established - Farmers apply good agronomic practices - Proper operation and maintenance for transport infrastructure (roads and ferries) is ensured"
	Total number of household members - Number of people	0	44,550	76,550	141,550				
	Households - Percentage (%)	0	58	100	100				
	Households - Households	0	8,910	15,310	28,310				
	3.2.2 Households reporting adoption of environmentally sustainable and climate – resilient technologies and practices					Component reports/COI surveys	Annual	MEL	
	Total number of household members - Number of people	9,050	34,375	68,755	151,255				
	Households - Percentage (%)	15	40	90	90				
	Women-headed households - Households	33	304	687	1,512				
	Households - Households	1,810	6,875	13,751	30,251				
	2.2.1 Persons with new jobs/ employment opportunities					M&E Data	Annual	MEL	
	Males - Males	0	2000	4000	7,000				
	Females - Females	0	4000	8000	13,000				
	Young - Young people	0	6000	12000	20,000				
	Total number of persons with new jobs/employment opportunities - Number of people	0	6000	12000	20,000				
	Persons with disabilities - Number	0	308	616	1000				
Output 2.1 Households enabled to take up alternative economic opportunities	2.1.2 Persons trained in income-generating activities or business management					Projects records	Quarterly	IEFO, SDO, MEL	- Government/private sector honour commitments to invest /g - Commercial farmers able to mobilize financing for expansion - Self-standing smallholder model (no nucleus estate) proves viable
	Males - Males	0	9,745	16,745	25,775				
	Females - Females	0	4,177	7,177	11,047				
	Young - Young people	0	2,784	4,784	7,364				
	Persons trained in IGAs or BM (total) - Number of people	0	13,922	23,922	36,822				

Results hierarchy	*Indicators*					*Means of verification*			*Assumptions/notes*
	Name	*Baseline*	*Midterm*	*Original target*	*End target*	*Source*	*Frequency*	*Responsibility*	
									- Climate change does not negatively affect oil palm yields - A viable institutional model for sustainable provision of TSS is established - Farmers apply good agronomic practices - Proper operation and maintenance for transport infrastructure (roads and ferries) is ensured"
Output 2.2 Social risks mitigated through household mentoring methodology	Number of households graduating from household methodologies					Project records	Quarterly	SDO, MEL	Households adopt methodologies
	Number of households graduating from household methodologies programme - Number of people	0	4892	8066	18,066				
Outcome 3 Enabling environment created for sustainable scaling-up of oil palm investment	Total value of private sector investment in oil palm sector (USD millions)	150	195	240	261	Private Sector Reports	Annually	FM, MEL	
	Policy 3 Existing/ new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment					Policy documents/ stakeholder engagement platforms	Annual	M&E officer	Parliamentary approval is achieved, timely
	Number	0	1	3	3				
Output 3.1 Policy and institutional arrangements established for OP sector development	Number of policy, strategy and bill for oil palm development prepared and proposed to policy makers for approval (*)					Project records	Quarterly	MEL	Parliamentary approval is achieved, timely
	Number of policy, strategy and bill for oil palm development prepared and approved - Number	0	2	3	3				
Output 3.2 Capacity building support provided to National OP research	Policy 1 Policy relevant knowledge products completed					Project records, Journals	Annual	NARO, MEL	Government gives necessary priority to investment in research capacity for oil palm
	Number - Knowledge Products	0	15	30	40				
	% Increase of FFB yields achieved on demonstration plots through improved agronomy practices -	0	30	90	90				

Updated summary of the economic and financial analysis

The initial financial models developed during the formulation phase were updated to incorporate revised targets and unit costs. In addition, new models were developed to reflect the expanded scope of activities under the Additional Financing (AF). The updated EFA incorporates the new additional investment, revised targets and new models. Additional model was developed for smallholder oil palm growers on drought scenario and less yields. A total of 10 models were developed as follows: i) 4 models for oil palm (smallholder farmers 2 models including 1 with drought case and less yields, commercial farmers, and nucleus estate), and ii) 6 models for alternative livelihoods component (food crops, goats, laundry services, retail marketing, groundnut processing and cooking stoves).

Using the cost benefit analysis methodology, the financial and economic analysis examines viability of the Project investments in oil palm development and economic activities measured through gross and net margins, returns to family labour, internal rate of return (IRR) and net present value (NPV) of incremental benefits.

Incremental benefits to investments are estimated by comparing the future without project (WoP) and future with-project (WiP) net margins. The overall Project impact is calculated by aggregating benefits to the investments in oil palm development and income generating economic activities. The Project benefits are assessed for a period of 25 years[3] and using opportunity cost of capital of 10 per cent and assuming a 70 per cent adoption rate for investments in alternative economic livelihoods and 100 per cent in oil palm development.

Financial prices of locally traded outputs and inputs are converted into economic prices by deducting direct agricultural subsidies and taxes. Prices for fertilizer imported for oil palm as well as oil palm seedling production are exempt from taxes which had been reflected. Financial cost of unskilled labour is converted into economic one using a shadow wage rate conversion factor of 0.85 due to a low supply of unskilled wage labour in the Project areas for the oil palm sector. The official exchange rate used in the analysis is Ugandan Shilling (UGX) 3,550 to USD 1.0. Value Added Tax rate is 18 per cent, custom duty for imported goods are around 10 per cent.

Sensitivity analysis is conducted to test robustness of economic returns of the project/programme investments for nine sensitivity variables: (i) a 10 per cent reduction in fresh fruit bunches (FFB) yields; (ii) a 20 per cent reduction in fresh fruit bunches (FFB) yields; (iii) a 20 per cent increase in the Project costs; (iv) 1- and 2-year delays in Project implementation; (v) a 10 per cent and 20 per cent reduction in Crude Palm Oil (CPO) prices; (vi) a simultaneous 20 per cent reduction in FFB yields and 20 per cent decline in the CPO prices; (vii) a 20 per cent increases in unskilled labour wage hired for the oil palm development; and (viii) 10 per cent and 20 per cent reductions in adoption rates for sustainable livelihoods activities.

Benefits. Key benefits estimated in the analysis are increased incomes to smallholders and nucleus estate and increased incomes to rural population engaged in the income-generating activities. Other Project benefits are not quantified under the Financial Analysis and are briefly mentioned and discussed.

Prices. Inputs and outputs prices are 2025 prices. Prices are collected from KOPGT, OPUL, farmers, entrepreneurs, markets and district offices in Kalangala and Buvuma. FFB price estimated in January 2025 is estimated for the analysis.

[3] 2025 financial prices.

Table A

Financial cash flow models

A)	PRODUCTION						OTHER			
	Farm models' net incremental benefits (in '000 UGX)						Enterprise and marketing models' net incremental benefits (in '000 UGX)			
FINANCIAL ANALYSIS	OP Smallholder -Devt loan	OP Smallholder - Devt loan (drought: 30% less yields)	OP Smallholder - Spontaneous	OP Nucleus Estate	Food crops	Goats	Laundry services	Retail marketing- Living Goods	Groundnut Processing & Marketing	Retail marketing - cooking stoves
PY1	(5 552)	(5 552)	(5 552)	(8 572)	988	(557)	(311)	(312)	(164)	2 174
PY2	(1 557)	(1 557)	(1 557)	(1 711)	978	(388)	(311)	(312)	(164)	2 174
PY3	(1 919)	(1 919)	(1 919)	(2 282)	978	611	(311)	(312)	(164)	2 174
PY4	(393)	(653)	(393)	(511)	978	552	(311)	(312)	(164)	2 174
PY5	346	(175)	346	811	978	399	(311)	(312)	(164)	2 174
PY6	1 505	636	1 505	3 228	978	617	(311)	(312)	(164)	2 174
PY7	2 229	1 142	2 229	3 979	978	617	(311)	(312)	(164)	2 174
PY8	3 170	1 801	3 170	5 263	978	617	(311)	(312)	(164)	2 174
PY9	4 449	2 697	4 449	8 274	978	617	(311)	(312)	(164)	2 174
PY10	5 246	3 254	5 246	9 903	978	617	(311)	(312)	(164)	2 174
PY11	6 042	3 812	6 042	10 446	978	617	(311)	(312)	(164)	2 174
PY12	6 308	3 998	6 308	10 990	978	617	(311)	(312)	(164)	2 174
PY13	6 573	4 184	6 573	10 990	978	617	(311)	(312)	(164)	2 174
PY14	6 465	4 108	6 465	10 446	978	617	(311)	(312)	(164)	2 174
PY15	6 465	4 108	6 465	10 446	978	617	(311)	(312)	(164)	2 174
PY16	6 465	4 108	6 465	10 446	978	617	(311)	(312)	(164)	2 174
PY17	5 958	3 753	5 958	9 410	978	617	(311)	(312)	(164)	2 174
PY18	5 958	3 753	5 958	9 410	978	617	(311)	(312)	(164)	2 174
PY19	5 704	3 575	5 704	8 373	978	617	(311)	(312)	(164)	2 174
PY20	5 197	3 221	5 197	8 373	978	617	(311)	(312)	(164)	2 174
PY21	4 884	3 001	4 884	6 941	978	617	(311)	(312)	(164)	2 174
PY22	4 642	2 832	4 642	6 941	978	617	(311)	(312)	(164)	2 174
PY23	4 401	2 663	4 401	6 447	978	617	(311)	(312)	(164)	2 174
PY24	4 160	2 494	4 160	6 447	978	617	(311)	(312)	(164)	2 174
PY25	3 435	1 987	3 435	6 447	978	617	(311)	(312)	(164)	2 174
NPV ('000 UGX)	16 657	6 602	16 657	30 678	8 887	3 518	283	431	2 821	1 775
NPV (USD)	4 415	1 750	4 415	8 131	2 355	932	75	114	748	470
FIRR (@10%)	22%	16%	22%	25%	n/a	47%	22%	28%	31%	143%

Table B
NOPP costs and logframe targets

B)

PROGRAMME COSTS AND INDICATORS FOR LOGFRAME						
TOTAL PROGRAMME COSTS (in million USD)	351	Base costs	181	PMU		6.3
Beneficiaries	**300 044** people		60 009 Households	800 groups		13 066 enterprises
Cost per beneficiary	**1 170** USD x person		5 850 USD x HH	**Adoption rates**		**78%**

Components and Cost (USD million)		**Outcomes and Indicators**	
Oil Palm Devt	308	Increased incomes from oil palm prod-n	Increased farmers annual average income in 102 366 755 USD 27 131
Sustainable Livelihood	16.35013	Increased incomes from non OP farm and non-farm activities	Yield & production btw **55% and 100%** increase
Oil Palm Sector Growth Framework	136.339901	Create business environment	Setting up of **0** agro-processing enterprises
TOTAL PROGRAMME COSTS (in million USD)	351		

Table C
Main assumptions and shadow prices

C)

	MAIN ASSUMPTIONS & SHADOW PRICES[1]				
FINANCIAL	**Output**	Av. Incremental Yields (%)	Price (in UGX)	**Input prices**	Price (UGX)
	Oil palm	100%	325	Fertilizer \1	18912.5
	Sweet potato	55%	350	Pesticides	42600
	Maize	60%	1000	Seeds \2	23522
	Beans	67%	100	OP seedling	15975
	Cassava	67%	100	Rural wage (daily)	7 100
	Matoke	65%			
ECONOMIC	Official Exchange rate (OER)	3773		Discount rate (opportunity cost of capital)	10%
	Shadow Exchange rate (SER)	3773		Social Discount rate	7%
	Standard Conversion Factor	0.90		Output conversion factor	0.95
	Labour Conversion factor \3	0.85-1.0		Input Conversion factor	0.9

Footnote:

\1 Average prices for fertilizers used for OP

\2 Average prices for sweet potato, cassava, beans, matoke. Please refer to Attachment to Working Paper on Economic and Financial Analysis for details

\ 3 Labour conversion factor is 0.85 for unskilled labour hired for OP and 1 for skilled labour

Table D
Beneficiary adoption rates and phasing

D) BENEFICIARIES, ADOPTION RATES AND PHASING

	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32		Adoption rates
	PY1	**PY2**	**PY3**	**PY4**	**PY5**	**PY6**	**PY7**	**PY8**	**PY9**	**PY10**	**PY11**	**PY12**	**PY13**	**Total**	**78%**
Oil palm	377	619	943	946	1 246	1 749	1 686	3 933	4 668	2 354	2 726	1 941	0	23 187	
	377	*619*	*943*	*946*	*1 246*	*1 749*	*1 686*	*3 933*	*4 668*	*2 354*	*2 726*	*1 941*	*0*	*23 187*	
Adjusted (adoption rate)															*100%*
Food crop production	308	461	788	1 256	1 569	1 994	1 635	981	392	0	1 650	1 650	1 650	14 334	
Adjusted (adoption rate)	*215*	*323*	*552*	*879*	*1 098*	*1 396*	*1 145*	*687*	*275*	*0*	*1 155*	*1 155*	*1 155*	*10 034*	*70%*
Commercial & marketing	395	592	1 011	1 610	2 013	2 858	2 097	1 258	503	0	2 110	2 110	2 110	18 666	
Adjusted (adoption rate)	*276*	*414*	*707*	*1 127*	*1 409*	*2 001*	*1 468*	*881*	*352*	*0*	*1 477*	*1 477*	*1 477*	*13 066*	*70%*
Livestock	82	123	210	335	418	532	436	262	105	0	440	440	440	3 822	
Adjusted (adoption rate)	*57*	*86*	*147*	*234*	*293*	*372*	*305*	*183*	*73*	*0*	*308*	*308*	*308*	*2 676*	*70%*
														60 009	

Table E

Economic cash

E)

ECONOMIC ANALYSIS

	NET INCREMENTAL BENEFITS					NET INCREMENTAL COSTS			
	Total Oil Palm Net Incremental Benefits ('000 UGX)	Total Agr.Intensification Net Incremental Benefits ('000 UGX)	Total Enterprise Net Incremental Benefits ('000 UGX)	Total Roads Net Incremental Benefits	Total Net Inc. Benefits	Economic Investment Costs ('000 UGX)	Economic recurrent Costs ('000 UGX)	Total Incremental Costs	Cash Flow ('000 UGX)
PY1	0	784 882	617 762	(5 611)	*1 397 033*	11 874 893		*11 874 893*	**(16 082 824)**
PY2	(19 305 355)	1 962 206	1 544 404	(7 503)	*(15 806 247)*	63 608 526		*63 608 526*	**(86 910 109)**
PY3	(36 080 036)	3 974 185	3 126 901	16 524	*(28 962 427)*	54 566 303		*54 566 303*	**(67 021 697)**
PY4	(49 999 765)	33 230 953	5 647 646	43 219	*(11 077 948)*	61 264 635		*61 264 635*	**(29 166 665)**
PY5	(47 161 693)	(86 363 839)	8 799 266	73 519	*(124 652 748)*	66 211 247		*66 211 247*	**(117 418 703)**
PY6	(41 551 670)	(54 348 355)	13 257 617	85 935	*(82 556 473)*	59 498 678		*59 498 678*	**(56 206 310)**
PY7	(21 065 587)	43 376 004	16 151 285	85 324	*38 547 026*	45 146 547		*45 146 547*	**78 638 705**
PY8	(22 532 094)	389 873 614	17 894 238	84 169	*385 319 927*	12 794 248		*12 794 248*	**456 610 521**
PY9	(23 773 450)	382 621 302	13 652 259	91 269	*372 591 381*	26 036 948		*26 036 948*	**437 732 630**
PY10	(9 341 122)	260 577 353	10 500 639	92 740	*261 829 610*	70 779 354		*70 779 354*	**283 697 333**
PY11	2 723 645	11 890 012	8 511 316	92 434	*23 217 407*	19 341 578		*19 341 578*	**96 217 599**
PY12	29 036 872	11 928 299	9 367 512	94 482	*50 427 164*	164 453 585		*164 453 585*	**(19 639 079)**
PY13	61 470 166			94 380	*61 564 546*	33 398 368		*33 398 368*	**146 789 089**
PY14	85 910 150			94 380	*86 004 530*		1 886 500	*1 886 500*	**178 403 602**
PY15	106 714 539			94 380	*106 808 919*		1 886 500	*1 886 500*	**199 207 991**
PY16	124 387 362			94 380	*124 481 742*		1 886 500	*1 886 500*	**216 880 814**
PY17	140 005 871			94 380	*140 100 251*		1 886 500	*1 886 500*	**232 499 323**
PY18	151 963 151			94 380	*152 057 531*		1 886 500	*1 886 500*	**244 456 603**
PY19	161 249 194			94 380	*161 343 574*		1 886 500	*1 886 500*	**253 742 646**
PY20	166 873 321			94 380	*166 967 701*		1 886 500	*1 886 500*	**259 366 774**
PY21	168 287 734			84 942	*168 372 676*		1 886 500	*1 886 500*	**251 343 191**
PY22	165 585 605			75 504	*165 661 109*		1 886 500	*1 886 500*	**239 203 067**
PY23	161 072 516			66 066	*161 138 582*		1 886 500	*1 886 500*	**225 251 983**
PY24	154 255 873			61 347	*154 317 220*		1 886 500	*1 886 500*	**213 716 342**
PY25	146 973 400			56 628	*147 030 028*		1 886 500	*1 886 500*	**201 714 872**
PY26	139 674 017			56 628	*139 730 645*		1 886 500	*1 886 500*	**194 415 488**
PY27	122 187 909			56 628	*122 244 537*		1 886 500	*1 886 500*	**176 929 381**
PY28	100 774 727			56 628	*100 831 355*		1 886 500	*1 886 500*	**155 516 199**
PY29	78 501 854			56 628	*78 558 482*		1 886 500	*1 886 500*	**133 243 325**
PY30	64 531 383			56 628	*64 588 011*		1 886 500	*1 886 500*	**119 272 854**
PY31	54 716 603			56 628	*54 773 230*		1 886 500	*1 886 500*	**109 458 074**
PY32	48 831 158			56 628	*48 887 786*		1 886 500	*1 886 500*	**103 572 629**

NPV@ 10 % ('000 UGX)	**864 144 894**
NPV@ 10 % ('000 USD)	**229 034**
EIRR	**31.91%**

Table F
Sensitivity analysis

F)

SENSITIVITY ANALYSIS (SA)					
		Δ%	Link with the risk matrix	IRR	NPV (USD M)
Base scenario				31.9%	229 034
Project benefits: OP yields		-10%	Combination of risks affecting output prices, yields and areas	30.7%	205 953
Project benefits: OP yields		-20%		29.3%	182 873
Programme costs		20%	Increase of construction material, input and labor prices	28.3%	209 856
1 year lag in ben.			Risks affecting delays in OP devt, adoption rates and low implementation capacity	27.2%	198 292
2 years lag in ben.				23.6%	170 277
Output prices: FFB prices		-10%	Fluctuations in international CPO prices	31.2%	211 064
Output prices: FFB prices		-20%		30.5%	193 094
Input prices: Fertilizer		+20%	Market price fluctuations	30.2%	190 646
Simultaneous reductions both in FFB prices and FFB yields		+20%		30.2%	190 646
Unskilled OP labour wage		+20%		31.6%	226 586
Adoption rates		-10%	Extension service outreach is limited, low uptake of good practices, vaccination uptake is low, epidemic diseases, failure to access finance	29.1%	177 949
Adoption rates		-20%		28.7%	203 641