

IFAD gives \$77m for oil palm

By Prossy Nandudu

The International Fund for Agriculture Development (IFAD) is negotiating with the Government to introduce palm oil tree growing on Buvuma Island, as they wind up in Kalangala.

Once negotiations are concluded, IFAD will give Uganda a loan of \$77m (about sh275.7b) for the project. The money will be used to develop smallholder oil palm plantations.

The Government will contribute a \$25m (about sh91.6b) counter funding to cater for taxes, land acquisition and compensation.

The development was revealed by the IFAD country representative to Uganda, Alessandro Marini, during an impact evaluation meeting of the Kalangala Palm Oil Project under the Vegetable Oil Development Project of the agriculture ministry, recently at the Imperial Royal Hotel in Kampala.

Marini said the money is a concessional loan from IFAD, which will attract a 0.75% interest from the Government after a 10 year grace period.

"IFAD is definitely interested in replicating the success of Kalangala to other areas, but we have not yet reached the final agreement with government," said Marini.

He said the Buvuma project should increase domestic production of vegetable oil and its byproducts to boost incomes of rural smallholder farmers and producers incomes. It should also ensure affordable supply of vegetable oil products in Uganda.

Other areas where IFAD wants to invest in palm oil production include Mayuge/Bugiri, Buikwe/Mukono and Masaka/Rakai.

Acreeage needed and production

The project in Buvuma is expected to occupy about 10,000 hectares of land. The nucleus (controlled by the processing company Bidco) would use 6,500 hectares and the smallholder farmers or outgrowers



A oil palm tree outgrower harvesting ripe oil palm from his farm

of palm oil use 3,500 hectares.

According to the agriculture ministry, those interested in taking up palm oil tree growing must spare two acres of their land for food crops.

The project co-ordinator, Connie Masaba, said preparation of nurseries to demonstrate palm tree management is expected to start this year.

She said Uganda needs to double her vegetable oil production to meet her domestic demand. She noted that the per capita domestic consumption of vegetable oil in Uganda at 8.2kg annually is only about a third of that in the developed countries, which is at 21kg.

According to Masaba, Uganda, together with her neighbours (Kenya, Rwanda, Tanzania and Sudan) consume about 3 million tonnes of vegetable oil.

Palms and food security

According to Marini, the project intends to support non-oil palm growers. The support, he said:

"Includes extension system support for business development for other businesses. So, we want to support people in the community to take on the opportunities available and the benefits from the project."

Buvuma leaders speak out

The Buvuma Member of Parliament, Robert Migadde, said the oil palm tree farming project will help the district get better infrastructure, such as roads. BIDCO will have to transport their products so they will have to construct roads, procure more ferries and build schools and health centres.

"So, we hope to see more schools," Migadde said.

The Buvuma LC5 chairperson, Alex Mibirizi, said the project will improve revenue collection in the district, which now collects only sh84m annually from timber, charcoal and firewood.

He also requested that more people from the island be given senior positions in the management of the project.

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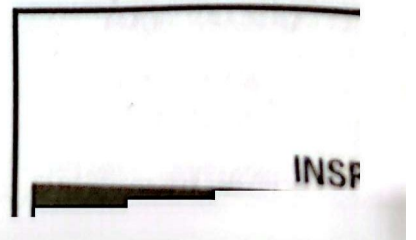
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