IFAD

2003-2013 10 years

IOE

Independent Office of Evaluation

Accountability and learning for better rural livelihoods

profile

Number 88, April 2013

UGANDA COUNTRY PROGRAMME EVALUATION

Promoting commercial smallholder agriculture

Over the evaluated period, 1997-2011, Uganda achieved high economic growth and significant reduction of poverty, including rural poverty, while official agricultural statistics show decline in agricultural GDP per capita. In the years up to 2006, the cooperation was guided by Government's Plan for Modernisation of Agriculture (PMA) on which there was consensus with development partners.

The main thrust of the PMA was to integrate small farmers in the market and commercialize and modernize their operations, based on market dynamics, with the state having mainly a facilitating role. However, following the multi-party elections in 2006, Government departed from some of the PMA strategies and the views of the partners started to diverge, in particular on how to develop rural financial services and agricultural advisory services, both key elements of the IFAD-funded portfolio. Governance and accountability issues have also affected the cooperation but, in spite of this, the partners have managed to triple annual IFAD loan disbursements to about US$20 million, largely through major investments in rural roads.

Since the start of the cooperation in 1981, IFAD has over the last 30 years approved 14 projects, supported by loans on highly concessional terms, totalling USD 294 million. As part of the Heavily Indebted Poor Countries (HIPC) initiative, IFAD has since 1997 provided debt relief worth SDR12.7 million in net present value terms (approximately US$19.4 million, as of 15 February 2013). In 2011, IFAD's Independent Office of Evaluation fielded a mission to evaluate nine of these projects as well as two country strategic opportunities papers (COSOPs), from 1998 and 2004. The evaluated projects have supported agricultural research and advisory services, the vegetable oil subsector, agriculture and rural development managed by local governments, and rural finance. In several of these projects, the Government, the World Bank, the African Development Bank and private investors have provided the major part of the financing.

Main evaluation findings

Overall for the period, the portfolio performance is assessed as moderately satisfactory, but with challenges of sustainability and efficiency, in particular in rural finance where government strategy has focused on establishing and developing savings and credit cooperatives. IFAD's main value addition has been in development of the vegetable oil subsector where support is based on public-private partnerships and a value chain approach. In this subsector, IFAD has also promoted the partnership between the Government and a large private investor, which successfully has introduced palm oil production in Uganda, partly based on contracted smallholders.

During the first part of the period, IFAD contributed considerable staff and financial resources to development of policies and partnerships. In the latter part, IFAD also invested much time in policy dialogue but often without being able to persuade Government about its views. With transition to direct supervision, which the evaluation considers critical, less staff time is available for non-lending activities.

Members of the Kwegondeza women's group in Nyangaya grow a variety of crops including groundnuts, soybean, sunflower, onions, avocado and cassava.

The COSOPs were aligned to the PMA and overall relevant but with changes in government strategies as from 2006, IFAD largely had to abandon the 2004 COSOP and base its work on the emerging new realities. IFAD's overall strategy included all the right support elements for integrating smallholders in the market, assisting them to move from subsistence to commercial production (advisory services, road access, agro-processing). However, in implementation the support elements were often disconnected except for the support to the vegetable oil subsector which applied a value chain approach.

Some of the objectives and targets of the COSOPs were not achieved. This also applies to the pipeline, which appears to have been included without a firm consensus on the details. As the lending pipeline could not be fully realized, a major part of the performance-based allocation was utilized through supplementary loans for ongoing projects.

Overall the IFAD-Government partnership is assessed as moderately satisfactory.

UGANDA AT A GLANCE

Population: **34.5 million (2011)**

Population growth average: **3.2% (2011)**

Rural population: **29 million (2011)**

Rate of GDP growth: **6.6% (2011)**

Poverty headcount ratio at US$1.25 a day (PPP) (% of population): **38% (2009)**

Human development index: **0.456 (2011) -** Ranking: **161 - classified as a low level of human development**

Life expectancy at birth: **54 years (average 2011)**

IFAD lending since 1981: **US$296.5 million**

Sources: World Bank; UNDP International Human Development Indicators; IFAD Project and Programme Management System.

Key recommendations

1. **Expand geographic coverage of IFAD operations to the northern region** which is Uganda's poorest region recovering from years of armed conflict that ended in 2006. As part of the COSOP preparation process, IFAD should assess the justification and feasibility of providing investments as part of the multi-donor support programme for Peace, Recovery and Development Plan. Should IFAD decide to finance a separate programme, it is recommended that the Fund invest in financing economic and social infrastructure development in one or two districts (to avoid dilution), with a strong innovation content that can be scaled up by the Government and other development partners.
2. **Support commodity value chain development.** Building on the successful experience of the Vegetable Oil Development Projects, IFAD should undertake a thorough analysis to determine which commodity value chain(s) to prioritise. Some areas that could be explored for value chain development in Uganda include the dairy subsector and cassava animal feed industry, which could contribute to meeting the growing demand in urban areas for milk and other livestock products.
3. **Define a realistic and appropriately resourced agenda for policy dialogue.** In the preparation of the next Uganda COSOP, IFAD and the Government should define a costed joint action plan for policy dialogue in areas where joint and collaborative efforts are required to improve the agriculture-related policy environment such as 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.
4. **Strengthen project results.** There are specific measures that IFAD and Government can implement to ensure that project results are further improved from moderately satisfactory to satisfactory or highly satisfactory in the future, including: (i) exploit synergies among IFAD-funded activities; (ii) provide more resources and efforts for natural resources and environmental management as well as human and social capital and empowerment, where the country programme evaluation found significant room for improvement; (iii) improve sustainability prospects by preparing exit strategies early on in implementation, as well as strengthening capacity of key institutions; and (iv) a more systematic effort to ensure scaling up of innovations that have been successfully implemented.
5. **Undertake functional and workload analyses as a basis for determining staff requirements and division of labour.** 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 at headquarters in Rome in supporting the Uganda country programme should also be clarified and defined. Moreover, this analysis should clarify the contribution of and expectations from the government in direct supervision and implementation support activities, which is currently absorbing a disproportionate amount of IFAD staff time.

Further information:
Republic of Uganda Country Programme Evaluation, Report No. 2868-UG, April 2013, ISBN 978-92-9072-362-2, Independent Office of Evaluation of IFAD, Via Paolo di Dono, 44, 00142, Rome, Italy. The full report, Profile and Insights are available online at www.ifad.org/evaluation; email: evaluation@ifad.org.