Republic of Uganda
Country Programme Evaluation
Executive Summary

1. Cooperation between IFAD and the Government of Uganda started in 1981 and has
involved 14 projects supported by IFAD loans on highly concessional terms,
totalling US$294 million. Since 1997, as part of the Heavily Indebted Poor
Countries Initiative, IFAD has provided debt relief worth SDR12.7 million in net
present value terms. IFAD’s financing constitutes only 21 per cent of the total
project costs, however, primarily because: (i) there are large private investments in
the vegetable oil projects; (ii) the Government and the World Bank finance the
majority of costs for the most recent project, the Agricultural Technology and
Agribusiness Advisory Services Project (ATAAS), covering agricultural research and
advisory services; and (iii) in several projects, the World Bank and the African
Development Bank have provided the greatest share of external financing.

2. The first five projects, approved during 1981-1994, were initiated and supervised
by the World Bank. Six of the nine projects approved during 1997-2010, were
initiated by IFAD while two were initiated and supervised by the World
Bank/Government of Uganda, and one was initiated by the African Development
Bank. IFAD directly supervised the District Development Support Programme on a
pilot basis from 2000 and directly supervised all projects in Uganda from 2007
except for the World Bank-initiated projects (ATAAS and the National Agricultural
Advisory Services Programme [NAADS]). The nine projects covered by this country
programme evaluation (CPE) fall into four categories: (i) agriculture and rural
development by local governments (four projects); (ii) basket funds for agricultural
advisory services and research (two projects); (iii) development of the vegetable
oil subsector (two projects); and (iv) rural finance (one project). Cooperation in the
evaluated period has been guided by two country strategic opportunities papers
(COSOPs) (1998 and 2004) and by strategic reorientations undertaken during

3. The country programme is managed by a Rome-based country programme
manager. In 2006, a country office, hosted in the United Nations Development
Programme offices, was established with a Ugandan country officer as the only
staff member. In 2011, the country office was strengthened with the outposting of
an associate country programme manager. Contracted short-term consultants have
over the period assisted the country programme management. Before the country
office, consultants were contracted to assist IFAD with participation in policy
dialogue. From 2010, a knowledge management and communications consultant
(financed by a regional grant) has been contracted to assist the country office in
Kampala.

4. Over the evaluated period, Uganda has achieved high economic growth and a
significant reduction in poverty, including rural poverty, while official agricultural
statistics (questioned by several observers) show a decline in agricultural GDP per
capita. It is not possible to attribute these trends to the IFAD-supported portfolio,
partly because the portfolio has had negligible weight in total efforts and partly
because data are lacking to assess the impact of individual projects.

5. In the years up to 2006, cooperation was guided by the Government's Plan for
Modernization of Agriculture (PMA), on which there was consensus between the
Government and its development partners. The main thrust of the PMA was to
integrate small farmers in the market and commercialize and modernize their
operations, based on the market and with the state having mainly a facilitating
role. However, following the multi-party elections in 2006, the Government
de parted from some of the PMA strategies, and the views of partners started to
diverge, in particular on how to develop rural financial services and agricultural advisory services, both key elements of the IFAD-supported portfolio. The Government also modified its assistance strategy, discouraging the use of loans for soft services, such as capacity development, and the integrated rural development approach. This, combined with reversals in the decentralization policy, negatively affected the IFAD-supported local government projects. Thus, since 2006 the cooperation has faced several challenges, including governance and accountability issues. In spite of this, however, the partners have managed to triple annual IFAD loan disbursements to about US$20 million, largely through major investments in rural roads.

6. The **relevance** of the portfolio is rated as satisfactory (5). The portfolio is generally highly relevant to the needs of poor rural Ugandans, and until 2006, it was well aligned with IFAD and government policies. However, around 2006-2007 several projects were redesigned to accommodate government policy changes, which, in some cases, notably rural finance and agricultural advisory services, reduced relevance to and alignment with IFAD policies and best practices.

7. The portfolio's **effectiveness** is rated as moderately satisfactory (4). Progress towards achievement of immediate objectives and targets was generally best in the local government-managed rural development projects, and in agricultural advisory services until 2006 (NAADS), but since then policy reorientations have affected performance in this area.

8. **Efficiency** shows a highly mixed picture. Some early local government projects (e.g. the Area-based Agricultural Modernization Programme) have highly satisfactory efficiency indicators. Generally, however, implementation and disbursements were slow during the first part of the evaluated period but accelerated significantly thereafter. Overall, efficiency is rated as moderately satisfactory (4).

9. **Impact** is rated as moderately satisfactory (4) overall, but with the proviso that there is limited evidence for several projects, either because it is too early to evaluate their impact or because there has been no systematic impact monitoring. Best impact has been achieved in the domains of "household income and assets" and "food security and agricultural productivity", while more moderate impact has been achieved in the domains of "human and social capital and empowerment" and "natural resources, the environment and climate change". Impact in the domain of "institutions and policies" is assessed as moderately unsatisfactory.

10. **Sustainability** is assessed as only moderately unsatisfactory (3). Under the local government projects, the physical infrastructure is poorly maintained and the supported agribusinesses have viability problems. In rural finance, many of the supported savings and credit cooperatives have poor prospects of becoming self-reliant and sustainable. However, in contrast to this overall bleak picture, the enterprises and value in the vegetable oil subsector appear to have relatively good sustainability prospects.

11. The portfolio's contribution to **innovation** is also rated as moderately satisfactory (4). The most important innovations are the public-private partnerships in the vegetable oil subsector and the engagement of civil society and the private sector in rural finance. In one local government project, mentors are provided to the poorest households to integrate them into mainstream development. Depending on the outcome, this could potentially be an innovation worth scaling up.

12. Progress in **gender equality and women’s empowerment** is assessed as moderately satisfactory (4). The early local government projects, together with NAADS before 2007, performed well in this domain. The Government’s reluctance (since 2006) to use loan proceeds for capacity development and empowerment has affected performance in this area, and some ongoing projects lack adequate
gender-disaggregated data. However, outside the loan portfolio, IFAD has provided major grants to an NGO, the Uganda Women's Effort to Save Orphans, which have had satisfactory outcomes.

13. In the domain of partner performance, the performance of IFAD in delivering the lending programme is assessed overall as satisfactory while the performance of Government is assessed as moderately satisfactory. However, the performance of the different government executing agencies varied significantly.

14. The overall rating for non-lending activities is moderately satisfactory (4). This rating should be recognized as an achievement given IFAD's very limited resources for country programme management. IFAD's performance in policy dialogue is assessed as moderately satisfactory, taking into account both IFAD's active engagement in dialogue, particularly during the first part of the period, and its limited effectiveness in terms of results in recent years, although this has been largely outside of IFAD's control. Knowledge management is assessed as moderately unsatisfactory considering the neglect it suffered during much of the evaluation period but also appreciating the recent attention devoted to it. Finally, performance in partnership-building is assessed as satisfactory (5), particularly in view of the partnerships developed and facilitated not only with multilateral development banks, but also with private companies, private-sector organizations and civil society organizations. The Government should also be commended for the public-private partnerships it has developed and for using loan proceeds to engage private-sector organizations and civil society organizations.

15. The COSOPs of 1998 and 2004 were prepared before the introduction of the results-based country strategic opportunities programme (RB-COSOP) and do therefore understandably not satisfy the current guidelines and standards for RBCOSOPs. While the 1998 COSOP more or less maintained its validity until it was replaced, the 2004 COSOP was overtaken by changes during 2006-2008 in the national context and in IFAD's operating model (e.g. transition to direct supervision and setting up of country presence). Therefore, the 2004 COSOP has been substantially replaced by IFAD's corporate strategic directions and by the country’s priorities, which have guided the cooperation since 2007/2008.

16. COSOP relevance is assessed as only moderately satisfactory. The overall strategy included all the right support elements for integrating smallholders in the market, assisting them in moving from subsistence to commercial production. However, the support elements have been disconnected except for the support to the vegetable oil subsector, which has applied a value chain approach. Since 2006, IFAD has had to adapt to policy changes relating to rural finance, agricultural advisory services and decentralization, and to government guidelines regarding the use of loan proceeds for capacity development and integrated rural development. These changes have not been conducive to achieving the strategic goals.

17. None of the lending pipeline options, defined in the 2004 COSOP, was implemented and limited progress was achieved on the policy dialogue agenda. Both COSOPs included a major loan-supported comprehensive programme for northern Uganda, the poorest and most disadvantaged region. However, these pipeline programmes were not realized and to date no support has been provided for this region except for some support under the vegetable oil projects. Effectiveness is therefore rated as moderately unsatisfactory. However, overall COSOP performance is assessed as moderately satisfactory considering that the COSOPs included the right elements and were well aligned to the PMA and IFAD policies.

18. Overall, the IFAD-Government partnership is assessed as moderately satisfactory. During the first part of the period, there was a high degree of consensus on policies and strategies, whereas after 2006 disagreements emerged. On a positive note, it should be recognized that disbursement efficiency has significantly improved since 2006.
19. In the future, the main challenges for IFAD relate to disagreements on government policies and strategies for agriculture and rural development together with unpredictable and sudden policy changes. Finally, country programme management is being stretched by direct supervision, combined with significant fiduciary issues, both taking a high toll on country programme management resources.

Summary of the CPE overall assessment

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio performance</td>
<td>4</td>
</tr>
<tr>
<td>Non-lending activities</td>
<td>4</td>
</tr>
<tr>
<td>COSOP performance</td>
<td>4</td>
</tr>
<tr>
<td>Overall IFAD/Government partnership</td>
<td>4</td>
</tr>
</tbody>
</table>

* Rating scale: 1=highly unsatisfactory; 2=unsatisfactory; 3=moderately unsatisfactory; 4=moderately satisfactory; 5=satisfactory; and 6=highly satisfactory.

20. The CPE offers five recommendations:

(i) **Expand geographic coverage of IFAD-funded operations to the northern region.** It is recommended that, during the COSOP preparation process, IFAD undertake a comprehensive analysis to identify the opportunities and constraints involved in providing investments as part of the multi-donor support programme for the Peace, Recovery and Development Plan for Northern Uganda. Depending on the outcome of this analysis, and should IFAD decide to finance separate project(s) that contribute more broadly to furthering the plan’s objectives, it is recommended that IFAD initially invest in financing economic and social infrastructure development in one or two districts (to avoid dispersion of impact), which should have a strong innovation content that can be scaled up by the Government and other development partners.

(ii) **Support commodity value chain development.** Building also on the successful experience of the Vegetable Oil Development Project, it is recommended that, during the COSOP preparation process, IFAD undertake thorough analysis to determine which commodity value chain to prioritize. Some areas that could be explored for value chain development in Uganda include the dairy subsector and the cassava animal feed industry, which could contribute to meeting the growing demand in urban areas for milk and other livestock products.

(iii) **Define a realistic and appropriately resourced agenda for policy dialogue.** In preparing the next COSOP for Uganda, IFAD and the Government should define and cost a joint action plan for policy dialogue in areas where collaborative efforts are required to improve the agriculture related policy environment. The plan should largely focus on areas where IFAD can contribute relevant experiences from its work in Uganda and other countries. Some areas for policy dialogue include promoting a pro-poor rural financial services framework, strengthening the capacities and performance of the key government institutions working in agriculture, and furthering partnership with the private sector in agriculture to develop profitable agribusinesses and enterprises.

(iv) **Strengthen further project results.** There are specific measures that IFAD and the Government can implement to ensure that project results are further improved from moderately satisfactory to satisfactory or highly satisfactory in the future. These include: (i) exploiting synergies among activities within and across projects financed by IFAD in Uganda; (ii) providing more resources and
efforts for natural resources and environmental management as well as human and social capital and empowerment, where the CPE found significant room for improvement; (iii) improving sustainability prospects by preparing exit strategies early on in implementation, and strengthening the capacity of key institutions (such as the Ministry of Agriculture, Animal Industry and Fisheries); and (iv) devoting more systematic efforts to ensuring that innovations successfully implemented in the context of IFAD-financed projects are scaled up.

(v) **Undertake functional and workload analyses as a basis for determining staff requirements and the division of labour.** The CPE recommends that IFAD undertake a functional and workload analysis to determine the required administrative resources. This entails assessing the human resources and budgets available for managing the Uganda country programme, including for financial management and procurement purposes. The role and responsibilities of the East and Southern Africa Regional Office in Nairobi and concerned IFAD divisions in Rome in supporting the Uganda country programme should also be clarified and defined. Moreover, this analysis should clarify the Government's contribution to and expectations from direct supervision and implementation support activities, which are currently absorbing a disproportionate amount of the resources of IFAD staff working on the Uganda programme.