

Quality Specifications Grade 1 East Africa Grain Council	
MAIZE	
Moisture content, %m/m	13.5
Pest damaged grain % m/m	1.0
Broken grains % m/m	2.0
Rotten & diseased grains % m/m	2.0
Immature/shrivelled % m/m	1.0
Discolored grains % m/m	0.5
Foreign matter % m/m	0.5
Inorganic Matter, % m/m	0.25
Filth, % m/m	0.1
Aflatoxin - maximum 10ppb	
Fumigated free from live weevils	
Commodities not meeting these specifications will be rejected, unless otherwise determined by the buyer	
Full commodity specifications being offered by the supplier must be detailed in the bid being submitted.	
BEANS	
Moisture content	14%
Insect Damaged	2.0%
Broken, Shrivelled, Diseased and discoloured	2.0%
Foreign matter	0.5%
No live weevils	
Cooking time after soaking	90 minutes
Beans should be clean and free from live pests and at most not more than 10 dead weevils	



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#### WFP Sub-Offices

**WFP Abim**  
**WFP Arua**  
**WFP Gulu**  
**WFP Iganga**  
**WFP Kaabong**  
**WFP Kitgum**  
**WFP Kotido**

**WFP Lira**  
**WFP Mbarara**  
**WFP Moroto**  
**WFP Nakapiripirit**  
**WFP Pader**  
**WFP Soroti**



**World Food Programme**



**INFORMATION FOR FARMERS**

# WFP Uganda

**Agriculture and Market Support**  
**Purchase for Progress (P4P)**

# What is WFP?

## Overview

The World Food Programme (WFP) is the United Nations frontline agency mandated to combat global hunger, which afflicts one out of every seven people on earth. WFP pursues a vision of the world in which every man, woman and child has access at all times to the food needed for an active and healthy life. WFP has worked in Uganda since the 1960s. WFP is committed to helping the Government of Uganda and communities find lasting solutions to hunger, applying whatever tool is most effective in a particular situation- whether it is food assistance, livelihood support, education or sensitisation in support for local production and markets.

## Highlights

- WFP purchases food worth about US\$ 50 million in Uganda each year. This figure will double in the coming years
- WFP plans to increase the proportion of food purchased from smallholder farmers from an average of 7% to between 20-30% in the next five years.

WFP will use its advantage as a large scale buyer of food in Uganda to strengthen agricultural marketing systems by providing a ready market for quality products that meet the East African Standards. This will ultimately result in:

- Increased incomes and improved livelihoods of low income farmers and medium-scale traders
- Integration of improved post harvest practices by farmers
- Application of agro-business in the entire food chain
- Improved quality of agricultural produce
- Expand the agricultural marketing base to a regional level
- Strengthened marketing- systems

WFP SUB OFFICES



# Information

## WFP Warehousing

WFP is rehabilitating and constructing market collection points across the country accessible to farmers. This map shows the planned expansion. Warehouses operating the WRS are equipped with cleaning, drying, grading and bagging equipment.



Warehouses = 1,000 mt capacity and above    Satellite stores = 100 to 300 mt capacity

"We appreciate the work of WFP, when we had no food they assisted us. Now we are back on our land and they have encouraged us to farm. Our aim is to grow more. We will make more money and pay the school fees for our children. They will be free from hunger."  
Florence- Farmer in Gulu

"This is a transformation. We have been processing three metric tons a day, now we handle about five an hour and now we get the finest quality. The farmers are happy"  
Francis, Warehouse Keeper in Kasese

# Market & More

## How does WFP determine its price?

- Prices are in the range of market prices of the local markets and only give prices of East Africa grade one
- Processing costs are taken into consideration (drying, cleaning, bagging, fumigation and re-bagging)
- Production cost is not the basis of price calculation and acceptance from WFP while purchasing from farmers, because the costs vary from farmer to farmer and the inputs are different
- Import Parity Concept – WFP purchases where the prices are competitive and takes into consideration international, regional and national options
- Price information: WFP monitor the prices of commodities in local markets, regional and international markets as alternative sources of supply of the grain
- Farmers must be aware of local market trends to ensure a fair price
- There is no UN special prices for farmers

**“At first I thought WFP offered a special price– but I’ve come to learn this is not true. Now I know to get information of the prevailing market price to determine my price”**  
Sarah– Farmer in Busoga

## WFP Operated Warehouses

### Gulu Central Collection Point

For Farmers close to the Acholi region, they can access the WFP operated Gulu Central Market Collection Point. The 6,000 mt warehouse offers the WRS, storage, cleaning, drying, fumigation and bagging services. Commodities can be stored up to 6 months. It is located at Bunyoro Road Plot 13-19 in Gulu town. Contact 0772647022, 0772711293 or 0471432997



Photo: Melissa Antal/WFP



Photo: Robert Gensi/WFP

### Tororo Warehouse

WFP also operates a 15,000 mt warehouse in Tororo, part of which will provide services of cleaning, drying, storage, the WRS, fumigation and bagging services. It is located on Storebag Road in Tororo.

## Target of WFPs agriculture and market support activities: farmers and traders are able to sell to WFP more than US\$ 100 million annually

### Goals:

- Strengthen critical food supply, delivery and marketing infrastructure.
- Increase production through local purchase and enhance post-harvest handling, processing, storage and marketing of quality foods.
- Expand opportunities and improve incomes

### What is Purchase for Progress (P4P)?

P4P is a deliberate effort to connect farmers into sustainable markets and therefore be able to sell their food to large scale buyers such as WFP. P4P addresses 2 main constraints facing Ugandan farmers: poor market infrastructure and inadequate productivity.

### Market infrastructure improvement activities include:

- Creating modern Central Market Collection Points installed with the latest cleaning, drying and grading equipment
- Creating satellite market collection points for communities to feed into Central Market Collection Points
- Rehabilitating feeder roads to link farmers to wider markets
- Supporting market information systems
- Supporting the warehouse receipt system to enable buyers to access to ready-to buy quality grain stores.

### Activities for enhancing productivity include:

- Supporting value addition and training in post-harvest handling
- Providing assured demand to provide smallholders with a strong incentive to produce maize, beans, and other foods including millet and sorghum
- Using impartial purchase mechanisms besides tendering, such as direct purchases and forward contracts

Taken together, P4P activities should help integrate smallholder farmers and medium-scale traders into the quality food market, allowing them to sell more of their produce at international standards and at better prices, including to WFP for its operations in Uganda and the region.

WFP has signed a Joint Action Agreement with the Ministry of Agriculture, Animal Industry and Fisheries. Its efforts in this area are aligned with the National Development Plan and the Comprehensive Africa Agriculture Development Programme Compact. WFP also works closely with UN Food & Agriculture Organisation, Uganda Commodity Exchange, the East African Grain Council, Sasakawa Global 2000, United States Agency for International Development, National Agriculture Advisory Services, TechnoServe and others.



# How can I sell

# Handling

## STEP ONE—Registration with WFP

Farmer groups who are interested in selling food to WFP must register with WFP. This can be done at the WFP office closest to you (see back of brochure for more details)

All farmer groups must provide:

- A **written constitution/Article of Association** (developed by the farmers group)
- A complete **list of members**, including gender breakdown.
- Documentary proof of a bank account and transparent procedures for handling money within the farmers' group
- **Registration certificate** with the authorities (which can be obtained from a certified agricultural body, e.g. the *National Agricultural Advisory Services* or the *Uganda National Farmers Federation*)
- At least two **recommendation letters** are needed one from another reputable organization and one from a government source

## STEP TWO—Recommendation

Once WFP has received and verified the authenticity of all documents, the farmer group will be registered in the WFP database for consideration in all future tender processes. From time to time, WFP visits farmer groups to inspect stocks, give technical advice, and discuss procedures. The produce should ideally be located in one single store – or, within the same vicinity. Stocks must be of good quality (see page 12 for WFP quality specifications).

## STEP THREE—Procurement Modalities

Once registered in the system, WFP will frequently check the quantity and quality of your stock. This helps WFP to plan monthly purchases from farmer groups. It is to your benefit to cooperate with WFP staff in quality verification process. Failure to do so will remove your group from future purchase announcements. You will be contacted by WFP to receive an invitation to compete in a tender, direct purchase or forward contract.

### Option 1: Tender process

WFP regularly invites representatives from farmer groups to collect a bid form. Farmer groups must complete and return the form by the stipulated deadline, including: a price quote for selling their produce, the duration of supply, the exact location of the produce, and an indication of whether the group would like WFP to collect the produce from their store, or the group to deliver the produce to one of the WFP major warehouses.

Farmer groups must provide the price for the produce to be supplied. WFP marketing support can provide some pricing assistance if requested. Conditions for costing produce include: harvesting costs/kilo, local transportation costs/kilo, storage costs/kilo, costs for drying/cleaning, costs of supplies (e.g. bags, machinery).

Bid forms must be properly sealed, addressed, and delivered or faxed to WFP as per the specifications on the tender form. Bids submitted after deadline will not be accepted. Normally, WFP tendering committee will take its decision within a week and successful applicants will be informed shortly thereafter.

## Fumigation

Fumigation is a method of pest control. For bulk grain handling, farmers are required to fumigate their stocks before asking inspectors to check the quality. At household level insect pest control in food storage involves use of simple grain preservation techniques or structures like; dusting with chemicals, indoor and out door storage facilitates such as; granaries, silos and cribs.

Many times even after fumigation, the problem of infestation remains because of poor fumigation methods, and re-infestation with weevils from nearby stores that are poorly managed. WFP's quality assurance team usually makes visual stock inspection before any farmers' group is recommended to the procurement unit as a supplier. Inspection certificate is required in duplicate with details of; the weight, quality and packing specifications of grain stock. In Uganda, fumigation certificates are issued by qualified and competent firms such as; Chemiphar, SGS or Balton (U) Ltd who must submit the certificate to WFP. Upon receipt of proof of inspection, WFP then gives instructions of grain delivery and or supply.

## Transport

The crop once harvested needs to be moved from the farm to the homestead. The objective is to keep the grain in good condition, minimize food spillage and contamination during handling and transportation. Transportation to primary markets by the farmers is largely done using bicycles, ox-carts or lorries. At the market yard, the grain is displayed in bulk, cleaned, graded, bagged, weighed and delivered to consumers in bags. Availability of cheaper polypropylene bags or sisal bags encourages handling, storage and marketing of grain in bags. Large quantities of food grain have to be moved through road transport. Using bags eases this process and is encouraged.



Photo: Robert Gensi/WFP

## Milling and Food Fortification

WFP Uganda is fortifying maize meal with iron and other essential vitamins and minerals in partnership with the Ministry of Health and Global Alliance for Improved Nutrition (GAIN). This initiative creates demand for quality maize. Initially, WFP supplies fortified maize meal to its emergency operations (for Refugees and IDPs). Fortified maize meal will be supplied throughout its operations in Uganda as well as in other operations in the neighbouring countries. In the beginning, WFP procures maize grain from farmer groups and supplies to the milling plants for fortification. Over time, farmers will directly supply the mills.

## Training Manual Development

A comprehensive Post Harvest Handling training manual is being developed by WFP in collaboration with the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF).

# Post Harvest

# to WFP?

## Why is it important?

- Reduces food loss
- Improves quality
- Higher quality receives higher price
- International buyers buy high quality maize

## Timely harvesting and handling operations

Timely harvesting and improved postharvest handling practices are key to improve production. Majority of farmers lose large volumes of maize and beans stocks due to insufficient knowledge on timely harvesting and improved handling and storage practices. Farmers are encouraged to be aware and acquainted with skills to enable them apply timely harvesting and better post harvest handling methods.



Photo: Robert Gensi/WFP

## Grain drying and storage management

High moisture content is caused from inadequate crop drying. Contamination of grain with aflatoxins is the biggest food safety challenge. Aflatoxin is dangerous to health. Good storage is important too. Poor drying and storage leads to more foreign matter, insect damage and physical damage. WFP provides awareness and capacity building training to farmers/ traders in postharvest handling and grain storage in collaboration with other partners. Smallholder farmers lack well ventilated on-farm storage facilities and few groups have their own stores. Therefore, farmers have to take advantage of WFP's -P4P interventions in grain collecting centres, the nine (9) regional warehouse/storage units installed with cleaning, handling and processing machinery to address desired grain quality factors.



Photo: Robert Gensi/WFP

WFP only buys produce that meets **Grade One** East African Grain Council Quality Standards.

## Option 2: Direct Purchases

WFP frequently contacts farmer groups to determine quantity of stocks. Based on these results, WFP may directly contact farmer groups to buy stock. Negotiations are based on latest tendering results and prevailing prices in the market.

## Option 3: Forward Contracts

WFP will enter an agreement with a farmer group either at the beginning of planting season or towards the harvest to supply a specific quantity. Floor price is set at the time of the agreement. If price changes negotiations may take place 2 weeks prior to delivery.

## STEP FOUR--Contracts

Farmer groups who are successful in their application sign a contract with the WFP. There are strict specifications for the type of bags to be used for packaging the food provided to the WFP. Each bag must weigh 50kg. Correct specifications must be used and are explained in the contract. Sellers are required to fumigate their produce and have it inspected by a contracted quality control superintendent known as Chemiphar. Farmer groups must contact Chemiphar for inspection and submit their report. WFP pays for services rendered.

## STEP FIVE--Transportation/loading

Duplicates of the weight, quality and packing certificates provided by Chemiphar must be given to WFP. Upon receipt of this report, WFP will coordinate to pick up the produce from the farmers' store. WFP provides trucks used to transport produce to WFP's delivery point (specified at the time of the bid proposal). When food is loaded onto the trucks at the site, both the superintendent and a member of WFP warehouse staff are normally present. These individuals cross check the expected quantity and quality standards stipulated in the contract. Failure to meet the requirements at this point will stop the loading process.

## STEP SIX--Payment Information

Payment will be made to the designated farmers' group bank account within two weeks following produce delivery. A commercial invoice duplicate must be brought to a WFP office. WFP warehouse will provide the farmer group with a written receipt, which should then be presented to the WFP Finance Unit in Kampala in order to process the payment. Payments shall be made directly into the farmers' group account and NEVER to an individual's account.

Photo: Melissa Antal/WFP



"Before I was drying my maize on the ground. Now I use a tarpaulin. This small small change has made a big difference. Buyers see the improved quality"  
Catherine- Farmer in Kapchorwa



# What is WRS?

The Warehouse Receipt System (WRS) is a system where a farmer, smallscale trader, or, farmer group deposit their commodities in a licensed warehouse with the objective of selling at a market of his/her choice at a deferred time for better price. A warehouse receipt is a document of title that shows you the quality and quantity of a commodity that is stored in a licensed warehouse. In Uganda the licensed warehouses are regulated by the Uganda Commodity Exchange (UCE), a government agent/arm under the Ministry of Trade and Tourism. Warehouses can be operated by farmers, publically or privately.

## How Does It Work?

Individuals/Farmer groupss register with UCE electronically. See details at <http://www.uce.co.ug/>. Registration is possible as an individual farmer, individual trader, or as a farmer organization. UCE will then issue a username and password to use the system.

## Benefits of WRS to Farming Communities

- *Proper storage facilities that are professionally run and secure*
- *WRS exposes you to markets like WFP*
- *WRS exposes you to buyers that you would have perhaps never met both domestically and regionally*
- *Access to finance through the banks: Allows you to get a percentage of the value of your commodity*
- *Allows you to sell when the price is right rather than right after harvest*
- *In summary it allows you better control over the sale of your agricultural commodities*

## What Grades and Standards Are Used?

The warehouse keepers process produce in two grades;

- **Grade one** – The best quality and fetches highest price
- **Grade two** – Second best and has lower price tag than grade one
- **No grade** – Not accepted to be stored in the warehouse

*\* Grade one specifications are outlined on page 12*

## What Leverage Does WFP Bring By Engaging in the WRS?

Under the P4P initiative, smallholder farmers and small to medium scale traders are the primary participants. By way of ensuring more purchase from these categories of suppliers, WRS is a suitable way for them to bulk their produce.

## How are warehouse receipts financed?

UCE is working with a number of banks such as Housing Finance Bank, Centenary Bank and Opportunity Uganda to finance warehouse receipts. Under this arrangement, farmers will access loans by placing warehouse receipts issued to them as collateral for loans with the banks of their choice.

The process starts with the delivery of a commodity to a licensed warehouse where the commodity is graded. The depositor then receives a Grade and Weight Certificate and later an electronic warehouse receipt. This is the transferable document of the commodity sitting at the warehouse. The depositor can then present the receipt to the Bank for a loan.

Depositors in need of short-term financing can obtain an advance representing a percentage of the value of the commodity from the bank, using the warehoused crop as collateral. The depositor can wait until market conditions are good to sell. The bank in turn deducts the loan advanced and any accrued interest and other charges before crediting the account of the depositor with the balance. Those interested in accessing this facility should contact participating banks or UCE for further details.

## Participating Banks:

*\*Negotiations with UCE still in progress*

	Contact	Address/Email
Housing Finance Bank Limited	Paul Nuwagaba Head, Business Banking	Housing Finance Bank Limited Investment House 25, Kampala Road
Opportunity Uganda Limited*	Patrick Walusansa Rural Finance Officer	<a href="mailto:pwalusansa@opportunityug.com">pwalusansa@opportunityug.com</a>
Stanbic Bank Uganda*	Lillian Bazaale	<a href="mailto:bazaale@stanbic.com">bazaale@stanbic.com</a>
Centenary Bank*	Abdul Kyanika	<a href="mailto:abdul.kyanika@centenarybank.co.ug">abdul.kyanika@centenarybank.co.ug</a>

## Contact UCE:

The Uganda Commodity Exchange  
1<sup>st</sup> floor Northern wing Social Security House  
Tel: 031 2262922, 0414345678  
Email: [info@uce.co.ug](mailto:info@uce.co.ug)  
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Photos: Vanessa Vick/WFP