INVEST IN SMALL HOLDER FARMERS

SIX AREAS FOR IMPROVEMENT IN AGRICULTURAL FINANCING
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May 2010
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Cover photo: Merabu Nansamba, Pallisa district, Eastern Uganda

Photo: James Akena/ActionAid

Graphic Design: Drile Victor, GrandBrand ltd

Printed by: Grand Brand Ltd
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ActionAid is an international anti-poverty agency working in over 40 countries, taking sides with poor people to end poverty and injustice together.
SUMMARY

This report is an analysis of the Ugandan government’s agriculture budget. It analyses spending levels, the efficiency of spending and the extent to which the budget focuses on providing key services to small holder farmers – extension services, access to inputs, agricultural research and credit.

Millions of Ugandans are classified as food insecure, or hungry, and the key to addressing the hunger crisis in Uganda is to boost smallholder farming, especially among women. The reason is clear - most of the hungry are farmers, most of the farmers are women and nearly all the farmers are smallholders. Women comprise 80 per cent of all those working in agriculture while small farmers, working an average plot of 1.7 acres, produce 96 per cent of the country’s food.

But agriculture is massively under-performing in Uganda. Growth in agricultural output has steadily declined from 7.9 per cent in 2000 to 2.2 per cent in 2008. The government is currently failing to address key challenges facing the agriculture sector.

There are six urgent budgetary changes the government – and donors – need to make if hunger and farm productivity are to be seriously addressed. These changes are the need to:

- Increase spending on agriculture
- Spend resources more effectively
- Invest more in, and improve, services that matter to small farmers, especially extension services, access to inputs, agricultural research and credit
- Focus agriculture policy on women
- Prioritise low input, sustainable agriculture
- Improve agricultural aid from donors

Increase spending on agriculture

Since 1991/92, the Ugandan government has allocated just 2-4 per cent of its national budget to agriculture. In 2008/09, the sector received Shs 223 billion, amounting to just 3.8 per cent of government spending. National budget plans envisage increasing this to 4.4 per cent in 2009/10 and 4.6 per cent in 2010/11. However, the recently concluded five-year expenditure framework of the National Development Plan allocates an average of 5.4 per cent to agriculture for 2009/10 – 2014/15.

Uganda is a signatory to the African Union’s Comprehensive Africa Agriculture Development Programme (CAADP) which set a target for governments to achieve 6 per cent annual agricultural growth. If Uganda were to achieve this, an additional 2.9 million people would be lifted above the poverty line by 2015. But to do so, Uganda needs to nearly triple its present agricultural growth rate. The International Food Policy Research Institute estimates that Uganda must spend at least 14 per cent of its budget on agriculture by 2015 to reach the CAADP target.

Spend resources more effectively

Uganda’s agriculture sector suffers from a number of problems – common to most agriculture ministries in Africa – which prevent the resources allocated to agriculture being spent optimally. These include low skill levels of some service personnel, weak coordination across the agriculture sector and a duplication of projects, with overlapping mandates. Around one third of Uganda’s annual agriculture budget is unspent, which results from factors such as bottlenecks in procurement processes and inadequate human capacity to implement programmes.

Corruption also limits the amount of released funds that reach poor farmers.
A senior aid official in a leading donor estimates that around 30 per cent of Uganda’s agriculture budget disappears.

Invest more in services to small farmers

Analysis of Uganda’s PMA budget shows that infrastructure (mainly roads and energy) receives the biggest allocation of funds. Other key services are suffering. The proportion allocated to research and development is low and is projected to halve. This flies in the face of evidence that good research expenditure has high returns, and that for each marginal shilling invested in research, 12 shillings can be returned.

The government also spends very little to expand poor farmers’ access to credit. Only around 10 per cent of rural Ugandans have access to financial services such as credit. There are also no budget lines for the provision of inputs, such as fertilizer, since Uganda has no formal government subsidy programme.

Expenditure on extension services is relatively high (compared to some other African countries) and NAADS’ ‘demand-driven’ approach – which receives substantial funding from the World Bank and other donors – is the subject of much debate in the country. Yet ActionAid’s detailed study of NAADS, involving fieldwork and research among farmers in Pallisa district, shows that NAADS is clearly not delivering to a sufficient number of farmers. Less than one in five
farmers receives extension services – a proportion which has declined since NAADS was introduced - and the poorest farmers are excluded partly due to the costs of registering. For this reason, there are also suggestions, by the UN’s Food and Agriculture Organisation that the new service is a violation of the ‘right to food’.

**Focus agriculture policy on women**

Women comprise 80 per cent of all those working in agriculture and around 28 per cent of all households are female-headed, of whom a massive 69 per cent are food insecure. Women own only 7 per cent of all productive land in Uganda and only 17 per cent of women own registered land. Only 9 per cent of all credit in Uganda goes to women.

Yet the government’s agricultural policies tend to assume that farmers are men. ‘Gender mainstreaming’ is largely paid lip service whether in research, extension or credit programmes. There are no noticeable agriculture budget lines supporting women farmers specifically and it is unclear how much the government is spending on gender mainstreaming. Women farmers are rarely involved in setting policies in national strategies and budgets while gender-related targets are generally absent from them. Statistics on women’s yields, women’s technology adoption rates and women’s use of inputs are rarely reported, increasing the invisibility of women. Agricultural aid from donors is no better - recent OECD statistics suggests that just 10 per cent is focused on gender concerns.

**Prioritise low input, sustainable agriculture**

Uganda has a very mixed record on low-input farming. The government recognizes the importance of sustainable land management but the Development Strategy and Investment Plan for Agriculture - the government’s roadmap for agricultural strategy - proposes allocating only 3.8 per cent of the ‘ideal’ DSIP budget to this area, while only 0.8 per cent of the current MTEF related budget is allocated to the same.

Furthermore, ActionAid’s research has discovered that Uganda has a more advanced, and much better funded, GM research programme than the government has been inclined to publicise. Work to introduce GM bananas into Uganda has received some media and academic attention, but GM research is also taking place on cassava, maize, sweet potatoes and cotton. The government body working on GM - the National Laboratories Research Unit - has the largest budget of any unit in the National Agricultural Research Organisation (NARO), Uganda’s principal agricultural research agency.

**Improve agricultural aid from donors**

Aid accounts for a third of Uganda’s agricultural spending and funds 68 per cent of the Ministry of Agriculture, Animal Industry and Fisheries’ budget. Yet donors are not working adequately with the government to spend resources effectively. There has recently been a deterioration in the predictability of budget support, which was rated D by the government in 2008. The lack of aid predictability makes it harder for the government to spend as planned and jeopardizes its ability to account for its resources to its citizens. Agricultural aid programmes are also notoriously poorly coordinated among donors, and project support to agriculture accounts for around half of agricultural aid to the country. While donors use government procedures in all their budget support, for project support the average use of government procedures is just 10 per cent.

**Recommendations**

To address the immediate plight of smallholder farmers, ActionAid recommends that the Uganda government:

- Develop a costed national plan for halving hunger by 2015 by massively scaling-up the provision of public goods to women farmers and other smallholders. This must include spending at least 10 per cent of the national budget on agriculture with
focus on areas that matter for the small holder women and other smallholders farmers. The Uganda government should announce a timetable to reaching this target in its agricultural policy that is presently being drafted.

- Strengthen financial management in the agriculture sector, by upgrading budgeting, procurement and management systems for the resources to be put to the intended use

- Enable a more systematic involvement of women and smallholder farmers in all agricultural policy-making including in the designing, implementation, monitoring and evaluation of agricultural programs and policies

- Develop a more pro-poor and pro-women balance of policies for agriculture development, including increased spending on extension and research, access to inputs and rural financial services. This should be reflected in the ongoing agricultural policy formulation

- Provide comprehensive sex-disaggregated data in the agriculture sector that is timely, accessible and comparable

In supporting Uganda’s national development plan, ActionAid recommends that donors:

- Support the national plan for halving hunger by 2015 and increase their aid disbursements to meet the funding shortfall.

- Improve the quality of aid as per the Paris Declaration

- Provide multi-year, predictable and guaranteed aid flows, without attaching conditionalities other than those necessary to meet fiduciary responsibility

- Provide direct support to women farmers groups and smallholder farmer organisations, and to the government to improve the gender impact of its policies and spending

**Research methodology**

This report is the product of an extensive literature review, fieldwork with farmers and interviews with government and donor officials and academic and civil society staff. Interviews and focus groups were held with individual farmers and farmer groups between August and November 2009 in villages in Pallisa district, around 200 kms from Kampala, an area where ActionAid has long worked.
INTRODUCTION: HUNGER AND FARMING IN UGANDA

This report is an analysis of the Ugandan government’s agriculture budget. The analysis looks at spending levels, the efficiency of that spending and the extent to which the budget focuses on providing four key services to small farmers; extension services, access to inputs, agricultural research and credit. It has a particular focus on assessing the extent to which government spending prioritises the people who do most of the farming in Uganda – women.

Millions of Ugandans are classified as food insecure, or hungry, although the number varies widely according to the source. The government says that 17.7 million were food insecure in 2007, an increase from 12 million in 2002, largely due to population growth.¹ A recent survey by the World Food Programme (WFP) puts the figure at just over 8 million, or 27.6 per cent of the population.² But the WFP also notes that 37 per cent of households have not been able to provide food for their households.

“*I have three acres of land, where I grow maize, sweet potatoes and cassava. But since 2007, when severe flooding washed away the crops in large parts of Eastern Uganda, the weather has been unpredictable. Last seasons the crops where ruined by prolonged drought. I had to re-plough and re-plant, without harvesting anything at all. I can not produce enough food for myself and my four children. I leave home before sunrise to work for other people. I get paid Ug Shs 1500 per day either in cash or in produce. For example I get 25kg cassava tubers for three days work. Before I return home at midday to prepare the daily meal for the children I collect firewood. Day by day it takes longer because there are less and less trees in this area...*”

Angela Rose, 37, lives in Achanga Camp, Ngariam Sub-county in Katakwi. She is a widow and has four children.
at some point in the last year. Although the percentage of child stunting (short for age) has declined, it still affects over a quarter of all children under five. The average calorie intake per person per day has improved from only 1,494 in 1992 to 1,972 in 2005.

The key to addressing the hunger crisis in Uganda is to boost smallholder farming, especially among women. The reason is clear - most of the hungry are farmers, most of the farmers are women and nearly all the farmers are smallholders:

- Around 75 per cent of Uganda’s households are engaged in agriculture and 68 per cent derive their livelihoods from subsistence agriculture. Agriculture accounted for 24 per cent of GDP in 2008/09.

- According to the government, women comprise 80 per cent of all those working in agriculture. Around 28 per cent of all households are female-headed but in some northern regions, where poverty is deepest, the figure is over 60 per cent. Furthermore, women are especially food insecure – a massive 69 per cent of female-headed households are hungry.

- Crop production in Uganda is dominated by small farmers, working an average plot of 1.7 acres, and who produce 96 per cent of the food that passes through the market outlets in the country.

But agriculture is massively underperforming in Uganda. The government describes the agriculture sector’s performance since 1997 as ‘worrying’. Growth in agricultural output has steadily declined from 7.9 per cent in 2000 to 2.2 per cent in 2008. Two-thirds of Uganda’s agricultural GDP is derived from food crops, with maize, matooke and cassava accounting for the most cropped area. But food production has recorded a ‘dismal performance’ in recent years due partly to adverse weather conditions, crop diseases, post-harvest losses and declining soil fertility.

Overall, Uganda has recorded some development progress in recent years. The percentage of Ugandans living in poverty has declined from 51 per cent in 1993 to 31 per cent in 2006. But given the population growth rate the number of people living in poverty has actually grown while average GDP per capita still languishes at just $250 a year. The country’s population of 29.6 million in 2008 is projected to reach 38 million in 2015.

Uganda’s National Development Plan for 2010-15 - which is replacing the Poverty Eradication Action Plan, the government’s PRSP - is the first of six five-year plans with the ambition to transform Uganda from a ‘peasant society’ to a middle income country within 30 years. But if this is to happen, smallholder agriculture, above all, must be transformed. There are certainly major prospects for this:

- The country has, for example, considerable fertile land with only 30 per cent of arable land presently under cultivation.

- There is also space for doubling farm productivity – in recent years, yields for many food crops, including maize and matooke, have actually declined.

- Moreover, spending on agriculture is likely to be more effective at reducing poverty and promoting growth. It is estimated that a 1 per cent increase in Ugandan public spending on agriculture can generate a 0.30 per cent increase in agricultural growth while a 1 per cent growth in agricultural GDP leads to a reduction in poverty of between 0.64 and 1.38 per cent.

Uganda, however, faces massive challenges in agriculture and the government is currently failing to address many of them.

This report highlights six needed changes in spending on agriculture. The list is by
no means exhaustive, but includes some of the most urgent budgetary changes the government – and donors – need to put in place if hunger and farm productivity are to be seriously addressed. These changes are the need to:

- Increase government spending on agriculture
- Spend resources more effectively
- Invest more in, and improve, services that matter to small farmers, especially extension services, access to inputs, agricultural research and credit
- Focus agriculture policy on women
- Prioritise low input, sustainable agriculture
- Improve agricultural aid from donors

**Agriculture institutions in Uganda: MAAIF, NAADS, NARO, PMA**

**MAAIF**
The main government department responsible for agriculture policy is the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) which has a wide range of functions, including:

- Formulating and reviewing national policies, legislation, standards, plans and programmes relating to the sector;
- Controlling and managing crop and livestock diseases, pests and vectors that affect production;
- Controlling the use of agricultural chemicals, and enforcing phyto-sanitary regulations and seed quality standards;
- Regulating fisheries activities and livestock marketing;
- Promoting the sustainable use of natural resources for agricultural production;
- Designing, developing and maintaining national information base on the agricultural sector;
- Monitoring private sector service providers or veterinary and other agricultural services to ensure compliance with national standards;
- Coordinating, facilitating, monitoring, supervising and evaluating national agricultural development projects and programmes, the work of local governments, the operations of the ministry’s semiautonomous agencies, and sector output;
- Intensifying regulatory services and disease control;
- Operationalizing water for agricultural production.

Reporting to the MAAIF are several semi-autonomous bodies that also play a key role in agriculture. Of particular interest to this study are the National Agricultural Advisory Services (NAADS) – the main body responsible for promoting extension services to farmers - and the National Agricultural Research Organisation (NARO) – the principal agricultural research agency in Uganda.

**NAADS**
NAADS’s mission is to ‘become a decentralized, farmer owned and private sector serviced extension system contributing to the realization of the agricultural sector
development objectives’ and is focused on promoting market-oriented, commercial farming. NAADS has several strategic objectives:

- To promote market oriented/commercial farming (farming as a business)
- To empower subsistence farmers to access private extension services, technologies and market information
- To create options for financing and the delivery of appropriate advisory and technical services for different types of farmers
- To shift from public to private delivery of advisory services in the first five years of implementation
- To develop private sector capacity and professional capability to supply agricultural advisory services
- To stimulate private sector funding for agricultural advisory services

**NARO**

NARO’s vision is ‘a farmer responsive research system that generates and disseminates problem-solving, profitable and environmentally sound technologies, knowledge and information on a sustainable basis’. Its mission is: ‘the generation, adoption and dissemination of appropriate and demand-driven technologies, knowledge and information through an effective, efficient, sustainable, decentralised and well coordinated agricultural research system’.

**PMA**

Uganda has also been pursuing a cross-departmental strategy for promoting agriculture, enshrined in its Plan for the Modernisation of Agriculture (PMA), put in place in 2001. The PMA aims to transform subsistence farmers into commercial farmers through coordinated interventions in seven areas: agricultural research, advisory services, agricultural education, rural financial services, marketing and agro-processing, natural resource management and rural infrastructure. The PMA’s objectives are to:

- Increase incomes and improve the quality of life of poor subsistence farmers through increased productivity and increased share of marketed production;
- Improve household food security through the market rather than emphasizing self sufficiency;
- Provide gainful employment through the secondary benefits of PMA implementation such as agro-processing factories and services;
- Promote sustainable use and management of natural resources by developing a land use and management policy and promotion of environmentally friendly technologies.
While there is an emerging trend of increasing in amount of money allocated to agriculture in absolute terms, since 1991/92, the Ugandan government has allocated just 2-4 per cent of its national budget to agriculture. In 2008/09, the sector received Shs 223 billion, amounting to just 3.8 per cent of government spending. Budget plans envisage increasing this to 4.4 per cent in 2009/10 and 4.6 per cent in 2010/11. However, the recently concluded five-year expenditure framework of the National Development Plan allocates an average of 5.4 per cent to agriculture for 2009/10 – 2014/15. Still, Uganda will be barely half way towards meeting the Maputo Declaration target agreed by African governments, including Uganda’s, in 2003. The Maputo Declaration was the commitment to spend 10 per cent of national budgets on agriculture by 2008, a deadline which has now been extended to 2015.

In the recently signed CAADP Compact, the Ugandan government commits itself to work towards meeting the 10 per cent target. In so doing, the government has committed itself to allocating more resources to agriculture than in the Medium Term Expenditure Framework. However, the MAAIF has contradictorily stated that: ‘clearly, the agriculture sector is unlikely to get 10 per cent of the national budget any time soon’. Another government publication notes that spending 10 per cent on agriculture ‘is not likely to occur without significant shifts in the development priorities to which the government of Uganda allocates its resources’.

The cross-departmental PMA accounted for 10-11 per cent of government spending from 2001/02 to 2003/04, increasing to 13-19 per cent in the three years 2005/06 to 2007/08. The government argues that under-funding of the MAAIF is compensated for by the higher proportion of resources devoted to the PMA’s multi-sectoral approach. However, although it is certainly true that promoting agriculture requires investments in areas that are not strictly agricultural (such as infrastructure), other critical production and productivity drivers like research and technology development and access to credit have been neglected. In fact, the Ministry of Energy and Minerals Development has been the largest spender of funds under the PMA, which also includes spending by the Ministry of Education and Sports and of Tourism and Industry.

### Percentage of Ugandan government budget allocated to agriculture

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‘Allocating funds for agriculture at only 4-5 per cent of the budget leaves many people vulnerable to food insecurity. This is a failure of the obligation to fulfil [the right to food].’

Source: UN Food and Agriculture Organisation

**INCREASE GOVERNMENT SPENDING ON AGRICULTURE**
Widow Akello Joyce, with her twins Opio and Achen. Angorem Village, Soroti.
Spending in Uganda needed to meet growth targets
Uganda is a signatory to the African Union’s Comprehensive Africa Agriculture Development Programme (CAADP) which set a target for governments to achieve 6 per cent annual agricultural growth. If Uganda were to achieve this, an additional 2.9 million Ugandans would be lifted above the poverty line by 2015. But to do so, Uganda needs to nearly triple its present growth rate. Indeed, the International Food Policy Research Institute (IFPRI) estimates that Uganda must spend at least 14 per cent of its budget on agriculture by 2015 to reach the CAADP target. A government publication says it needs to spend “at least 11.3 per cent” on agriculture, and that this figure requires investing resources more efficiently than presently; without improvements, spending would need to reach 20 per cent of the budget.

But the biggest single reason for spending so little on agriculture is a colossal failure of political will. Ugandan NGOs note that the government’s commitment to developing the agricultural sector is ‘more lip service than actual funding’, and that the government is simply not committed enough to the plight of farmers.

Other reasons for low spending are similar to experience elsewhere in Africa. Patrimonial relations often characterise government policies, in which interest groups have captured government policymaking – if farmers are listened to at all, they tend to be large-scale, organised and export-oriented, while small-scale farmers, most of whom are women, are often invisible to decision-makers. The development of budget plans as well as monitoring implementation of government programs are often the preserve of macro-economists and a few elites with little meaningful input from other stakeholders most importantly the intended beneficiaries, hence plans are not needs-based and monitoring for impact is always glaringly lacking. Another factor has been that the past reductions in the role of the state, and the move towards liberalised markets, meant a reduced role for government and cuts in funding levels. Equally, the benefits of agriculture spending are often slow to materialise – it can take 10 years or more to develop new crop varieties for example, whereas government work within short election timeframes.

Finding more resources for agriculture
Analysing the broader government budget, there are at least three spending areas that could be partly redirected towards resources for agriculture:

- The ‘public sector management’ budget line, which includes running government offices at home and abroad, accounts for well over twice the agriculture budget, amounting to 9-10 per cent of government spending during 2008/09-2010/11.

The government has agreed with the World Bank to reduce spending on public administration by 0.5 per cent of the budget each year. Civil society groups monitoring government budget allocations express concerns over the high expenditures of State House and the Office of the President. The cost of the ‘huge fleet’ of 6,000 government vehicles together with fuel and maintenance amounted to a staggering Shs 91 billion in 2007/08 – much more than spending on the main agriculture Ministry, the MAAIF.

- The government is also widely criticized for creating dozens of new administrative districts around the country, each with their own structure of local government, which is likely to be a further drain on the government budget and may do little to promote local needs. Much as the creation of new districts is a matter for government
policy and decision-makers, the craze for creating new districts because ‘the people’ want it, is contestable and creates unnecessary strain on delivery of services.

- The government spends more than twice as much on the military as on agriculture – a massive Shs 477 billion in 2008/09.38 Although budget plans envisage no increases in military spending for the next three years, Uganda will still be spending over 8 per cent of its budget on the military by 2012/13 – 60 per cent more than on agriculture.39 This is despite the end of the war in the north of the country that required large resources in recent years. Much of Uganda’s military budget is classified, meaning the public is unaware of where the funds go.40

New Districts; to whose benefit?¹
The sharp increase in the number of districts in recent years (and continued plans for new ones) leads to wastage of financial resources that could benefit the poor. For every new district there are administrative jobs created such as the LCV chairperson, Chief Administrative Officer, RDC, and heads of district departments; education, works and engineering, production, forestry, environment, human resource, service commission chairperson, etc. Taking a minimum of 23 top district administrators each earning a salary of Shs1.5 million per month and about 30 lower level staff getting a monthly salary of at least Shs450,000, and administrative costs averaging to 20% of expenditure on wages, the total annual expenditure on wages and administration alone adds up Shs691 million per year per district created. It is envisaged that by the end of year 2010/2011, Uganda will have created 31 new districts in three years implying an additional strain of up to Shs 21.4 Billions which is 10% of agricultural budget 2008/09. If invested in areas that directly help the poor for example animal traction technology averaged at 1,065,000 per set, each of these 31 districts would receive 6,755 pairs of oxen with implements which would improve labour productivity of a significant number of farmers. Unless the need is carefully assessed, the creation of districts seems to help the elite class at the expense of the poor. For example in the last eight years, Apac, Amolatar, Dokolo, Lira and Oyam districts with a total population of 1.5 million people, according to the 2002 population census, have received Shs9 billion for NAADS,. However, every year each of these districts spends at least Shs1.3 billion on district administration wages. Thus, going by the Shs 9 billion in eight years, each year a district in Lango has been receiving Shs225 million for NAADS compared to the Shs276 million it spends on salaries of less than 300 workers. The district administration takes a bigger percentage of the district budget than NAADS, which is meant to improve livelihoods of tens of thousands of farmers in the area.

¹ Extracted with modification from the Independent Monday 17th May; 2010. Article by MATSIKO WA MUCOORI & MUBATSI ASINJA
Uganda’s agriculture sector suffers from a number of problems – common to most agriculture ministries in Africa – which prevent the resources allocated to agriculture being spent optimally.

**Structural problems**
The government states that the poor performance of agriculture in recent years is partly due to:

- ‘a sub-optimal MAAIF structure;
- inadequate numbers and low skill levels of service personnel along with associated low personnel productivity;
- high transaction costs arising from the isolated and scattered location of MAAIF and its departments;
- weak coordination mechanisms with an inoperative management information system;
- a low sector budget allocation reflecting the low status of the ministry; and
- weak farmer institutions’.41

“We need NAADS to do much more than it does. As small scale farmers we need to be sensitized on relevant issues regarding handling of exotic goats, heifers and improved seeds”

Merabu Nansamba, 32, married with 8 children, Nankodo village, Buseta, Pallisa district, Eastern Uganda.
Weak coordination

Weak coordination produces duplication of projects. Uganda is pursuing various agriculture-related strategies; the Plan for Modernisation of Agriculture, Prosperity for All and the Rural Development Strategy which tend to have almost identical objectives with overlapping mandates but with unclear and parallel implementation arrangements, meaning duplication and waste. There are also sometimes discrepancies between priority areas identified in government policy plans with actual disbursements, meaning that budgets are not actually spent where government say they will spend them; the MAAIF describes this as a ‘considerable mismatch’. The agriculture budget and policy decision-making process is essentially top-down, with little real involvement of farmers. Any real participation by farmers in government planning that does take place is likely to involve women still less than men. This was the case, for example, during the planning of the PMA, when women were identified as constrained by the timing and duration of meetings, among other things. Overall, a PMA evaluation from in 2005 concluded that at local level ‘the annual planning process… appears a top-down exercise dominated by technicians and political leaders, with farmers in a passive role’.

Underspending of existing budgets

Around one third of Uganda’s annual agriculture budget is unspent; the figure for actual spending has in recent years varied from 57-79 per cent. Analysis of the MAAIF spending for its budget for 2009/10 indicate that even when 66% of the annual budget had been released by the Treasury, only 23% of this release had been spent. The same applies to the Ministry of Finance, which is one of the largest recipients of funds under the PMA: that ministry’s disbursement rate is just 53-75 per cent.

This underspending results from a number of factors, notably bottlenecks in procurement processes and inadequate human capacity to implement programmes. The Ugandan government says that the erratic release of funds from donors partly explains its own poor disbursement rates. An independent evaluation found that while countries such as Germany and the UK disbursed all their aid commitments, the World Bank, IFAD and the African Development Bank all had disbursement rates of less than 50 per cent.

Little capital/development spending

Common to agriculture ministries elsewhere in Africa, the overwhelmingly majority of agriculture funds in Uganda are for recurrent spending rather than for use on actual projects (development or capital spending). Less than 20 per cent of the MAAIF’s entire budget is capital spending. But of that small amount, which is all provided by donors, some 45 per cent is undisbursed. This means that the amount of money actually spent was just Shs 7.15 billion (£2.4 million) in 2008/09, around 66 pence (Shs 2,000) for each of Uganda’s roughly 3.6 million farm households. MAAIF notes that in this situation ‘it is apparent that the potential to raise the quality of spending is very high indeed’.

Furthermore, the government notes that all the capital spending goes through around 30 projects, presumably government-run, many of which are ‘hangovers from ancient projects kept going to facilitate field activities’. Some other MAAIF projects ‘have had the same outputs year after year and often these do not show what the project is actually doing or intends to do’.
High salary costs
Salaries often comprise a large proportion of recurrent agriculture budgets, indicating not that individual salaries are high (they are often pitifully low) but that ministries are overstaffed compared to project spending. The MAAIF notes that the wage to non-wage expenditure in the ministry is ‘very high’, in some departments reaching almost 80 per cent, ‘which indicates insufficient operational funds for a program to function effectively’. Travel costs, within Uganda and abroad, account for 23 per cent of MAFF’s recurrent budget after salaries have been deducted.

Corruption
Corruption also limits the amount of released funds that reach poor farmers. Uganda ranks 130 out of 180 countries on Transparency International’s Corruption Perceptions Index. A senior aid official in a leading donor estimates that around 30 per cent of Uganda’s agriculture budget disappears. An analysis of Ugandan government agriculture projects by the Economic Policy Research Centre (EPRC) revealed ‘leakages’ of project funds varying from 4 to 69 per cent. In the EPRC’s study of funds and inputs transferred from central government to eight districts around the country, less than 10 per cent of resources intended for use in the districts were actually provided.

“In 2007 I received a loan from NAADS of 66 chicken. I thought I would be able to raise around 300 chicken a year because the NAADS coordinator had promised 4 hatcheries for collective use. The police is investigating the misuse of UgShs. 25 Million meant for procurement of 4 hatcheries.

Openia Penina, 40, Karongo village, Budongo, Masindi district.

Source: Masindi NGO Forum
Reports by Uganda’s Auditor-General, the Parliamentary Public Accounts Committee and in the media all testify to the continued misuse of public resources, including in agriculture. Donors in Uganda make some noises about the corruption but they, as in several other countries, appear to be applying little real pressure to change it. A senior aid official in Uganda conceded that ‘donors should pay more attention to corruption and insist on reforms throughout government. Donors should insist on addressing corruption, including in the agriculture sector’.

INVEST IN SMALL SCALE FARMERS
Our budget research analysed spending on four key areas which, among others, are vital in supporting farmers in promoting food security and increasing productivity:

- Extension services (which provide advice and training to farmers)
- Rural credit (which provides loans to allow farmers to invest in their farming)
- The provision of farming inputs (which can boost productivity)
- Agricultural research and development (which develops new crop varieties and technologies).

As noted in the introduction, Uganda’s main agencies for promoting agriculture of particular concern to this study are the MAAIF, NARO and NAADS.

In addition, Uganda’s Plan for the Modernisation of Agriculture involves spending by over a dozen government departments and promotes seven policy pillars. The key points about Uganda’s budget are:

- Infrastructure (mainly roads and energy) are receiving the biggest allocation of funds
- Expenditure on extension services is relatively high, compared to some other African countries.
- The proportion allocated to research is low and is projected to halve, and that allocated to credit is also very low.
- There are no budget lines for the provision of inputs and implements, such as fertilizer, or labour saving implements like oxen and tractors, since Uganda has no formal government subsidy programme.

### Uganda agriculture spending

<table>
<thead>
<tr>
<th>Year</th>
<th>Total agriculture budget (Shs billion)</th>
<th>2008/09 approved</th>
<th>2009/10 forecast</th>
<th>2010/11 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>MAAIF</td>
<td></td>
<td>29</td>
<td>39</td>
<td>50</td>
</tr>
<tr>
<td>NARO</td>
<td></td>
<td>18</td>
<td>14</td>
<td>7</td>
</tr>
<tr>
<td>NAADS</td>
<td></td>
<td>47</td>
<td>43</td>
<td>39</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>6</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>223</td>
<td>311</td>
<td>341</td>
</tr>
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</table>

### Plan for Modernisation of Agriculture spending

<table>
<thead>
<tr>
<th>Year</th>
<th>Total spending (Shs billion)</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>MAAIF</td>
<td>7</td>
<td>5</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>NARO</td>
<td>23</td>
<td>20</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>NAADS</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Other – policy &amp; institutional</td>
<td>30</td>
<td>23</td>
<td>18</td>
<td></td>
</tr>
</tbody>
</table>
Uganda’s spending on roads
The Ugandan government spends a large amount on roads, yet this is focused on major national and district roads benefitting richer people rather benefitting ordinary farmers who need feeder roads. Yet government analysis shows that the marginal returns on agriculture output and poverty reduction to public spending on feeder roads is 3-4 times greater than public spending on tarmac roads. Only 8 per cent of community access roads are in a good or fair condition. Spending on infrastructure in Uganda is beset with problems, with corruption in tendering and procurement and, despite the massive sums going to it, high maintenance backlog and poor quality of workmanship.

Morrisson Rwakakamba, of the Uganda National Farmers Federation, says: ‘To us as farmers, we would want to see substantial investment of funds in the opening and maintenance of community access and feeder roads, which directly link a farmer and his/her garden to the nearest parish trading centre with some storage facilities and therefore market linkages and also financial services that would buttress investment for the next season. This is currently a big constraint to farmers.’

Extension services
Uganda’s extension service has undergone various changes over the years and has been the subject of widespread political debate. Essentially, it has changed from a government-run service to an attempt, begun in 2001 through NAADS, to introduce a partly-privatised system of ‘demand-driven’ services; these are to be provided by private sector suppliers in order to promote the commercialization of agriculture. The World Bank calls the part-privatisation approach ‘pioneering’ and, along with IFAD and the EC, has been the leading donor to NAADS.

The government, however, recognizing the poor quality of the services provided by NAADS, restructured the service again in 2007/08. It now said that government officers would again play the main role in service provision, alongside private sector providers. At the same time, it began providing inputs (such as livestock) at supposedly lower prices to farmers as part of the NAADS package. The World Bank and other donors have reluctantly gone along with the government’s reintroduction of the primary role of government officers, provided that there is still an increasing role for private service providers; donors are, however, largely opposed to the provision of inputs, arguing that NAADS should be solely about providing advice and training. In ActionAid’s view, the result is a messy, unclear compromise of largely inappropriate liberalization policies and ineffective government policies – with the result being that farmers are continuing to lose out, still receiving very poor services.

NAADS is ‘viewed by farmers as working well’. World Bank

The NAADS approach requires farmers to organize themselves in groups who select which ‘enterprises’ (crops or projects) they will focus on and who then articulate their demand for advisory services to extension officers. There is evidence that NAADS has had some positive impacts. During six years of implementation after 2001, 5,000 agricultural advisory services were delivered by private providers, covering 70 different enterprises, and 15,000 ‘technology demonstration sites’ were set up. Most farmers organized in NAADS groups have adopted improved crop varieties and some studies suggest they have achieved yields 27 per cent higher than in non-NAADS groups, though other studies suggest yields are no higher in NAADS groups than in non-NAADS groups. There is some evidence of...
high participation of women in NAADS, averaging at around 60 per cent of farmers.73

To analyse the impact of NAADS on farmers, ActionAid has been conducting ongoing research and monitoring work in Pallisa district, 200kms from Kampala, which has a population of over half a million people, around 90 per cent of whom are farmers. Most recently, in November 2009, ActionAid researchers spoke to four NAADS farmer groups in Buseta sub-county. This fieldwork, together with a secondary literature review of NAADS, reveals a list of disturbing problems with the programme:

**Few farmers reached**

Government documents state that only 14 per cent of farmers have been visited by an extension worker in the last

"After loosing my husbands and two of my children, I was left with only two acres of land and the burden of taking care of my grand children without any support.

I have never received any support from any government program. One time, a group of people came and registered us. They said we were going to benefit but we have never seen them again. We were latter told that they were from NAADS but I don’t know anybody who has benefited.

What I would like is for the government to support us to look after orphaned children. The government should at least support each family, fending for orphaned children with a heifer. A heifer would give us milk for the children and we could also sell some of it and get a little money to look after children. Two acres of land is not enough for a big family like mine."

Zewulensi Baluka, 56, from Ibulanga Zone, Kitiki Parish, Buseta-Sub-county, Pallisa District, Uganda. She is a widow who supports her 9 grandchildren.
12 months. Other government figures give slightly higher figures, as in the figure below, but still with only 15 per cent of farmers receiving advice on crops. The World Bank provides slightly higher figures, noting that by 2008, around 42,000 farmer groups had registered under NAADS covering 746,000 farm households. This amounts to around only 21 per cent of Ugandan farm households – still a small proportion. This compares to 29 per cent of households being visited by an extension worker in 2000, the year before NAADS began, according to government figures. Thus extension service coverage has declined in Uganda under NAADS. The fact is the funds allocated to NAADS, even though having increased in recent years, are simply not large enough to reach all farmers going by the NAADS approach. In Buseta sub-county, Pallisa District, there are eight NAADS groups with around 320 members in total – this is likely to be less than 10 per cent of all farming households.

Proportion of agricultural households needing extension services who received them in last 12 months

<table>
<thead>
<tr>
<th></th>
<th>Crop Ext Services</th>
<th>Vet Ext Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>15.4</td>
<td>19.7</td>
</tr>
<tr>
<td>Central</td>
<td>18.2</td>
<td>25.5</td>
</tr>
<tr>
<td>Eastern</td>
<td>11.8</td>
<td>17.5</td>
</tr>
<tr>
<td>Northern</td>
<td>18.3</td>
<td>27.9</td>
</tr>
<tr>
<td>Western</td>
<td>15.4</td>
<td>10.4</td>
</tr>
</tbody>
</table>

Source: PFPED, 2007
Supporting subsistence-oriented farming; the best social safety net option

During the past decade, debates on agricultural development among most donors and national governments have been guided by evidence on the condition and behaviour of smallholders. They have focused on the issue of ‘commercially viable’ small farmers and how to get them out of agriculture through diversification, leaving aside subsistence-oriented or so called ‘commercially unviable’ small farmers, the most vulnerable category to hunger.

An important concern among subsistence-oriented farming is managing risk (e.g. through addressing vulnerability, improving incomes and food security and through using both public and private instruments). A twin issue of concern is social protection (including dependency, options for the landless poor and a focus on subsistence farmers and wage labourers). This is particularly important in marginal or “lagging” areas (including neglected pastoral areas), and in localized production systems.

In its technical paper on addressing the situation of ‘non-viable’ or ‘subsistence-oriented’ small farmers International Food Policy Research Institute (IFPRI) rightly argues well that the farms: “… provide a social safety net or subsistence living for many of the rural poor, even when they are too small to be commercially viable and may be the most appropriate ones to target for a radical uplift from poverty’ IFPRI further suggests that direct government support to subsistence-oriented small farms may be a most cost-effective alternative to other forms of income transfers and social safety nets.78

The problem is not that small farms are inherently unviable in today’s market place, but that they need help to survive in an ever-challenging environment.79

Exclusion of the poorest

NAADS is not even in an attempt to reach all farmers; the aim is to reach the ‘economically active poor’, defined as subsistence and semi-commercial farmers with access to productive assets and some skills and knowledge. Extension services under NAADS are only offered to farmer groups, and the majority of poor farmers are not organized in groups. Farmers are also less likely to belong to NAADS groups if they farm less than two acres of land and if they live in more remote areas.80 Farmer groups wanting support under NAADS must register and pay a fee amounting to 2 per cent of the cost of services. Research by ActionAid and the Uganda Debt Network has found that the registration fee is too burdensome for many of the poorest farmers.81

The problem with the ‘demand-driven’ approach

Some farmers are able to articulate their demands and have benefitted from NAADS. But many, notably poorer farmers, have little capacity to demand. A further problem is that they are unable to access information on market opportunities and the types of technologies being developed by national and local research stations. For this, regular visits by extension workers are mainly needed. But in all the villages where ActionAid conducted its recent research in Pallisa, farmers said that extension officers simply never visit; in one village; Buseta 2, farmers say they do not even know who the local extension officer is. In Buseta village, only three out of 40 people said they produced enough food for the whole year.83 Farmers overwhelmingly say they want extension officers to visit them to provide information on improving farming and animal feeding.
Quality of private service providers

According to the World Bank, 86 per cent of farmers rate NAADS training useful compared to 79 per cent for government extension. This is a relatively small difference but also appears to contradict the widespread recognition in Uganda that the quality of private service providers under NAADS is low. The PMA Steering committee notes that ‘private service providers of agricultural advisory services are mainly driven by profits rather than ensuring equity goals’. An independent 2005 evaluation concluded that ‘the traditional extension service (due to be phased out) in non-NAADS sub-countries, provided a more diverse range of technologies to farmers, and was more responsive to the needs of the poorest groups’. 

Better performance under NAADS?

One of NAADS’s goals is to develop more organized farmer groups, which is certainly a key issue. However, the successful groups under NAADS are mainly those which existed before the programme began. Figures provided by the government and World Bank alleging how NAADS groups perform better than non-NAADS groups can therefore be misleading. Certainly, NAADS is helping some farmers, as noted above. In Kituti village, Pallisa District, a women’s farmer group said that half a dozen of their members had been trained by extension officers under NAADS in applying manure, weeding and spraying and that their farming had improved since. Another NAADS group, however, in neighbouring Katiryo village, said that the group had not benefitted at all since the extension officer was rarely at his office and was hard to contact. Of the 30-strong women interviewed, five members of the group had once had training, which was useful, but said that this had little impact in practice on their productivity.

This situation also highlights prevailing corruption. President Museveni temporarily suspected the NAADS programme in 2007, largely due to corruption. But the Ugandan media still reports NAADS procurement committees being riddled with corruption, and that they purchase substandard products for rural farmers. In 2008, a report by the Auditor-General castigated NAADS coordinators for spending most of the money on workshops not attended by farmers and doing little practical training in the field.

NAADS is clearly not delivering to a sufficient number of farmers. Given that the country has over 8 million people who are food insecure, the result is clearly very serious.

Access to inputs

To increase food security and productivity, farmers need more inputs, whether seed, some form of fertilizer or low-tech, affordable technologies and labour saving implements.

There are two main ways to ensure farmers get access to such inputs; by promoting competitive free markets to supply them at affordable prices or by government intervention, notably subsidies (or some combination of both). Establishing competitive, free markets means, among other things, providing adequate advice and training to promote farming as a business, ensuring farmers are able to access credit to invest in future production, and ensuring there are markets for farmers.
to sell surplus production, at good prices. Yet extension services are of poor quality and reach few farmers, access to credit is almost non-existent (as we see in the next section) and, for many farmers, there are few opportunities to sell surplus production in local markets.

Figures vary massively on Ugandan farmers’ current access to inputs. According to the recent WFP survey, 72 per cent of Ugandan farmers use chemical fertilizers, whereas the government notes that the figure is just 1 per cent. The government states that fertilizer use in Uganda is one of the lowest in Africa and the world, standing at an average of 1kg of nutrients per hectare compared to four times as much in Mozambique and six times as much in Tanzania. The proportion of farmers using pesticides or herbicides varies from 3 – 10 per cent and the proportion using hybrid or improved seeds from 4-6 per cent.

Uganda has no budget lines for the provision of inputs, such as fertilizer, since there is no formal government subsidy programme. ActionAid’s field work, and academic and other analyses, shows that what farmers say they need most is inputs and credit. When asked what they wanted most from government services, a group of 30 women in Katiryo village in Pallisa District replied: oxen, ploughs, tractors, seeds, wheelbarrows, improved breeds of livestock, and credit.

SIX AREAS FOR IMPROVEMENT IN AGRICULTURAL FINANCING
cattle, fertilizer, pesticides, sprayers and herbicides. None of the 64 members in this NAADS group had a plough, for example, which costs Shs 250,000. The group recognized that these inputs could only be provided at a cost to the government. They said that they needed help to get started.

The government’s recent provision of inputs to farmers under NAADS is highly welcome but needs improvement. They tend to be provided to just one member in each NAADS group – usually the chairperson, who tends to be the best-off. Other farmers have to wait their turn, which may take years. The inputs are provided as loans, and farmers usually pay back only 70 per cent of the cost, but the price at which the inputs are provided is routinely much more than on the open market. Farmers complain that the reason for this is that government officials inflate the cost and sometimes pocket the difference.

In Katiryo village, women farmers were offered a cow under NAADS at a cost of Shs 1 million, four times the actual price in local markets. Chickens were being offered at Shs 10,000 each when they could be bought for Shs 3,000. Nevertheless, some farmers still accept these costs since, without access to any other loans, it is the only way to acquire these inputs.

**Rural credit**

As the breakdown of the agriculture budget shows, the Ugandan government is not investing resources in providing credit to farmers, but neither are private banks lending in sufficient quantities. The result is a massive gap in funding for agriculture that is locking millions of farmers in a poverty trap. Without access to loans, farmers are unable to invest in future production, to expand their farming or to take a risk.

Magdalena Sana, 56, has not benefited from Ugandan government schemes to help small farmers, because they are too difficult to access.

Magdalena is a 56-year-old widow who takes care of her own children and 20 grandchildren. She does not benefit from NAADS. “I thought the programme was initiated to help the poor and vulnerable people like me,” she says.

After drought left her hens and ducks dead, Magdalena has struggled to pay school fees for her children and grandchildren. “I know NAADS is a government programme initiated to help the poor and vulnerable people to earn more and get better lives, but getting this support is like hell. I still fail to understand what criteria is used to select beneficiaries... If this government programme really is made to assist the poor and vulnerable, I do not understand why I cannot get it,” says Magdalena.

Magdalena Sana, 56, Pallisa, Eastern Uganda
Only around 10 per cent of rural Ugandans have access to financial services such as credit. Lending to agriculture constitutes only 5 per cent of commercial bank credit in the country, a percentage which has been falling in recent years. Microfinance institutions make only 4 per cent of their loans to agriculture. Insurance services barely exist at all in rural areas of Uganda.

A study in several regions of Uganda found that farmers cite shortage of capital and credit as their single biggest constraint to improving farming - 45 per cent of farmers highlighted this factor. The following table, which outlines the purpose for which Ugandans seek loans, show that less than 10 per cent apply for a loan for agricultural purposes, such as buying farm tools or land. To a large extent, this is a consequence of the lack of availability of such loans.

The Ugandan government is doing some things to promote rural credit. The Microfinance Outreach Plan, begun in 2003, is the government's main initiative to provide financial services to rural communities, targeting areas not served by financial institutions. It is also helping to establish member-owned and controlled Savings and Credit Cooperatives (SACCOs) throughout the country to provide loans at affordable interest rates. Government figures show that over 1,500 have already been established with a loan portfolio of Shs 65 billion. It remains unclear, however, the extent to which farmers, notably poor farmers are benefiting. The Uganda National Farmers Federation (UNFFE) regards the SACCOs plan as commendable but says that the government should also establish a farmers' bank and increase agricultural loan guarantees in commercial banks with reach in rural areas.

There are loan components in several government agricultural projects. But a damning indictment of them has been produced by the Economic Policy Research Council in Kampala, which notes that in practice the ‘poverty reduction focus is non-existent in micro credit services’ and that this role ‘has been entirely left to the private sector’. Loans provided are at high interest rates - 36-48 per cent a year, which is higher than many commercial banks – and are not economically productive as they range between Shs 20,000-50,000. Farmers – especially the poorest, with less than two acres – have not benefitted. When the government does allocate resources

![Loan applications by purpose of loan and sex (%)](chart.png)
to facilitating access to credit, evidence suggests that actual disbursement rates are poor - a 2005 evaluation of the PMA found that only 24 per cent of the (already very low) planned expenditures on rural finance was actually disbursed.106

Most governments and donors recognise the need to increase the availability of credit to small farmers, but credit is generally seen as a private rather than public good that should not be provided by state-owned banks, which are seen as corrupt and inefficient. Rather, private banks, public-private institutions or self-help groups and cooperatives are seen as better providers of credit.109 ActionAid’s view is that although the latter are clearly important, and government should do more to create an enabling environment for them to operate, there is also a stronger role to be played by governments. Indeed, credit should be seen as a public good and governments should allocate resources to ensure that poor farmers, especially women, are able to take out loans at cheaper rates than are otherwise available on the market. This could be through, for example, backing loan guarantee schemes, running state-owned banks (provided they are efficient and accountable) or having shareholdings in, and providing capital for, banks run on commercial lines.

**Agricultural research and development**

Investing in agricultural research and development (ARD) is vital for imparting knowledge to farmers and developing improved crop varieties and techniques to increase yield, manage water or use natural resources sustainably. The CAADP programme calls for African countries to double their annual spending on agricultural research within ten years – to US$4.6 billion by 2015, entailing a rise of 7.2 per cent a year.110 Although there are no publicly available figures assessing progress towards this goal, ActionAid’s analysis is that in most countries this is simply not happening. This failure is likely to continue to lock many countries into cycles of low crop yields.111
In Uganda, government spending on research is low and falling. In 2000-03, research accounted for around 20 per cent of sectoral spending but is now projected to fall to just 7 per cent by 2010. The ratio of agricultural research to agricultural GDP grew from 0.06 per cent in 1990 to 0.71 per cent in 2000 but is still well below the Maputo Declaration target of 1 per cent and considerably lower than the average ratio for Africa.

A government publication recognises that ‘Agricultural Research and Development spending in Uganda is low compared to expenditure provision of other public agricultural goods and services’. It calls for greater public investments in methods to improve soil fertility, disease and pest control, irrigation, basic storage and post-harvest technologies.

The failure to spend adequately on Agricultural Research and Development flies in the face of the evidence that good ARD expenditure has high returns, of on average 40-50 per cent. In Uganda investments in agricultural research can improve productivity substantially – for each marginal shilling invested, 12 shillings can be returned.

Only Shs. 3 billion for agriculture research projects

Figures obtained by ActionAid showing the budget breakdown of Uganda’s National Agricultural Research Organisation (NARO), show that nearly a third of the organisation’s entire expenditure is accounted for by import taxes and VAT on donor funded imports, mainly machinery and vehicles – Shs 7 billion out of a Shs 24.6 billion budget. After salaries have been paid, just over Shs 3 billion is left for actual projects.

“The objective to halve hunger by 2015 will not be achieved unless the needs of the people who live in hunger are recognised and they will recieve the right kind of support. A new, comprehensive approach is needed to combat poverty and hunger, which includes subsistence agriculture.”

Madeley, Unheard Voices, the Case for Supporting marginal farmers 2007.
There have been some recent successes in ARD work. NARO is often highly regarded for producing technologies for improving crop productivity. NARO claims to have developed over 200 improved varieties for cereals such as maize, legumes and root crops, and to have disseminated over 70 strategies for the control of poultry and livestock diseases. However, NARO appears weak at designing research for the real needs of farmers and in actually disseminating technology for use by them. As of end 2006, just 55 per cent of NARO’s research outputs had been disseminated and these had reached less than half of all crop farmers and 30 per cent of livestock farmers. A draft government report notes that ‘most farmers have not been able to access them [the new technologies] and poverty levels still remain unacceptably high’. An evaluation of the PMA in 2005 found that household involvement in technology generation was ‘minimal’, with participation rates of 5-17 per cent of households. The MAAIF is capable of controlling only 1 in six dangerous livestock and crop diseases.
In most African countries, women constitute the majority of farmers, produce most of the food, and are responsible for ensuring family nutrition. In Uganda, women comprise 80 per cent of all those working in agriculture and around 28 per cent of all households are female-headed, of whom a massive 69 per cent are food insecure. Yet women own only 7 per cent of all productive land in Uganda. Only 17 per cent of women own registered land.

Seed bank project changed our lives
None of our nine children used to go to school because we could not afford to pay school fees. We often did not have enough to eat and could not afford basic items like salt, salt and paraffin. But after we joined ActionAid’s seed bank project in 2003 we have never gone hungry and all our children are attending school. I believe that the seed bank model, where people get kick started with a portion of high yielding seeds and they get trained in the rightful methods of making the most of the seeds, can be used in many other places provided of course that people have access to land.

Leya Chede, 40 years old and married to Andrew Chede. Katiro II village, Buseta, Pallisa district, Eastern Uganda
Lack of ownership or control over land discourages diversifying into higher-value cash crops and investing in land improvements. The government states:

‘Women have limited access to economic opportunities, primarily because they lack the assets and resources necessary such as land and capital, and because they are marginalised in decision-making over resource use. For example, although women comprise 80% of those working in agriculture, they experience unequal access to, and control over, important productive resources, thus limiting their ability to move beyond subsistence agriculture’.

Despite this recognition, the government’s agricultural policies tend to assume farmers are men. ‘Gender mainstreaming’ is largely paid lip service whether in research, extension or credit programmes. Although agricultural policies need not be different for women and men, they shall take into consideration gender needs. In one survey in Uganda, for example, male farmers said the biggest barriers to increasing agricultural production were transport, marketing constraints and the lack of credit, whereas women mentioned the time needed to look after their families, to prepare food and work on their husbands’ gardens.

Men and women farmers interviewed by ActionAid all agreed that women use land more productively than men. In Kituti village in Pallisa district, a women farmer group gave the reason as being that women spend most of their time in their garden, work harder than men and are more focused on feeding their family.

**Women farmers in the government budget**

There are no noticeable agriculture budget lines supporting women farmers specifically and it is unclear how much the government is spending on gender mainstreaming. Unifem in its reports notes that, although the Ugandan government has practiced gender-responsible budgeting since 1999 and has established various mechanisms for mainstreaming gender, ‘many of these good intentions have not been translated into practice largely due to inadequate resources allocated to implement the gender commitments’.

The current draft Development Strategy and Invest Plan, which is supposed to be a roadmap for agricultural policy in the coming years, makes no recommendation to focus agricultural policy on supporting women farmers in particular, mentioning bluntly that gender ‘will be taken into account’ in policy formulation and that ‘agricultural interventions will be balanced across the different regions, agricultural zones and across genders’.

Uganda has taken some steps to enable women to benefit more from agricultural policy. Formal government policy requires all accounting officers to show how they intend to address gender and equity issues in their sectors although if there are any specific budgets lines, these are not apparent. The strategy document for the PMA highlights the importance of ensuring women benefit from interventions and that gender concerns should be routinely addressed in planning and policy.

The main research body, NARO, has established a Gender Task Force and ‘most of the technologies developed are done with women in mind’, a PMA review notes. NARO is working on developing time-saving technologies such as lightweight animal-drawn ploughs and hand-pushed carts to fetch water, but there is little evidence that these have reached significant numbers of farmers, who rely on hand hoes.

The failure to prioritise women farmers is due to a number of factors. The 2005 evaluation of the PMA found that participation in research and technology development was dominated by men. Women farmers are rarely involved in setting policies in national strategies and budgets while gender-related targets are
generally absent from them. Statistics on women’s yields, women’s technology adoption rates and women’s use of inputs are rarely reported, and there is invariably a lack of sex-disaggregated data, increasing the invisibility of women.

It is impossible to establish precisely from aid statistics to what extent agricultural aid to Uganda supports women farmers. But recent OECD statistics suggests that just 10 per cent is focused on gender concerns. There are some real donor efforts to focus aid on women farmers. In Uganda, a Donor Coordination Group on Gender, established in 2001, promotes gender equality and women’s empowerment across aid programmes. The World Bank’s Poverty Reduction Support Credit programme has explicit commitments to gender and the EC and DFID have staff charged with mainstreaming gender in aid. Still, no donor appears to have a policy of focusing agricultural aid overwhelmingly on the people who do most of the farming.

Women farmers and extension services

Women farmers are widely discriminated against in access to extension services. Women have a high participation in NAADS groups but since NAADS reaches a small number of farmers, the overwhelming majority of women farmers lack access to extension services.

Edisa Were looks after 11 children. Like most other marginalised women farmers in her area, she is unaware of the government’s National Agricultural Advisory Services programme, despite the fact it was set up to help farmers like her.
The government’s PMA Steering Committee states that ‘food crop production, which is the responsibility of women, does not adequately benefit from NAADS since the institutional processes benefit men and wealthier farmers’. \(^{140}\) The UN’s Gender Sourcebook notes that despite the participation of women in farmer groups, ‘men still retain significant control over NAADS processes and actual decision-making, even in supposedly women-only groups’. \(^{141}\) Neither does the provision of inputs to farmers under NAADS target women specifically.

Women farmers and credit

Only 9 per cent of all credit in Uganda goes to women. \(^{142}\) Commercial banks regard agriculture as risky, and women as especially risky, since most do not practice commercial agriculture and are therefore not considered creditworthy. When women access loans from microfinance institutions (MFIs), they tend to be very small amounts that are inadequate for investment yet still have to be serviced on a weekly basis. Some MFIs require spouses to co-sign on loan forms, limiting women’s decision-making capacity over use of the loan. \(^{143}\) ActionAid’s final revealed that none of the 16 members of a women’s farmer group in Kituti village in Uganda had a loan; neither did any of the 40-strong women and men’s group in Buseta 2 village. Both groups said that there was no where to get a loan but that, even if there was, banks would require too high interest payments and also require collateral, such as proof of land ownership, which discriminated against women. When the group in Buseta 2 was asked how many would take out a loan to improve farming if available, nearly all the men and some of the women said yes. A study by IFPRI in several regions of Uganda found that farmers cite shortage of capital and credit as their single biggest constraint to improving farming - 45 per cent of farmers highlighted this factor. \(^{144}\)

Women farmers and agricultural research

Agricultural research and development tends to ignore the needs of marginal farmers, especially women, and bypasses their knowledge of traditional farming methods and indigenous plant varieties. In most countries, research focuses mainly on increasing yields of commercial crops on high input farms with little funding for the staple or secondary crops grown by women, such as vegetables, millet and sorghum, which often provide most of the family’s nutritional needs. \(^{145}\) Developing labour-saving technologies appropriate to women is one of the critical agriculture policies needed to end hunger.

Yet the PMA Steering Committee notes that:

‘Agricultural research does not emphasise time and labour saving technologies... currently high priority areas of agricultural research do not adequately respond to women’s technological needs... There is a relatively low adoption rate of the technology being developed amongst the low income subsistence farmers (especially the women) due to access, skills and opportunity and affordability issues’. \(^{146}\)

The government is again failing to act on what it knows, which is that ‘rural women spend around 170 hours per month (a full time job) in household chores. This means that they have little time for increasing their hours in income earning activities, which may be a factor increasing rural poverty’. The government also recognizes that almost all farmers rely on the hand hoe, which use for land preparation is ‘very laborious and time consuming’. Yet its most recent agriculture strategy paper says next-to-nothing about developing new labour-saving technologies. \(^{147}\)
Most governments and donors recognize the importance of promoting sustainable agriculture, such as practicing natural resource management and conservation agriculture. But government and donor spending on this area is usually low, with both often preferring to promote high-input, large-scale commercial farming and biotechnology research, including genetic modification (GM) of crops. Most developing countries spend no agricultural research money on organic farming while developed countries spend less than 1 per cent. GM crops are now sown on around 8 per cent, or 100 million hectares, of the world’s cropped area. By contrast, only around 1 per cent of agricultural land is devoted to organic farming worldwide, involving just 0.1 per cent of the land in Africa and 0.2 per cent in Asia.

Uganda has a very mixed record on low-input farming. The government recognizes the importance of sustainable land management but the Development Strategy and Investment Plan for Agriculture - the government’s roadmap for agricultural strategy - proposes allocating only 3.8 per cent of the ‘ideal’ DSIP budget to this area, while only 0.8 per cent of the current MTEF related budget is allocated to the same.

**GM research**

Furthermore, ActionAid’s research has discovered that Uganda has a more advanced, and much better funded, GM research programme than the government has been inclined to publicise. Work to introduce GM bananas into Uganda has received some media and academic attention. But GM research is also taking place on cassava, maize, sweet potatoes and cotton. A senior civil servant working on this programme says that the budget is around $500,000 a year, and is mainly funded by the Rockefeller, Gates and Gatsby Foundations, as well as the government. The body working on GM - the National Laboratories Research Unit - has the largest budget of any unit in NARO, amounting to UShs 815 million for 2009/10, according to government figures. It also has a staff of over 30; this compares to around four staff in the Bio-Control Unit of NARO working on organic farming.

The government budget released to the public makes no mention of GM research and ministers have made few public mentions of it. An official told ActionAid researchers that ‘the government doesn’t want to excite people too much about GM given that it is controversial’. He also confirmed that the research will likely target mainly larger-scale, commercial farmers. There is, however, no legal provision for introducing GM crops into Uganda. A national policy on biotechnology was approved in April 2008 but does not provide for the commercial production of GMOs, only for research and development in modern biotechnologies.

**GM research ignores small holder farmers**

ActionAid’s analysis is that GM crops will tend to bypass or undermine the needs of smallholder farmers. Less than 1 per cent of all GM research is targeted at small farmers; the rest is devoted to crops that large-scale commercial farms grow in monocultures, often with destructive effects on local communities and the environment. There are also dangers that poor farmers’ traditional practice of seed saving will be threatened if they have to sign ‘use agreements’ with GM seed suppliers, and that this will make farmers dependent on expensive external inputs, increasing their indebtedness. It is also disputed whether GM crops really achieve higher yields, the main argument put by GM’s proponents.
It is inappropriate for Uganda to devote scarce resources to developing GM technology. The country has huge potential for promoting organic agriculture. It already has 45,000 certified organic farmers and 185,000 hectares of land certified under organic production, one of the largest acreages in Africa. Since fertilizer use in Uganda is so low, over 85 per cent of farmers are already practicing organic production but without formal certification, meaning they cannot easily sell their produce in international markets. Yet there is only one recognized certification body in the country, which is not enough to certify the majority of farmers. Funding this work would be a better use of government and donor funds.

Addressing climate change

Tackling global warming requires promoting low-input agriculture. Forty per cent of the world’s land is directly or indirectly managed by farmers, foresters or herders. Small farms are an ecological asset for humankind and the only viable form of agriculture that will feed the world in an ecological way. The world needs to help itself by helping small farmers to reduce the greenhouse gas emissions from agriculture. This can be done by improving soil organic matter, reducing usage of nitrous oxides, improving water-use efficiency, avoiding deforestation and improving livestock feeds which reduce animals’ methane emissions.

Uganda may already be witnessing the impacts of climate change, notably the increasing frequency of droughts (now occurring once every five years), reductions in snow cover in the Rwenzori mountain range and increases in banana bacterial wilt disease and coffee meal bugs. A study for DFID notes that Uganda is highly vulnerable to climate change, which is likely to exacerbate food insecurity, land degradation and flood damage, and possibly wipe out the coffee industry. Yet the study also notes that ‘despite the development of a Joint Assistance Strategy, donor action on climate change has to date been disparate and uncoordinated and has bypassed coordination mechanisms such as sectoral working groups, which themselves have yet to develop a collaborative response on climate change issues.’
Agricultural aid can play a key role in helping governments and poor farmers increase productivity and promote food security. Donors are ‘extraordinarily influential’ in the agriculture-based countries - for 24 Sub-Saharan African countries, aid averages 28 per cent of agricultural spending.\textsuperscript{164} In Uganda, donors provided 17 per cent of total revenue in 2007/08, amounting to Shs 651 billion.\textsuperscript{165} Aid accounts for a third of Uganda’s agricultural spending, amounting to Shs 64 billion in 2008/09; this includes funding 68 per cent of the MAAIF’s expenditure.\textsuperscript{166} Donors have provided 60 per cent of the funds for the PMA in the three years 2005/06 – 2007/08.\textsuperscript{167} A senior aid official says that donors are prepared to spend around $200 million on agriculture in the next four years, once the government has plans in place.\textsuperscript{168}

There are six major donors in the agriculture sector – the World Bank, African Development Bank, IFAD, EU, Denmark (the largest bilateral donor) and Japan. Donor support is provided in the context of a Joint Assistance Strategy that is intended to be aligned to Uganda’s PRSP and in particular to support the PMA. The World Bank is providing a $200 million Poverty Reduction Support Credit to support Uganda’s PRSP and has until recently been funding two agriculture projects - a $45m project to support reform of NAADS and a $12 million project, which ended in 2009, to support agricultural research. The EC provided 80 million Euros in aid for ‘rural development’ from 2003-07 and is providing 60 million Euros for 2008-13, amounting to 14 per cent of its aid to Uganda over the period.\textsuperscript{169} DFID

\[ \text{Photo: James Akena/ActionAid} \]

Erusania Wajokeraina, 64, with his wife Mirabu Nansamba ploughs using oxen, Pallisa, Eastern Uganda August
is not active in the agriculture sector but some budget support to the government may be used for agriculture.

ActionAid’s research shows that donors are not working adequately with the government to spend resources devoted to agriculture effectively. Some of the blame lies with ineffective government policies but much lies with donors themselves.

**Donors performance against the Paris Declaration**

The Paris Declaration on aid effectiveness agreed in March 2005 commits donors to respect developing country leadership over development policies (“ownership”), to aligning their policies to developing countries strategies (“alignment”) and to better coordinate and complement their aid programmes (“harmonization”).

The declaration is welcome in itself but does not address some issues which are key to agriculture, such as the imperative of involving intended aid beneficiaries (ie, people) in aid design; rather, it is solely focused on relationships between governments. It also sets no targets on gender equality, which is fundamental for progress in agriculture.

In Uganda, there are particular problems in four areas:

- **Predictability**
  The predictability of aid flows from donors ‘remains a challenge’, the Ugandan government notes. Its 2008 public financial performance report states that there has been a ‘deterioration’ in the predictability of budget support, which is rated D. Government figures show that donors have disbursed 56 per cent, 146 per cent and 61 per cent of their budget support commitments (for all aid) in the last three financial years (2005/06 to 2007/08). These deviations are explained by a mix of poor government and donor policy: government delays in complying with donor pre-conditions and delays in securing parliamentary approval for loan components, and delays in some donors’ internal procedures. Donor performance on disbursements of project aid is worse – averaging less than 50 per cent; the government also notes that ‘projects have distorting effects on budget allocations’.

Donors often fail to provide comprehensive information on their aid to agriculture at national level in relation to their mid to long term spending plans. Much aid that is committed to governments does not turn up when expected, making it harder for the government to spend as planned. The lack of aid predictability jeopardizes a country’s ability to plan and account for its resources to its citizens, reducing the value and potential impact of aid resources.

A recent independent evaluation of Uganda’s Poverty Eradication Action Plan – the country’s PRSP – concluded that while the increase in aid in support of the PEAP was welcome, it fell ‘significantly short of the principles and goals to which most development partners and the GOU had subscribed’. In particular, ‘ODA levels remain volatile and unpredictable’ while high levels of aid have more to do with the rise in humanitarian aid to the north of the country. It concludes that ‘more resources could have been mobilised, and, more certainly, that those resources which were mobilised could have been more efficiently delivered from the GOU’s perspective’.

- **Coordination**
  Agricultural aid programmes are notoriously poorly coordinated among donors, and although there have been recent steps to improve coordination, many problems remain. In Uganda, one problem with coordination arises from the still high level of project support to agriculture, which accounts for around half of agricultural aid to the country. Some donors, notably the US and Japan, are refusing to provide budget support, partly for fear of losing control over how the money is spent, partly due to concerns that the government spends large sums of money inefficiently. Government officials say that budget support is most useful, and recognize that major reforms need to take place in the agriculture ministry.
• **Provision of information**
  The Ugandan government notes that while information provided by donors for budgeting and reporting on project and programme aid has significantly improved, ‘there are still concerns over its completeness and timeliness’. Also, ‘for forecasting purposes, the main donors provide estimates of project aid in a format that is neither consistent with the government’s classification nor delivered in a timely manner. Information on actual expenditure, although improving, is still late’. A review of agricultural spending by the Economic Policy Research Centre notes that information on actual expenditure of donor funds is ‘rarely available’ while project reports ‘do not adequately give the financial aspects’.

• **Use of government procedures**
  As for donors using government procedures, the Ugandan government notes that while donors use government procedures in all their budget support, for project support the average use of government procedures is just 10 per cent. Overall, donors use government procedures for 47 per cent of all their aid, but their own procedures for 53 per cent.

### Uganda government’s assessment of donor performance

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<td>Financial information provided by donors for budgeting and reporting on project and programme aid</td>
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<tr>
<td>Proportion of aid that is managed by use of national procedures</td>
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RECOMMENDATIONS

As a top priority:

- The government must develop a costed national plan for halving hunger by 2015 through a massive scale-up of public goods provided to women farmers and other smallholders. This should be part of the National Agricultural Policy, currently being drafted, one of whose objectives is to ensure food security for all Ugandans.

- The national plan for halving hunger by 2015 must include spending at least 10 per cent of the national budget on agriculture. The Uganda government should announce a timetable to reaching this target.

- Donors must support the national plan for halving hunger by 2015 and increase their aid disbursements to meet the funding shortfall.

In developing and implementing this national plan for halving hunger by 2015, the government should:

1. Enable and finance the systematic involvement of women and smallholder farmers in agricultural policy-making.

2. Collect and provide comprehensive sex-disaggregated data in the agriculture sector that is timely, accessible and comparable.

3. Strengthen financial management in the agriculture sector, including by upgrading budgeting, procurement and management systems. National anti corruption agencies, parliament and audit agencies should be empowered to step up scrutiny and enforcement.

4. Increase the levels of domestically-generated resources (tax) that are gathered and allocated to agriculture.

4. Develop a more pro-poor and pro-women balance of policies for agriculture development, including increased spending on extension and research, supporting and subsidising small farmers to sustainably increase yields, expansion of rural financial services, and measures to overcome constraints specific to women farmers.

In supporting Uganda’s costed national plan for halving hunger, donors should:

- Improve the quality of aid as per the Paris Declaration.

- Immediately ensure that all aid is on budget, while over the mid to long term working towards providing budget support directly to government alongside support to public and parliamentary budget scrutiny.

- Provide multi-year, predictable and guaranteed aid flows, without attaching conditionalities other than those necessary to meet fiduciary responsibility, and provide accurate and timely public information on these flows.

- Support government efforts to strengthen its tax system, including through international efforts to improve tax transparency and co-operation, so that Uganda can increase its revenue base and spending on agriculture.

- Provide direct support to women farmers groups and smallholder farmer organisations, and to the government to improve the gender impact of its policies and spending through the use of tools such as gender budgeting and collection and monitoring of sex-disaggregated data.
Focus on women farmers

- The growing burden of unpaid work must be addressed. Improved investments in infrastructure along with greater investments in labour-saving technologies are needed to address the increasing hours women spend collecting water and fuel as environmental degradation intensifies. Expanding early childhood education or paying welfare benefits directly to mothers would have dual benefits for women and for children themselves.

- Research and development must focus on developing improved varieties of the crops grown by women, including those hitherto largely ignored, and involve women in research design, for example through participatory plant breeding, so they can set research priorities.

- Extension services must be targeted specifically at women (untargeted services will benefit men) and involve their participation; this should include training more female extension officers but also training male officers to meet the needs of women farmers and equip them with communication skills and transport to reach often remote women farmers.

- Women need more secure tenure and increased access to land. Governments must redistribute land to women. In addition they must eliminate all policies and practices that discriminate against women in matters of land rights. Where law reforms have been passed, these need to be effectively implemented.

- Governments must ensure that rural women can access financial services, including credit at levels, and interest rates, that are affordable to smallholder women farmers. With sufficient investment in financial innovation, it is possible to overcome the barriers that women commonly face in accessing credit due to lack of land title.

- Women farmers and farmworkers must be involved in the design of all such programmes and services.
Footnotes
1 These are: National Agricultural Research Organisation; Dairy Development Authority; Uganda Coffee Development Authority; Cotton Development Organisation; National Agricultural Advisory Services; National Animal Genetic Resource Centre and Data Bank; Uganda Seed Trade Association; Uganda National Farmers Federation; The Vegetable Oil Development Project

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ActionAid recommends that the key to addressing food insecurity and hunger is to boost small holder farming, especially among women. The reason is obvious; small holder farmers, working an average plot of 1.7 acres, produce 96 percent of the country’s food and women comprise 80 percent of all Ugandans working in agriculture.

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