

**Uganda's Statement during the 41st Governing Council of the International Fund for
Agricultural Development (IFAD), 13-14 February 2018**

Theme: From fragility to long-term-resilience: Investing in Sustainable Rural Economies

The greatly valued longstanding virtuous collaboration between Uganda and IFAD started blossoming from the early 1980s when the Fund started operations in the country. Since that time, IFAD has both supported and contributed funding to 16 agricultural and rural development projects which have led to remarkable socioeconomic transformation that has in turn greatly contributed to the wellbeing of many rural Ugandans. It is therefore gratifying that Uganda's development agenda has always been oriented towards investing in sustainable rural economies as a priority, a principle that is enshrined in all the IFAD supported projects.

It is compelling to highlight the extent to which the support by IFAD has contributed to resilience building of the rural people. For more than 30 years, IFAD has been supporting Uganda's efforts to achieve its strategic objectives of empowering rural people to overcome poverty and food insecurity. To this end, IFAD has invested almost US\$400 million on 16 projects and programmes, with an ongoing financing of over US\$150 million. For purposes of brevity, we elucidate how just a few of the projects stand out as Uganda's valued flagship investment.

Through an innovative public-private-partnership, Uganda and IFAD leveraged over US\$ 120 million of private investment for the oil palm sub-sector, matching it with an IFAD loan of about US\$ 40 million to create enabling infrastructure and support smallholder growers to produce and sell oil palm fruits to private processors. The oil palm investment in Bugala and surrounding islands on Lake Victoria has yielded an impressive transformative effect on the socio-economic situation of the entire Kalangala District. For instance in the early 2000s, Kalangala was one of the poorest districts in Uganda with few livelihood options, weak infrastructure and a limited range of government services. With oil palm investment, smallholder growers are now earning an average net income of almost US\$ 2,500 per year. More than 3,000 people are employed at the nucleus estate as well as on smallholders' plots. Consequently, most households are currently able to meet their health services, pay school fees for their children and improve their family wellbeing.

Excitingly, the impact of oil palm development on the island has extended far beyond oil palm smallholders and workers. About 97% of households now live in better quality houses with permanent roofing, compared with a national average of below 70%. Bugala Island has 11 primary schools, two secondary schools and three vocational institutions, compared with one primary school and one secondary school in 2006. In addition, investment in infrastructure has accompanied oil palm development. Bugala currently has regular ferry services and a 700 km road network, compared with only 70 km in 2000. Solar-generated electricity and clean water supplies are serving more than 30% of households. The overall economic improvement has led to private investment in other services, such as full coverage of mobile phone infrastructure. Additionally, two financial institutions have opened branches

on the island. Hotels and resorts have been built and tourism is emerging as a thriving new economic activity.

In a nutshell, the oil palm investment has made it possible for Kalangala to realize Uganda's vision of a transformed rural society, driven by the transition from subsistence to commercial agriculture for thousands of smallholders. It is for this reason that the successful experience of Kalangala is now regarded by Uganda as a model to be scaled up and replicated widely. To realise this dream, we favoured the development of the National Oil Palm Programme, which is currently being designed in partnership with IFAD, to also support other crops and commodities in which private investors have shown interest.

In all the projects, Uganda Government is always cautious of, and pays close attention to the risks associated with large scale agricultural investment, including potential environmental and social impacts. Working in close partnership with IFAD, mitigation measures were successfully integrated in the oil palm investment in Kalangala. The project outcomes have proved that oil palm investment can indeed be socially and environmentally sustainable. Learning from this experience, Government is determined to continue instituting environmental and social safeguards to this type of investment to ensure a sustainable socio-economic development for its rural population.

The case of oil palm is only one of the many examples of the constructive and positive partnerships that Uganda has built with IFAD over the past three decades. Uganda considers IFAD a highly dedicated and valued partner that provides support that is not only concessional but also flexible, in addition to the Fund loyal and committed to members. In the case of the microfinance sector, IFAD's perseverance and commitment over years established solid trust with the Ministry of Finance in its quest to create a regulatory framework for the sector. That resulted in the recent approval of the Tier 4 Microfinance Institutions Bill and the creation of the Uganda Microfinance Regulatory Authority. Similarly, IFAD has demonstrated its strong commitment, flexibility and willingness to adjust its investment in order to support government efforts in reforming and revitalizing its national extension system.

Uganda's economy is driven along policy frameworks and strategic plans, which among others include Vision 2040, whose main ambition is to propel Uganda into a middle income status. One of the impetuses of this vision is the Agriculture Sector Strategic Plan, aimed at transforming the country's agriculture from predominant peasantry to commercial status. Targeting smallholders is particularly key as it enhances performance of the agriculture sector, which in turn greatly contributes to wealth creation plus reduction of rural poverty and hunger.

For over 20 years, Northern Uganda suffered a protracted war, which saw the biggest population in the area placed in internally displaced camps for safety and survival. During all that period, the affected communities were none productive as they had hurriedly abandoned their gardens and other resources; and predominantly survived on humanitarian assistance. Additionally, the same region received a high number of refugees from South Sudan, with others frequenting the southwestern region from Burundi, the Democratic Republic of Congo and Rwanda. As acknowledged during and after the Refugee solidary summit that took place

in Uganda in early July 2017, Uganda was hosting close to one and a half million refugees. Just like for the internally displaced persons, their lives and livelihoods were highly fragile as they predominantly survived on humanitarian assistance. They overexploited natural resources leading to environmental degradation. All these phenomena call for targeted efforts to support rebuilding the livelihoods of the affected populations.

About five years ago, IFAD Governance recognised the importance of field presence as a way of taking services nearer to the people they serve. That was followed by posting IFAD Country Representatives to interface with national governments to ensure realisation of that governance dream. Uganda attests that proximity of the Country Director at the country level contributes to better implementation and supervision of projects, and recommends that such arrangements should be maintained.

In the spirit of our solid partnership built over the last 30 years, Uganda to pledge US\$ 150,000 for IFAD 11th Replenishment. That is second consecutive increase of our contribution, following that for the 10th replenishment from US\$ 50,000 to US\$ 100,000. That is a further concrete sign of confidence in, and appreciation of a very valuable, and in many respects unique, partner.

Hon. Vincent Bamulangaki Ssempijja

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13th February 2018