

PROJECT PROFILE

<u>Sector</u>	Agriculture
<u>Subsector</u>	Crops
<u>Code</u>	AG 02(A) [formerly AG 84(N)]
<u>Title</u>	Smallholder Tea Development Programme
<u>Implementing Agency</u>	Uganda Tea Growers Corporation
<u>Location</u>	Various
<u>Total Plan Exp.</u>	US\$ 0.98m
<u>Funds Secured</u>	US\$ 0.98m
<u>Funding Gap</u>	Nil
<u>Start Date:</u>	1994
<u>Completion Date</u>	1999

Background

In the early 1970s tea was the fourth largest foreign exchange earner after coffee, cotton and copper but production stagnated during 1973-1981 due to the domestic socio-economic/political atmosphere prevailing. By 1981 tea production in Uganda had dropped to almost zero. Out growers, for example, had less than 1000 ha of a total of 9000 ha under plucking in that year. Since 1982 estates and out growers started rehabilitating their tea gardens. The latter group mainly as a response to GoU price incentives for green leaf. Production of made tea rose from 1.5 million kgs. in 1981 to about 5.2 million kgs. in 1984.

The tea subsector is now constrained by the poor technical state of the factories, lack of spare parts, poor roads, labour, inactive applied research, etc. The current policy on liberalisation will hopefully once again restore the tea industry to its feet. The project was designed to address some of these constraints while taking advantage of the liberalisation policy.

Objectives:

- i) To help out growers, within the framework of privatization of the tea factory companies, take control of the company to which they deliver green leaf.
- ii) To contribute to removing obstacles which confront medium and large farmers.
- iii) To develop farmers' efficiency through extension services.
- iv) To extend and support companies' activities to cover green leaf collection, processing, marketing of made tea and extension services.
- v) To improve factory equipment (buildings and machinery, vehicle fleet) to provide technical conditions to ensure a high standard of production and to extend production capacity to meet the growing quantity of green leaf.

Expected Outputs

- A suitable rehabilitation policy for tea growing areas
- A UTGC Management Agency (UMA) established
- 5 fuel wood plantations developed
- 2 Tea Research Centers supported through provision of equipment, vehicles
- Schools constructed
- Dispensaries constructed
- Improved extension services provided to farmers.

Performance Indicators

- UMA set up
- 100 ha Acreage of tea grown
- 5 Fuel wood plantations developed
- 1000 KM Feeder roads rehabilitated
- Performance of Tea Factory Companies improved.
- AGRIMAG is established.

Technical Description

- The programme has two major components:
- (i) The Agro-Industrial Management Agency Ltd. This is charged with the management of the factories: and also paving the way for the privatisation of these factories.
 - (ii) The UTGC Development Division. This will, among others, prepare a suitable rehabilitation policy for the tea areas, improve tea extension services, increase involvement of medium and large scale tea growers, develop UTDC's training capacity, develop phalloid plantations, rehabilitate feeder roads and support tea research centres as well as farmers cooperatives.

Feasibility Studies

EU hired Agrisystems consultants in 1992/93 to evaluate the completed Smallholder Tea Rehabilitation Project and to formulate the current project - Smallholder Tea Development Programme.

Financing

Total project cost is estimated at ECU 35.3 million (US\$45.89). EU is financing ECU 27.8 million (US\$ 36.14 million) of which ECU 7.8 million (US\$ 10.14 million) is from Stabex 1991 transfer. GoU contribution is ECU 1.5 million (US\$ 1.95 million) equivalent in Shillings. The rest of the programme will be supported by the tea factories, AGRIMA and the growers.

Plan of Operation

The programme is implemented under the responsibility of UTGC. Working groups for each factory were set up to monitor the privatisation process. Implementation procedures follow EDF rules.