

2016

# The 6<sup>th</sup>



## NSA Statement Civil Society Perspective On Agriculture Sector Performance During FY 2015/16 Opportunities Challenges and Recommendations

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## 1.0 Introduction

The aspirations of Vision 2040<sup>1</sup>, the NDP II and ASSP are to transform Uganda from a peasant to a modern prosperous country. This is set to be realized through strengthening the country's competitiveness for sustainable production, wealth creation, employment and inclusive growth. These development frameworks identify increasing production and productivity, value addition and market opportunities as some of the key drivers of growth and development.

The years 2015/16 marked the beginning of the implementation of the draft agriculture sector strategic plan 2015/16- 2019/20 aiming at "*transforming the sector from subsistence to commercial agriculture*". Like the previous development strategy and investment plan 2010/11-2014/15, the Ministry of Agriculture Animal Industry and fisheries (MAAIF) committed to continue focusing on its medium term priorities of improving agricultural production and productivity among its priority areas. During this year, MAAIF explicitly focused on increasing household incomes, ensuring food and nutrition security, creating employment opportunities, promoting value addition and trade in agriculture.

We commend the Government of Uganda through MAAIF and other MDAs for the continued effort to provide an enabling environment for the agriculture sector. We recognize the efforts towards the Completion of the Seed policy, Increment in agriculture funding from 580bn for the financial year 2015/16 to 823.42bn in 2016/17<sup>2</sup>, improved budget absorption of 99.2%<sup>3</sup>, fast tracking the agricultural extension reforms, establishment of Directorate of Agricultural Extension, the Draft National Agricultural Extension Policy and Strategy, recruitment of extension staff , increment in wage and non-wage votes to extension services and the successful launch of the Strategic Analysis and Knowledge Support System Node (SAKSS-node).

The Non State Actors (NSA) Group comprising of Civil society, Non-Government al Organizations, Farmers and their Organizations, Youths organizations, fisher folk, pastoralists organizations, Private Sector, Women and their organizations, Faith Based Organizations, Academia, Media and Professional bodies have continued to compliment MAAIF in the implementation of the above strategic commitments.

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<sup>1</sup> "A transformed Ugandan society from a peasant to a modern and prosperous country within 30 years"

<sup>2</sup> Budget Speech, 2016/17

<sup>3</sup> CSBAG position paper on the agriculture sector MPs FY 2016/17



On the occasion of this 6<sup>th</sup> JASAR meeting 2016 convening at Speke Resort Munyonyo on August, 29 and 30 2016, NSAs wish to share insights and recommendations for better collaboration, partnerships and management of the agricultural sector in Uganda in a bid to enhance production and productivity for job creation.

## 2.0 Background

In line with the Malabo declaration's Commitment to mutual accountability actions and results and the CAADP's principles of transparency and accountability; and inclusiveness, NSAs commend the Government of Uganda through MAAIF for upholding these principles and according space to NSAs in planning, implementation, monitoring of results and convening this 6<sup>th</sup> JASAR 2016.

Whereas the contribution of NSAs to the agricultural sector has remained unquantifiable due to the absence of systems and frameworks to capture data, their contribution to service delivery and informing policy and programming within the sector has remained visible and reported felt among farming communities across the country

During this review period, NSAs have continued mobilizing and building capacities of farming communities and other stakeholders in production across the value chain and participation in key processes aimed at enhancing the performance of the agricultural sector against key commitments under the CAADP, MALABO, NDP II, ASSP, and Joint Sector Reviews at regional and national levels as well as in preparation for this event.

NSAs have conducted comprehensive analyses of the draft Seed Policy and Strategy, the agricultural extension reforms, the agricultural financing through budget performance monitoring, Biotechnology and Biosafety bill 2012 among others . They have coordinated and harmonized positions and contributions.

In terms of service delivery, NSAs have continued to provide agricultural extension across the value chain, provided agricultural inputs, facilitated access to financing, promoted value addition technologies and created market linkages for small holder farmers aiming at increasing household food and nutrition security and incomes.

In consideration of the year in review and the theme for the 6<sup>th</sup> JASAR 2016 (enhancing agricultural production and productivity for job creation), NSAs present an assessment of sector performance against targets, and analyzed selected drivers of enhancing productivity and creating jobs in the agricultural sector; make propositions and reaffirm commitment to supporting the sector in the next financial year.



### 3.0 Agriculture sector performance FY2015/16

#### 3.1 Overview of the agricultural sector

According to the UBOS statistical abstract 2015, the sector contributes 24.8%<sup>4</sup> of Uganda's GDP and employs 66% of the working population but in a more significant way employs 80% of the women in Uganda. This demonstrates the importance of the sector to the poor, especially women who derive their livelihood from agriculture. The sector is largely private sector led, with Government left with expenditure in research, seed breeding and certification, extension services, disease control and policy regulation.

According to the 2014 Population and Housing Census, households reporting subsistence agriculture as their main source of livelihood have increased from 68% to 69% and of the 5.2 million farming HH in the country, only 2.3% were in commercial farming. The country's strategic direction to move farmers towards commercial farming needs to be reviewed

#### 3.2 Budget performance

The approved budget for the sector for the FY 2015/16 was UGX 505.844bn including taxes. Out of the above budget, UGX 384.452bn (67.9%) was GOU funds while the UGX 91.716bn (25.5%) was donor (external financing), UGX 5.213bn (1%) was specifically to pay taxes and UGX 27.744bn (5.5%) was Non Tax Revenue. The composition of the budget by expenditure category was as follows; Wage constituted UGX 55.40bn, Non-Wage Recurrent was UGX 65.711bn, GoU Development was UGX 223.442bn.<sup>5</sup>

By the end of the FY 2014/15 a total of UGX 525.853bn (103.8%) was released representing a release performance of 89.5% of the approved budget. UGX 497.591bn was spent out of the release representing absorption of 95.0%. At vote level, the highest absorption rates were reported by CDO and NARO at 100% then UCDA, MAAIF and NAADS at 99.8%, 99.2% and 98.4% respectively.

**Table 1: Release performance for Agriculture sector FY 2014/15 and Q2 FY 2015/16 (GoU)**

<i>VOTE</i>	<i>MDA</i>	<i>2015/16 Budget (bns)</i>	<i>Release H1 15/16 (bns)</i>	<i>15/16 performance</i>
10	MA AIF	93.2	16.108	17.30%
121	DDA	5.044	1.081	21.40%
125	NAGRCDB	4.15	1.235	29.70%

<sup>4</sup> Rebased GDP estimates for 2013/14

<sup>5</sup> Annual Budget performance report FY 2014/15



142	NARO	37.61	10.102	26.80%
152	NAADS	178.974	12.82	7.20%
155	UCDO	5.301	0.956	1.80%
160	UCDA	27.912	12.926	46.30%
	Grand Total	352.191	78%	11%

*Source: Budget Performance Report FY 2014/15 and release performance report for FY 2015/16*

## 4.0 Key budget performance issues

**4.1 Low budget absorption:** The Semi Annual Budget performance Report 2015/16 highlighted the sector has an absorption performance rate of 70% compared to the national average of 92.9%. The OPM report on performance of externally funded projects implemented by gov't institutions revealed that out of 60 projects, assessed 81% of them were unsatisfactory with the loans unlikely to be absorbed by the project closure date. In Agriculture, 80% of the projects assessed were unsatisfactory. This state of performance constrains efforts and arguments for increasing funding to the agricultural sector.

**Recommendation:** For MAAIF, to improve on its performance, absorb all resources given and align its priorities to the focus of its mandate; It should strengthen its M&E function, using the SWAP, to periodically assess and review the sector performance upon set targets. If the cause of poor performance is found to be incompetence among the MDAs and personnel, performance contract provisions should be enforced, including termination.

**4.2 Agricultural Credit:** Out of the outstanding stock of recorded credit of UGX 11.2trillion by April 2016, only 10.3% went to agriculture. The ACF displayed tremendous improvement in the FY 2014/15, with disbursements increasing to 179bn in June 2015 from 150bn in June 2015. However, there is still need for affordable and accessible agricultural finance to majority of farmers, who are small holder farmers. Currently ACF is accessible through commercial banks some of whom have flaunted the 12% guidance from the BoU as the rate at which to lend the funds to prospecting farmers. These rigidities have made access to credit for farmers harder and such there do not get access to the much needed resources to increase agriculture production and productivity ultimately frustrating job creation. On page 24 of the NBFP FY 2014/15, Government promised to revive the Uganda Cooperative Bank and this was followed up with a cabinet paper by the MoTIC.

We thank Government for the planned recapitalization of Uganda Development Bank, however there should be low affordable interest rates that are friendly to SHFs that commensurate with realities at the farm. From the above observation, agriculture credit calls a multi sectoral effort and should be treated as such.



**Recommendation:** When farmers come together in groups, and are better organised, they need more support from Government and as such we call upon Government to honour the **Cooperative Bank** promise as this will ease access to credit

**4.3 Establishing an Agriculture Insurance Scheme:** We do appreciate the Government for allocating UGX 5bn in FY 2016/17 to boost the uptake of agricultural insurance to save farmers from losses. However, Insurance players in Uganda are reluctant to come up with innovative agricultural insurance products. Insurance products to mitigate agriculture risks are offered by only 8 out of the 26 licenced insurers who cover only three risk areas, namely, livestock, crop insurance and weather indexed.

**Recommendation:**

The Agricultural Insurance bill needs to be passed by parliament immediately. The sector needs at least UGX 50bn to considerably subsidise the insurance industry to uptake agriculture.

**4.5 Compliance to the NDP II:** Despite the sector being allocated funds (UGX 854.466bn) over and above the NDP II target (UGX 782.5bn) for the year 2, the sector did not comply with NDP II requirements.

The sector's compliance to the NDP II, according to NPA Certificate of Compliance in March 2016 was 56.1% was below the average score of 68.3%, based on the fact that by 3<sup>rd</sup> quarter FY 2014/15, only 50.4% of the funds were released, many MDAs did not have strategic plans aligned to the NDP II and the sector accorded less priority to institutional strengthening of MAAIF structure particular the extension and regulation function.

**Recommendation:** MAAIF and other sector MDAs finalising their strategic plan is paramount even as the sector received over and above the NDP II target.

**4.6 Counter Funding:** Counterpart funding is one of the financing challenges for budget implementation in Uganda as a whole. Key projects are stalled and as such there are overruns and related costs.

**Counter funding requirements for FY 2016/17**

<b>Counterpart funding requirements FY 2016/17 ('000)</b>	
<b>MAAIF</b>	<b>13,482,533</b>
<b>Vote Function 0101 Crops</b>	<b>11,648,783</b>
Vegetable Oil Development Project-Phase 2	9,836,783
Rice Development Project	636,000
Agriculture Cluster Development Project	516,000
Enhancing National Food Security	360,000
Multisector Food Safety & Nutrition Project	300,000
<b>Vote Function 0102 Animal Resources</b>	<b>883,750</b>



Northern Uganda Farmers Livelihood Improvement Project	333,750
Regional Pastoral Livelihood Improvement Project	550,000
<b>Vote Function 0103 Agricultural Extension Services</b>	<b>950,000</b>
ATAAS (Grant) EU, WB and DANIDA Funded	950,000

**Source: Approved Budget Estimates FY 2016/17**

Part C, Para 9 of the Budget Execution Circular for the FY 2016/17 notes cases of inadequate counterpart funding for projects leading to delays in project implementation and as such the PS/ST guided that counterpart funding gets first call on all MDA’s resources in the FY 2016/17.

**Recommendation:**

MAAIF should adhere to the guidance of the PS/ST and secure funds for counterpart funding highlighted in the table above to ensure success full implementation of projects, not only in the FY 2016/17 but all through the project life. This will enhance the ability of project achieving the desired outcomes.

**5.0 Climate Change, production and Inputs**

The global average temperature has risen between 0.4 and 0.8 °C over the past 100 years (IPCC, 2014) and are predicted to increase between 1.4 and 5.8 °C by the year 2100. The cost and loss associated with the changing climate in Uganda over the last 10yrs has been estimated at US\$ 200 million<sup>6</sup> with the agricultural sector being the most affected.

There are efforts for combating climate change effects at global and national levels. At the international level, some policy advancements have been achieved the latest being the Paris agreement and SENDAI framework of action 2015 all of which continued to guide Uganda’s policy, strategies and action plans on climate change. Among them being the National Plan for Adaptation, National Green Growth Development strategy, National Climate Change Costed Implementation Strategy and the National climate change policy among others.

Agricultural productivity of most crops and livestock has been declining overall in the last decade owing to a number of factors which include: high costs of inputs, poor production techniques, limited extension services, over dependency on rain-fed

<sup>6</sup> EAC Disaster Risk Reduction and Management Strategy (2012 – 2016)



agriculture, limited markets, land tenure challenges and limited application of technology and innovation (NPA, 2013 and World Bank 2013).

According to the Uganda integrated rainfall variability impacts report 2012, Rainfall deficits experienced in certain areas of Uganda in 2010 and 2011 affected the country in meteorological, agricultural, hydrological and socioeconomic terms. The value of damage and losses caused by rainfall deficit conditions in Uganda in 2010 and 2011 is estimated at 2.8 trillion Shillings or US\$ 1.2 billion of 1.1trillion was experienced in the livestock sector. Significantly, effects were experienced in form of death of livestock.

A high dependence on rain-fed agriculture (with only about 0.1 % of production from irrigation) and natural resources implies that our production systems are vulnerable to climate variability and increased intensity and frequency of natural hazards. Because of the low water use in our production the level of production remains 30% of our national potential. The current irrigation coverage of 2.7%, agricultural production remains at 30% of the total national potential, the National irrigation master plan which targets to increase irrigation service delivery by 6.5% per year by 2030 puts MAAIF and MoWE at the center of its implementation.

**Recommendation:** MAAIF should adopt the National irrigation master plan into its annual plans and budgeting framework with consistent targets to meet the overall outcomes by 2030.

### 5.1 Research

The agricultural sector in Uganda to reach its full potential in production and productivity and sustainable creation of jobs, consistent and sustainable public financing and investment in research is required. In this regard, the NDP II identifies research as a strategic priority area to the realization of the strategic outcomes However, for the last 2-3 financial years, public financing to research has been decreasing both in percentage and nominal figures. Since research is the main function of NARO, the NARO budget has remained inconsistent to the needs of the agency. The agency received UGX 157.47bn (including NTR for the FYs 2014/15, UGX 98.98bn (including NTR) FY 2015/16 and UGX 114.14bn (including NTR) FY 2016/17 –

In terms of content, the current research has largely focused on production of animal breeds and crop varieties and less on research needs along the value chain to include but not limited to soils, feeds and mechanization.

### Recommendation

The Government of Uganda through MAAIF should determine and build consensus on the National research agenda in line with Uganda's comparative demand, strategic positioning, national development objectives and Vision 2040.

The Government of Uganda through MAAIF should deliberately increase the allocation of funds to NARO alongside the national responsive research agenda.



To promote and scale up the dissemination and adoption of pasture seed among pastoral communities and appropriate mechanization technologies developed as prototypes at Namalere and other research institutes.

### **5.2 Production practices**

Uganda's production largely relies on rudimentary technologies and practices such as hand hoe, seed broadcasting coupled with sustainable tillage practices which has a direct impact on loss of biodiversity and agriculture productivity. Uganda among other African countries under the auspices of African Union declared through the "Women's Empowerment and Development Towards Africa's Agenda 2063"<sup>7</sup> summit in June, 2015 in south Africa joined a campaign to end the use of hand held hoes by 2025.

**Recommendation:** The Government of Uganda through MAAIF should or be seen to comply to the AU declaration to end the use of the hand hoe and commit it to the Museum This can be done through increasing access to appropriate technologies as fublicated by NARO and the private sector and improving farmers access to appropriate financing to pay for these technologies

### **5.3 Climate Smart Agriculture**

The Government of Uganda has committed to pilot and scale up climate smart agriculture in response to the challenges and effects of climate change to production and productivity in agriculture, the CSA policy has set out principles upon which planning and programming should be based

#### **Recommendation**

MAAIF together with other related Government MDAs should popularize and adopt all the guidelines of the CSA policy to ensure youth involvement in agriculture.

### **6.0 Land and Land use**

The contribution of land utilization to the national economy cannot be over emphasized. Land is predominantly the major basis upon which Uganda's physical development and socio-economic transformation is anchored. Agriculture largely thrives on produce and systematic land use zoning, planning and management. Transformation of this from a peasant to commercially competitive sector will require sustainable utilization of land resources.

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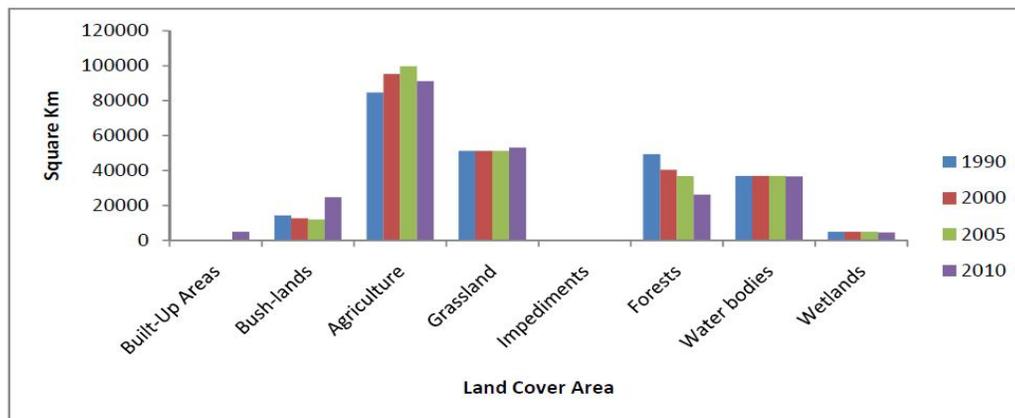
<sup>7</sup> Doc. Assembly/AU/Decl.2(XXV)



Land refers to soil land forms, geology, hydrology, climate plant cover and fauna including insects and micro-organisms. The poor land use planning practices, commercialization, industrialization, urbanization and population growth have all exerted immense pressure on land and its resources to the extent that land use has become unsustainable. Agriculture productivity has been reducing at a constant rate in the East African region with countries like Kenya and Tanzania with higher fertilizer use registered higher productivity. In Uganda, this has resulted in reduced land for agriculture from 99,703.1Sq kms in 2005 to 91,151.8sq kms in 2010<sup>8</sup> while the built up area increased 10 fold<sup>9</sup> between the same period.

Further, due to the changing climatic conditions over time with reduced rainfall and increased temperatures since 1970, Uganda's agro-ecological zones are no longer capable of effectively supporting the agronomic practices conducted in the various regions of the country. The old agro-ecological zoning which supported the banana-coffee: Banana-Millet-cotton: Montane; Teso: Northern: Pastoral: and West Nile systems are no longer feasible as soil fertility has reduced tremendously and rainfall patterns changed to the extent that they can no longer support the cultivation of the previously earmarked crops and land use activities.

Figure 1.2: Land Cover area by type, 1990-2010 (sqkm)



Source: Karugia *et al* (2013)<sup>10</sup>

Agricultural production has grown largely on the account of the expansion of land under agriculture as opposed to improving total area productivity where the total factor productivity has been reducing at an annual rate of 1.3% for the last 20 years. This is an unsustainable conversion of land and loss of agricultural productivity

<sup>8</sup> UBOS (2015) 2015 Statistical Abstract

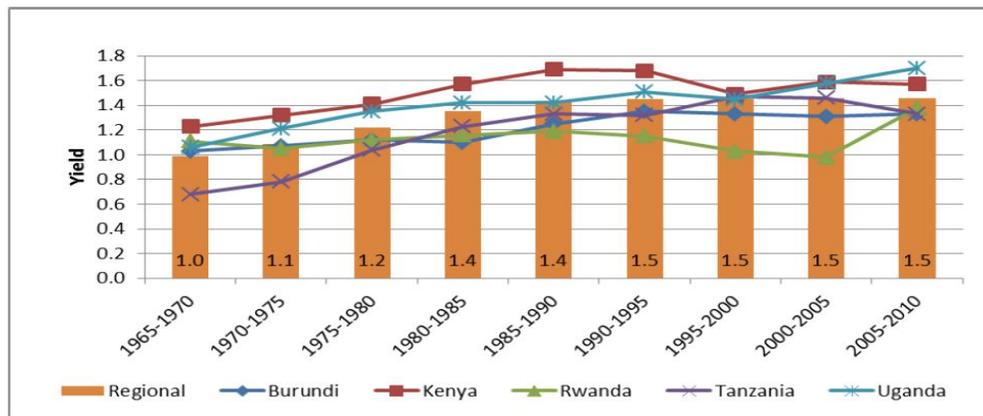
<sup>9</sup> Karugia *et al.* , 2013 Kampala Uganda

<sup>10</sup> Karugia *et al* (2013) Agricultural Productivity in the EAC Region (1965-2010): Trends and Determinants<sup>10</sup>



where Uganda is currently producing at 30% of its potential. For instance, in the coffee subsector, the current average productivity is 600Kgs per hectare compared to 3000Kgs per hectare in Vietnam one of the largest competitors on the world market which highlights Uganda’s loss of foreign currency earning potential. If Uganda is to attain the targeted production of 20 million bags of coffee by 2020 productivity must be raised, through proper land use planning, zoning, management and coordination of the competing land uses.

Uganda agricultural production and input distribution is not necessarily based on proper agricultural zoning which reduces productivity of the various enterprises. The various land cover and land use types present specific opportunities that when tapped would catalyse agricultural transformation. For instance, rangelands have presented management challenges related to flooding, and prolonged droughts yet these are well suited for production of tubers and oil seed crops such as ground nuts. Further, rangelands would thrive as cattle strongholds if proper pasture management and water harvesting practices were enhanced.



Source: Computed by the authors using data from FAOSTAT

Figure 1: Cereal productivity (annual average level in t/ha) in the EAC region 1965-2010

The increased annual urbanization rate of 3.5% has and continues to claim previously agricultural land and robs the country of potential land for production. This is caused by lack of proper zoning and management of the urbanization process. In addition, there are numerous land conflicts emerging from pressure on land and tremendous sub-division of the land which reduces land productivity. However, the World Bank <sup>11</sup>has argued that proper land management and strengthening of land tenure has potential to increase land and agricultural productivity by 5-11 percentage points.

<sup>11</sup> World Bank (2015) Fact Sheet: Uganda Economic Update; Sixth Edition, September 2015



Therefore, whereas enhancement of Soil fertility has been poised to emerge greatly from increased fertilizer use, we challenge this notion as misleading and only partly true as there are numerous factors that could increase productivity and mostly resulting from proper land use management.

### **Recommendations**

**Updating of National Land Use Maps:** Land cover maps and land evaluation to a scale of 1: 5000 or lower from the current 1: 50,000

**Promotion of Sustainable Land Use Management:** There is need to finalize the Range land management and pastoralist policy and have it implemented to raise the profile and productivity of the rangelands and other production zones. Rangelands are largely perceived as problem areas but they provide multiple functions.

**Improve and increase soil sampling and testing:** For viability before enterprises are promoted and investments made in input distribution. An updated soil atlas for the country needs to be developed. Incorporate soil testing within the extension system.

**Enhance inter-sectoral coordination:** Between MAAIF, MoWE, MoLHUD and other relevant agencies.

## **7.0 Value Addition and Markets**

The goal of NDP II is to attain middle income status by 2020. This is set to be realized through strengthening the country's competitiveness for sustainable wealth creation, employment and

inclusive growth. NDP II identifies increasing sustainable production, productivity and value addition in key growth opportunities as objective number one. Uganda's composition and value of exports have been growing for the last ten years. However the imports have continued to increase at a much faster rate due to importation of high value consumer and investment goods widening the country's trade deficit. The trade balance has more than doubled from \$1.2Bn in 2006 to \$ 2.6Bn in 2010. The balance of Payment has continued being not affected by the poor performance of exports to the region and a surge in import demand. Consequently the current account deficit declined to US\$ 302.2 million in the quarter to April 2016 compared to a deficit of US\$ 758.5 million in the quarter ended January 2016. The trade deficit improved by over 60 per cent to US\$ 204 million mainly on account of a lower import bill. <sup>12</sup>

**Recommendation:** In order to enhance production and productivity for job creation, the Government of Uganda through MAAIF (Which operates at the lower end of the

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<sup>12</sup> State of the Economy, June,2016 by Bank of Uganda.



value chain) should plan and invest in value addition and increasing competitiveness of agric. Products to meet the market demands and food needs within and outside the country. Value addition and standards should be at the heart of AEAS with proper standards and value addition manuals for extension service providers

### 7.1 Post-harvest handling

We commend the Government of Uganda for the development of policies and strategies in addressing some of the post-harvest challenges in the sector such as; formation of the Uganda Mycotoxin Mitigation Steering Committee, the farmer and producer cooperatives that can facilitate transformation leading to rural economic development by collective production, value addition and marketing.

However, the agricultural sector remains characterized by high post-harvest losses/food waste registered at 20 – 25% for tubers, 5- 15% of grains and legume, fruits and vegetables at 35% due limited value addition techniques, inadequate bulking, poor and inadequate storage facilities and high energy costs. In addition, limited market information and capacity of the primary producers to meet the standards required for domestic, regional and international markets limits the sector's contribution to national earnings.

Uganda's exports are composed of low value goods that attract low prices and increasingly less acceptance in many markets due to a high potential of contaminations like Aflatoxins in food and feeds. E.g. in 2014/15, Uganda experienced a loss in export value of \$37.56M<sup>13</sup> due to failure to meet acceptable levels of aflatoxins in Maize, Groundnut and Sorghum,<sup>14</sup>

#### Summary estimates of Aflatoxin prevalence in key crops in Uganda<sup>15</sup>

Ground Nut			Maize			Sorghum		
N <sup>a</sup>	R <sup>b</sup> (ppb)	%c	N <sup>a</sup>	R <sup>b</sup> (ppb)	%c	N <sup>a</sup>	R <sup>b</sup> (ppb)	%c
100	4.0-850.0	10-30	100	86.0-3300.0	20-65	100	25.0-514.0	65-100

**a= No. of samples, b= range of highest contamination level, c= range of samples above maximum acceptable limit.**

Agricultural trade is affected by poor quality management and failure of compliance with standards. Opportunities to increase agricultural trade to high value markets beyond the region such as the European Union have not been exploited to the highest potential either due to slow progress on improving sanitary and phytosanitary (SPS) practices. These have been compounded by climate change, lack of drying infrastructure, high cost of value addition equipment, high cost of energy, lack of

<sup>13</sup>Results Updates on Africa AIMS and C-SAAP, Feb, 2016

<sup>14</sup> Kaaya, A.N., and Kyamanywa, S., and Kyamuhangire, W., 2006. Factors affecting aflatoxin contamination of harvested maize in the three agro ecological zones of Uganda. Journal of Applied Sciences 6(11): 2401-2407.

<sup>15</sup> Results Updates on Africa AIMS and C-SAAP, Feb, 2016

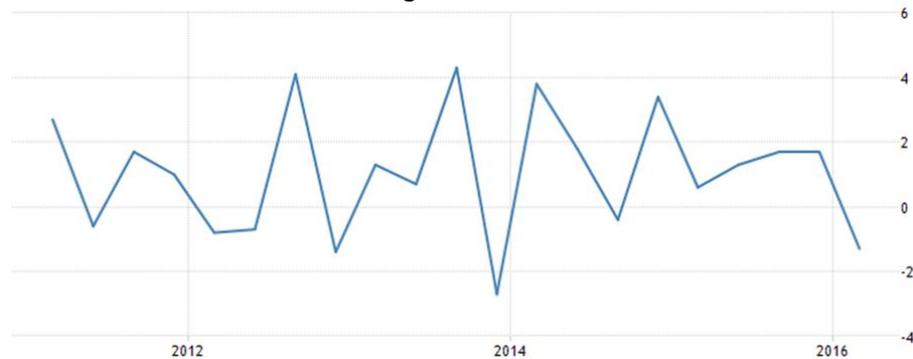


affordable agricultural financing, low awareness on standards and regulations.

## 7.2 Market access

Despite Government efforts in campaigning and mobilising the citizenry to “buy Uganda and build Uganda” the country’s balance of trade and balance of payment have consistently remained unfavourable. Although Uganda’s composition and value of exports have been growing for the last ten years, the imports have continued to increase at a much faster rate due to importation of high value consumer and investment goods. The trade balance has more than doubled from \$1.2Bn in 2006 to \$ 2.6Bn in 2010. The balance of Payment has continued being not affected by the poor performance of exports to the region and a surge in import demand. Consequently the current account deficits for year 2015/16 are projected to widen 8.5% of the GDP compared to 7.2% in FY 2013/14.

**Uganda’s GDP Growth Rate**



Source: Uganda Bureau of statistics,

Over the years, MAAIF has consistently planned and budgeted for value addition. However, This is too scattered throughout the whole budget (across sectors) to be consolidated. It’s the selected development projects in MAAIF that have the allocation. It is mostly externally funded. The outputs for value addition are 010305 - Provision of Value Addition extension services, 010108 - Increased value addition of priority commodities, 010106 - Increased value addition in the sector and 014903 - Improving Value addition and market Access.

## Agricultural/ farmers’ Cooperatives

Whereas the development and sustaining of cooperatives is a mandate of Ministry of Trade Industry and Cooperatives, the functionality integration and efficiency of these organs accrue more benefits to farmers. Farming communities continue to be challenged by access to reliable and sustainable inputs (farm tools and finance) and market linkages. The current set up of cooperatives poses a challenge to farmers as these core desired functions are scattered in different units.



### **Recommendations**

DAES should integrate issues of food safety and standards (controlling contaminants in food and feed i.e. pesticide residuals, excessive use of anti biotics, aflatoxins, and use of unacceptable additives in agricultural produce e.g. in meat, milk) within the Extension packages being developed for extension service providers.

Initiatives for technology transfer such as OWC should include appropriate technologies for value addition on their priority technology list for small holder farmers at a cost sharing, at a subsidized rate or hire purchase.

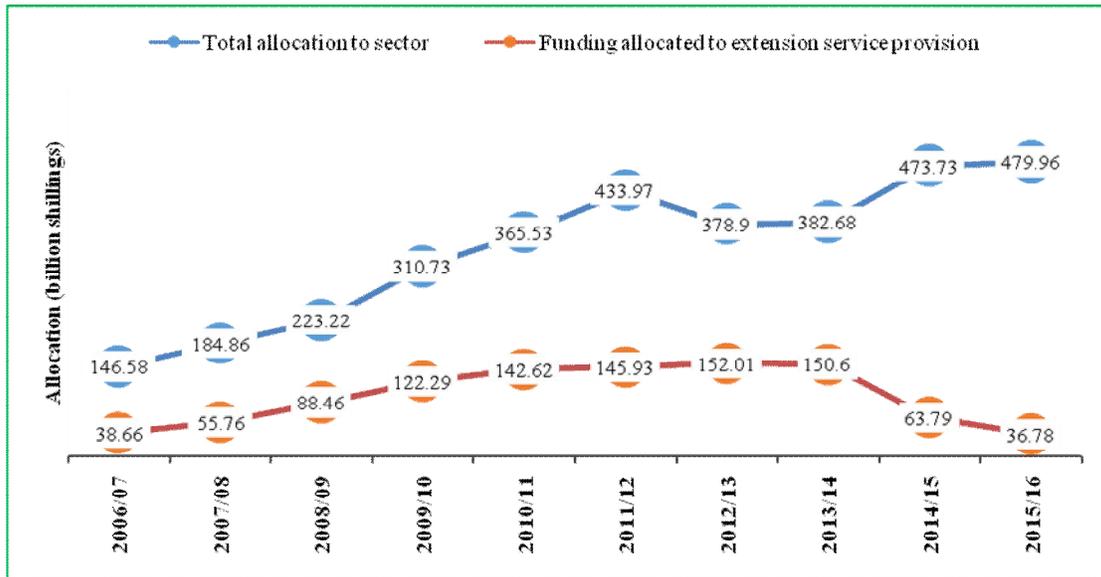
A standard output after clearly defining and ascertaining what the sector means by value addition should be created. Otherwise the word is being thrown around complicates consolidation of financing and results of this aspect

In a bid to strengthen farmer cooperatives there is need for concrete collaboration between MTIC and MAAIF. MAAIF interventions in extension, technology transfer, capacity building in resource mobilization, pre and post-harvest handling, quality assurance and control and market linkage should be harmonised with those of MTIC to improve result and outcomes.

### **8.0 Provision and Access to Agricultural Extension**

The budget allocations to the agricultural sector have been increasing over the years, except during FY 2012/13 and 2013/14 when it dropped to UGX 378.9 and 382.68 billion shillings, respectively (Figure 1). Similarly, the amount of funds allocated for provision of agricultural extension services have been increasing until they started declining in FY 2014/15 and 2015/16.

#### **Trends in budget allocations (Billion shillings) to the agricultural sector and extension service delivery; 2006/07 – 2015/16**

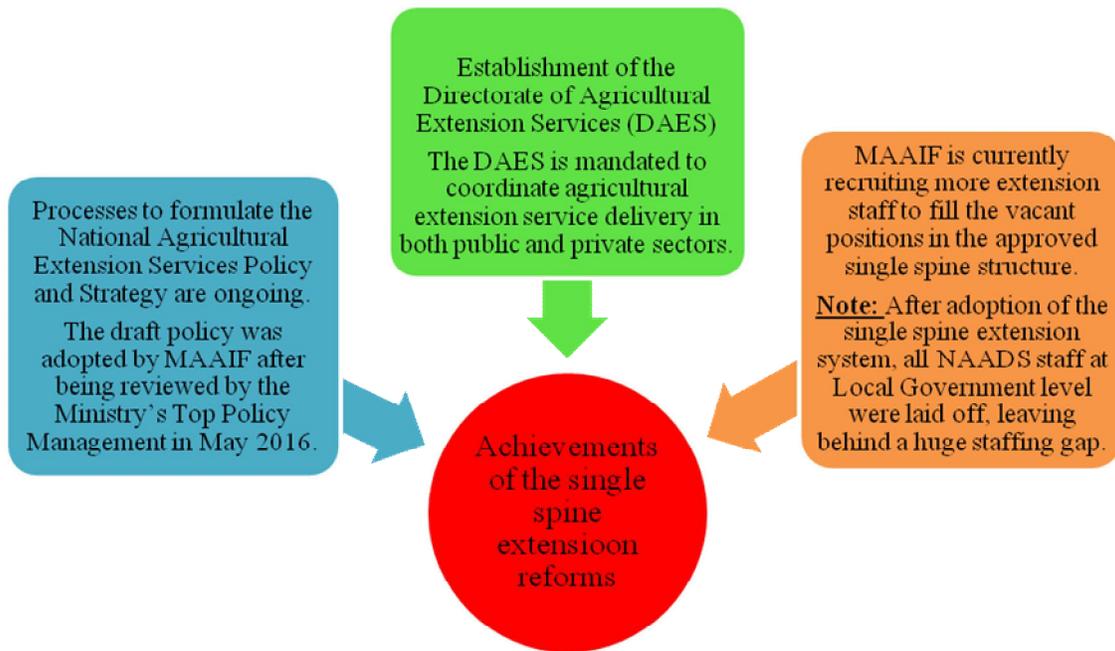


Source: Background to the Budget, various issues

The period of decline in allocations to extension service provision absolutely coincides with the adoption of the single spine extension system in June 2014 (i.e. the beginning of the FY 2014/15). However, it is also, necessary to note that the single spine was adopted after approval of the 2014/2015 budget, which perhaps partly explains the limited financial provisions for effecting the reform. Nonetheless, even in the fiscal year and review (2015/16), the budget allocation to extension service provision was further reduced to 36.78 billion shillings. .

In order to enhance agricultural production and productivity to create jobs is an investment that requires inputs in hard and soft ware make of the farmers. Adoption and proper utilisation of all other agricultural inputs is based on the farmers ability and capacity. Provision and access to an inclusive, efficient and effective agricultural Extension system is the heart and soul of such an inspiration.

On 1<sup>st</sup> July 2014 the Government of Uganda through MAAIF commenced the implementation of the single spine extension system - shortly after its approval by Cabinet . By the end of the reporting period, MAAIF had so far recorded the following achievements;



Despite these achievements and other, the new reforms would have performed better but was highly constrained. MAAIF continued grappling with the challenge of inadequate funding as demonstrated below.

- a) According to the budget estimates, the Directorate of Agricultural Extension Services (DAES) requires at least 4.26 billion shillings in 2015/16 to ensure effective coordination but MFPED allocated 3.082 billion shillings. Thus, leaving the DAES underfinanced to the tune of about 1.2 billion shillings (28 percent funds insufficiency), struggling to play its coordination role.
- b) According to the DAES, four thousand two hundred seventy (4,270) staff are required to fill the positions in the approved single spine structure in 2015/16 (year 1 of implementation). However, available funds could only allow recruitment of 1,170 staff, implying that the staffing gap will remain huge (estimated at 3,100 people, which is equivalent to about 73% of the total staffing required).

Further analysis of the budget allocation to AE beyond the year in review within the , MAAIF's 2015/16 – 2019/20 financing plan for extension service compared to MFPED's Medium Term Expenditure Framework (MTEF) budget projections for the same period depicts a dull picture. The entire five years under scrutiny indicates that MAAIF will experience huge financing gaps. In absolute terms, the average financing gap is over 394 billion shillings but generally ranges from 113.2 billion shillings (amount required in year 1) to 507.8 billion shillings (amount needed in year 4). Considering the entire 2015/16 – 2019/20 planning period, MAAIF will be short of funds for implementing extension service provision programmes to the tune of 1,972 billion shillings



### budget estimates for implementing the single spine extension system; 2015/16 – 2019/20

Planning period	Amount (Billion shillings)			Financing Gap as a percent of required funds for single spine implementation (Percent)
	Total MTEF allocation to extension services	Budget estimate for operationalising Single Spine	Financing Gap	
Year 1: 20015/16	36.77	149.94	113.17	75.5
Year 2: 20016/17	47.84	454.50	406.66	89.5
Year 3: 20017/18	53.00	513.09	460.09	89.7
Year 4: 20018/19	60.60	568.44	507.84	89.3
Year 5: 20019/20	67.57	550.97	483.40	87.7
<b>Entire planning period</b>	<b>265.78</b>	<b>2,236.95</b>	<b>1,971.17</b>	<b>88.1</b>

Sources: Background to the Budget 2015/16; Framework Implementation Plan for the Agricultural Extension Services, June 2015 Draft

### 8.1 Budget allocations to local Government s also insufficient to support extension service delivery

Provision of AEAS actually takes place in district local Government s (LGs). The production and marketing grant (non-wage recurrent) for FY 2015/16 was 14.14 billion shillings and projections indicate that it will gradually increase to 17.4 billion shillings by 2017/18. During year 1 (2015/16) of single spine implementation, there should be 4,270 extension workers and the cumulative number of extension staff is expected to steadily increase to 9,636 workers, in 2015/16, each extension worker will receive facilitation worth 275,950 shillings per month. The level of support to extension workers is expected to decrease remarkably as all approved positions in the single spine structure get filled.

**Table 2: MTEF allocations to non-wage recurrent for single spine implementation in LGs**

	2015/16	2016/17	2017/18
Cumulative number of serving extension staff per year	4,270	6,953	9,636
Amount of funds allocated by MFPED for non-wage recurrent <sup>16</sup> (million shillings)	14,140	16,260	17,400
Annual facilitation to extension workers (million UGX/Extension worker)	3.3	2.3	1.8

<sup>16</sup>The figures presented are the Medium Term Expenditure Framework (MTEF) allocations for the production and marketing grant to district local Government s. This particular allocation/grant is used to facilitate extension workers to provide services to farmers.



Monthly financial support available per extension worker (UGX)	275,956	194,880	150,477
Estimated amount of facilitation deemed adequate per extension worker per month (UGX)	500,000	500,000	500,000
Level of inadequacy of support to extension workers (UGX/month/extension worker)	224,044	305,120	349,523

Source: Background to the Budget 2015/16 Fiscal Year; Presentation made by Ag. Director, DAES (MAAIF) to Cabinet in January 2015

Unless the issue of funding is addressed, the single spine system will grapple with a low extension worker to farmer ratio, a challenge that the past public extension system also faced. Predictably, the set human resource targets are unlikely to be met unless during the subsequent years MFPED allocates and disburses more funds than already planned for to enable recruitment of staff who should have otherwise been recruited during the first year of single spine implementation

## 9.0 Our Commitments

The NSA are committed to undertake the following in line with achieving the ASSP and Fulfilling their constitutional roles and responsibilities:

Collaborate and partner with Government and MAAIF to inform, design, and implement the pillars of the ASSP and as well as the development of the ASSP results framework.

We will popularize Government programmes and policies and harness our power to invest in the sector through undertaking advocacy and mobilize resources for increased public and private investment and expenditure in agriculture.

Education and capacity Building: We are committed to mobilize the farmers, build their capacities to competitively produce in collaboration with the ministry. Further, we are committed to re-align our work and resources to fulfill our roles and responsibilities in line with ASSP and Ministerial priorities.

Supporting the establishment and strengthening of farmers networks, groups associations and cooperatives to increase farmers' productivity and production, bargaining power, role in the value chain, market and credit access and financing.

Developing value chain platforms driven by private sector farmers and agribusinesses and collaborating with other NSAs and with Government ministries



(agriculture, finance, trade) to increase the success of the production, value-addition, input supply, and marketing and export agribusinesses along the value chain

### **10.0 Conclusion**

As we conclude, we thank GoU through MAAIF for giving us this opportunity again to actively participate in this 6<sup>th</sup> JASAR. We commend the efforts of all stakeholders rendered to support the growth of the agriculture sector- the only inclusive opportunity to reduce poverty end hunger and malnutrition.

Quantifying and qualifying the contribution of NSA to the agricultural sector should be a priority of all stakeholders. Development partners, there is need to establish a growing database for NSA to capture data and information on the innovations, investment and contribution of CSOs to the development of not only the sector but the entire country

We commit to continue working closely with MAAIF and other stakeholders to realize the full potential of the agriculture sector in the realization of Vision 2040 through enhancing production and productivity to create jobs.

We pray for continued support and space from MAAIF and her departments and agencies to foster constructive engagements, participation and collaboration.

For God and My country



## **NSA contributors to the Statement**

1. Access Agriculture
2. ACCRA
3. ACORD
4. Action Aid International Uganda
5. Afri Banana
6. Africa Forum on Agricultural Advisory Services
7. Afro soft Technology
8. Agency For Integrated Rural Development (AFIRD)
9. Agency for Transformation
10. Agri pro Focus
11. Agribusiness incubator
12. Agriculture Journalist Association of Uganda
13. Alliance for food Sovereignty in Africa
14. Association of Women Professionals in Agriculture and Environment
15. CAADP Journalist Network
16. CAADP NSA Coalition
17. Caritas Kampala
18. Caritas Kasanaensis
19. Caritas Lugazi
20. Caritas Masaka Diocesan Development Organization (MADDO)
21. CARITAS Uganda
22. Center for Participatory for Research and Development
23. Central Archdiocesan Province CARITAS Association
24. Chain Uganda
25. Civil Society Budget Advocacy Group
26. Climate Change Action Net work
27. Coalition of Pastoralist Civil Society Organisations
28. Community Integrated Development Initiatives
29. CONSENT Uganda
30. Disaster Risk Reduction and Sustainable Development Association
31. Eastern and Southern Africa small scale Farmers Forum
32. Ecosystems Based Adaptation Food Security Assembly
33. Farmers media
34. Fit Uganda
35. Food Rights Alliance
36. Forum for Women in Democracy
37. Kabale University
38. Kikandwa Environmental Association
39. National Organic Agriculture Movement In Uganda
40. Oxfam
41. Participatory Ecological Land Use Management
42. Private sector Foundation Uganda



43. Pan African Climate Justice Alliance
44. Self Help Africa
45. Send a Cow Uganda
46. Southern and Eastern African Trade, Information and Negotiations Institute
47. Teens Uganda
48. The Hunger Project
49. Transparency International
50. Tusuubira Women Development Agency (TWDA)
51. Uganda Agribusiness Alliance
52. Uganda Coalition for Sustainable Development
53. Uganda farmers Common Voice Platform
54. Uganda Debt Network
55. Uganda Environment Education Foundation
56. Uganda Forum on Agricultural Advisory Services
57. Uganda Land Alliance
58. Uganda National Farmers Federation
59. Uganda National NGO Forum
60. Uganda Seed Traders Association
61. Volunteers Efforts for Development Concerns
62. War on Want Northern Ireland
63. Women and Girl Child Development Association
64. World Vision
65. Youth leading in Environmental Change
66. Youth Plus Policy net work