New Partnership for Africa's Development (NEPAD)

Comprehensive Africa Agriculture Development Programme (CAADP)

Food and Agriculture Organization of the United Nations

Investment Centre Division

GOVERNMENT OF THE REPUBLIC OF UGANDA

SUPPORT TO NEPAD–CAADP IMPLEMENTATION

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NATIONAL MEDIUM TERM INVESTMENT PROGRAMME (NMTIP)

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UGANDA:

NEPAD–CAADP National Medium–Term Investment Programme (NMTIP)

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Abbreviations

AAMP	Area Based Agricultural Modernisation Programme
ACE	Agricultural Commodity Exchange
AGOA	African Growth and Opportunity Act
AIDS	Acquired Immune Deficiency Syndrome
APEP	Agricultural Productivity Enhancement Project
ASARECA	Association for Strengthening Agricultural Research in Eastern and Central Africa
ASPS	Agricultural Sector Programme Support
BIPP	Bankable Investment Project Profile
CBPP	Contagious Bovine Pleuropneumonia
CDW	Community Development Worker
COSOP	Country Strategic Opportunities Paper (IFAD)
CSO	Civil Society Organisation
CWAP	Community Wetland Action Plan
DANIDA	Danish International Development Assistance
DFID	Department for International Development
EBA	Everything But Arms
ECS	Entandikwa Credit Scheme
EPRC	Economic Policy Research Centre
EU	European Union
FAO	Food and Agricultural Organisation
FDS	Fiscal Decentralization Strategy
FMD	Foot and Mouth Disease
GDP	Gross Domestic Product
HIPC	Highly Indebted Poor Country
HPI	Heifer Project International
IARCs	International Agricultural Research Centres
ICT	Information and Communication Technology
IDA	International Development Association
IDPs	Internally Displaced Persons
IDRC	International Development Research Centre (Canada)
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
ISP	Integrated Strategic Plan (USAID)
LGDP	Local Government Development Grant
LSRP	Livestock Systems Research Programme
LSSP	Land Sector Strategic Plan
LVEMP	Lake Victoria Environment Management Programme
M&E	Monitoring and Evaluation
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MAPS	Marketing and Agro–processing Strategy
MEMD	Ministry of Energy & Mineral Development
MFPED	Ministry of Finance, Planning and Economic Development
MGLSD	Ministry of Gender, Labour and Social Development
MOES	Ministry of Education and Sports
MOLG	Ministry of Local Government
MSEs	Micro and Small Enterprises
MTCS	Medium Term Competitiveness Strategy
MTEF	Medium Term Expenditure Framework

MTTI	Ministry of Trade, Tourism and Industries
MWH&C	Ministry of Works, Housing and Communications
MWLE	Ministry of Water, Lands and Environment
NAADS	National Agricultural Advisory Services
NARO	National Agricultural Research Organisation
NARS	National Agricultural Research System
NEMA	National Environment Management Authority
NFA	National Forestry Authority
NMTIP	National Medium–Term Investment Programme
NSCG	Non–sectoral Conditional Grant
NUSAF	Northern Uganda Social Action Fund
NWP	National Wetlands Policy
OPM	Office of the Prime Minister
PAF	Poverty Action Fund
PAMSU	Protected Areas Management and Sustainable Use Project
PEAP	Poverty Eradication Action Plan
PMA SC	PMA Steering Committee
PMA	Plan for Modernisation of Agriculture
PMAU	Poverty Monitoring and Analysis Unit
PRGF	Poverty Reduction and Growth Facility
Prime/West	Productive Resource Investments for the Environment/Western Uganda
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
RSDP	Road Sector Development Programme
SAPS	Structural Adjustment Programmes
SCOPE	Strengthening Competitiveness of Private Enterprises
SEP	Strategic Exports Programme
SME	Small and Medium Enterprises
SPEED	Private Enterprises Expansion and Development
SPFS	Special Programme for Food Security
SWAp	Sector Wide Approach
TCP	FAO Technical Cooperation Programme
TWG	Technical Working Group
UBOS	Uganda Bureau of Statistics
UNDP	United Nations Development Programme
UNHS	Uganda National Household Survey
UPTOP	Uganda Program for Trade Opportunities and Policy
USAID	United States Agency for International Development
USh	Uganda Shilling
UTF	Unilateral Trust Fund
WAP	Wetland Action Plan
WRS	Warehouse Receipt System
WSSP	Wetlands Sector Strategic Plan
WTO	World Trade Organisation

Preface

In an effort to halt and reverse the decline of the agricultural sector in the continent, the African ministers for agriculture unanimously adopted, at the 22nd FAO Regional Conference for Africa, held on 8 February 2002 in Cairo, a resolution laying down key steps to be taken in relation to agriculture in the framework of the ***New Partnership for Africa's Development (NEPAD)****. As a follow–up to this resolution, they endorsed, on 9 June, 2002, the NEPAD* ***Comprehensive African Agriculture Development Programme (CAADP).*** *The recent* ***Declaration on Agriculture and Food Security in Africa****, ratified by the African Union Assembly of Heads of State and Government during its Second Ordinary Session, held in Maputo between 10 and 11 July 2003, provided strong political support to the CAADP. During this session, the Heads of State and Government agreed to adopt sound policies for agricultural and rural development, and committed themselves to allocating at least 10 percent of national budgetary resources to the agri–rural sector within five years.*

The CAADP provides an integrated framework of development priorities aimed at restoring agricultural growth, rural development and food security in the African region. In its very essence, it seeks to implement the key recommendations on food security, poverty reduction and sustainable use of natural resources, made at recent global conferences. The CAADP comprises ***five pillars****:*[1]

1. *Expansion of the area under sustainable land management and reliable water control systems.*
2. *Improvement of rural infrastructure and trade–related capacities for improved market access.*
3. *Enhancement of food supply and reduction of hunger.*
4. *Development of agricultural research, technological dissemination and adoption to sustain long–term productivity growth.*
5. *Sustainable development of livestock, fisheries and forestry resources.*

As an immediate follow–up to the Maputo Declaration, representatives of 18 African ministries for agriculture from member countries of the NEPAD Implementation Committee, the NEPAD Steering Committee, the African Development Bank, the World Bank, the International Fund for Agricultural Development, the World Food Programme, FAO and civil society, participated in a meeting held in Rome on 17 September 2003, in order to discuss the implementation of the CAADP, and more specifically the:

- *Methodology for the review/update of the* ***national long–term food security and agricultural development strategies.***
- *Preparation of* ***National Medium–Term Investment Programmes (NMTIPs).***
- *Formulation of the related* ***"Bankable Investment Project Profiles"(BIPPs)****.*

[1] Pillar 5 was initially not part of CAADP, but has been added in recognition of the importance of the sub–sectors.

It is within this context that the Government of Uganda, in an effort to reinforce its interventions aimed at fighting poverty and food insecurity, has requested FAO to assist in preparing a ***NMTIP*** *and a portfolio of* ***BIPPs, with the aim to****:*

- *create an environment favourable to improved competitiveness of the agricultural and rural sector;*
- *achieve quantitative objectives and mobilize resources to the extent needed for the associated investment in agriculture;*
- *achieve the targeted allocation of national budgetary resources to this area, reflecting the commitment made in the Maputo Declaration; and*
- *create a framework for coordinated bilateral and multilateral financing of the sector.*

The present NMTIP, which draws on work of the recent key strategy/policy documents including the Poverty Eradication Action Plan (PEAP), the Plan for the Modernisation of Agriculture (PMA), Food Security and National Agricultural Development – Horizon 2015, the Public Investment Plan 2003/4–2005/6, the Medium Term Competitiveness Strategy for the Private Sector and donor country support strategy papers is intended to contribute to the PEAP. It was prepared by a national team of consultants,[2] under the overall supervision of the National Project Coordinator in the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF).[3] The team was assisted by staff from the FAO Investment Centre Division [4] while the Office of the FAO Representative provided crucial administrative support. In the process of preparing this document, participation was sought from major stakeholders from government, development partners, farmers' organisations, private sector and civil society. Key to the finalization of the NMTIP was the ***National Stakeholder Workshop*** *held on 26 February 2004 , during which a draft of this document was discussed and validated, and project ideas for the BIPPs prioritized, based on agreed–upon selection criteria.* ***Five*** *of these were further developed into BIPPs, that are presented in a separate document.[5] Lastly, the NMTIP and the BIPPs were reviewed by an FAO Virtual Task Force of technical experts.*

This document starts with a brief description of Uganda's agricultural sector in the context of the country's economy and poverty and food security situation. This is followed by a review of national and development partner strategies and programmes, lessons learned, and an analysis of the principal constraints to, as well as opportunities for, the development of the sector. Based on this analysis and taking into account existing government strategies and the five pillars of CAADP, priority areas for investment have been identified. Finally, an attempt has been made to estimate the financing gap in terms of additional resources that would be required to meet the target of allocating 10 percent of national budget to the sector within five years, and a proposal put forward for monitoring and evaluation of the NMTIP implementation.

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[2] Peter Ngategize, Joseph Nsereko and Stephen Lwasa.

[3] George Otim.

[4] Fred Bitanihirwe, TCIS.

[5] For the purposes of the present exercise, *"Bankable Investment Project Profiles"* are defined as documents elaborated in a format and with the information that could make them favourably considered by the financial institutions, donors and private investors foreseen in the Maputo Declaration. These documents should enable cooperating partners to make preliminary indications of interest, and of approximate level of funding commitment. Further feasibility analysis and subsequent processing through the concerned partner(s) regular project formulation systems would follow to obtain a project/programme proposal elaborated to the feasibility study level.

I. INTRODUCTION

A. The Economy

I.1. Uganda is a landlocked country in Eastern Africa with a total area of 241,038 km^2 (24.1 million ha), of which 75% is suitable for agriculture. The economy is predominantly supported by agriculture that contributes about 40% of the GDP (MFPED, 2002). About 38% of Uganda's population of 24.7 million people live on less that one dollar a day and the majority (96%) of the poor live in rural areas. Per capita income is at US$330 and population growth, at 3.4%, is one of the highest in the world.

I.2. Uganda has experienced sustained growth over the last 15 years with GDP growth rates averaging 6% per annum. Much of this growth is attributed to the presence of a good macro–economic environment characterized by peace and security of person and property in most parts of the country, improved infrastructure (road, power supply and telecommunication), liberalization of the internal and external marketing of produce and the removal of restrictions on foreign exchange transactions. Development partners have been supportive of Uganda's development and currently contribute about 48% of the national budget or about 12% of the GDP. Foreign debt stands at about US$4bn.

I.3. Over the last four years or so, economic growth has averaged 5.6% per annum compared to 6.8% between 1990/91 to 1997/98. The recent relatively weak performance of the economy may be attributed to four factors:

- Civil insecurity in northern and eastern Uganda.;
- Low commodity prices for Uganda's important export products;
- Relative stagnation in terms of farm and non–farm productivity; and
- High interest rates in the banking sector that constrain the private sector's ability to play a greater role in the country's economic development.

I.4. Uganda has re–affirmed its commitment to the *Millennium Development Goals* (MDG) and has targeted GDP growth of 7% per year to decrease the population living in poverty to less than 10% by 2017. This will demand significant reductions in rural poverty, particularly in the north of the country and among the core groups of the poor (women, pastoralists and those engaged in crop agriculture). Uganda's *Poverty Eradication Action Plan* (PEAP) is currently under its second revision since 1997. The revised PEAP is to address the recent weak economic performance, the growing inequality (both within regions and between the rich and poor segments of the population) and define specific interventions to enhance rapid economic growth and structural transformation.

B. The Agricultural and Rural Sector

I.5. ***Structure of the Sector.*** Uganda's agriculture sector is dominated by smallholders and minimum mechanisation with the hand hoe being the major tool of cultivation. About 3 million households produce on rain fed farm units averaging 2.2 hectares. A wide range of crops and livestock are raised on these holdings. Only tea and sugar are grown on large estates. The main traditional cash crops are coffee, cotton, tobacco, tea and sugarcane. The traditional food crops are mainly maize, beans, cassava, Irish and sweet potatoes, groundnuts, bananas and finger millet. Food crop production dominates the agricultural sector contributing 71% of agricultural GDP while livestock products account for 13%, cash crops 11%, fisheries 6% and forestry 4%.

I.6. ***Contribution to the Economy.*** The agricultural sector accounts for 40% of the domestic GDP, about 90% of the exports and 84% of the employed population. The sector provides most of the raw materials to the mainly agro–based industrial sector comprising coffee hulling, cotton ginning, tea processing, soap industries, cigarette manufacture, grain milling, dairy and leather products manufacturing. Coffee, fish, tea and tobacco are the key export earners followed by horticulture and grains (mainly maize) and beans.

I.7. Despite its contribution to GDP, the agriculture sector has had the slowest growth rate among the major sectors. While industrial production and services have grown at 10.4% and 7.3% respectively between 1990/91 and 2002/03, the agricultural sector averaged 3.9% growth per annum over the same period. The average growth in subsistence food production was only 1.9% per annum compared to 6% for monetary food crop production. Emerging cash crops such as flowers, vanilla and cocoa have averaged growth rates of more than 20% per annum over the last five years.

I.8. Uganda's economic growth is highly tied to the growth of the agricultural sector. Strong agricultural growth increases demand for the outputs of the industry and services sectors. However, the high dependence on rainfed agriculture, the high rates of soil erosion and degradation (soil loss is estimated at 30 tons per annum per hectare in some highland areas), low rate of use of fertilizers and the resultant low productivity levels do not provide a strong basis for optimism.

I.9. ***Institutions.*** Recognising the importance of the agricultural sector and the poor performance of previous efforts to invest in the sector, government designed the *Plan for Modernisation of Agriculture* (PMA) in 2000. The PMA is a strategic framework for improving the functioning of the agricultural sector. It calls for greater participation and involvement of the private sector in development programmes and the empowerment of local governments and communities in the design and implementation of programmes that are geared at improving their livelihoods. The central government's role is defined as policy formulation, setting standards and regulations, monitoring and capacity building. It holds a multi–sector approach to agricultural modernisation recognizing the need for a holistic approach that demands close partnerships of a number of sectors and players. Consequently, within government, the modernization of the agriculture sector involves the concerted efforts of the following key ministries:

- Ministry of Agriculture, Animal Industries and Fisheries (MAAIF);
- Ministry of Tourism, Trade and Industry (MTTI);
- Ministry of Works, Housing and Communication (MOWHC);
- Ministry of Water, Lands and Environment (MWLE);
- Ministry of Finance, Planning and Economic Development (MFPED); and
- Others including the Ministry of Foreign Affairs (MOFA).

I.10. ***Financing.*** Financing to the agricultural sector, considering resources that are channelled through the MAAIF and her associated agencies, has taken an average of about 1.8% of the national budget between 1997/98 and 2003/04. The design of the PMA has provided a basis for increased funding to the agri–rural sector in the last four years. Within the broader context of PMA, financing to the agri–rural sector is about 10 per cent of the national budget. However, because of the national concerns with the fiscal deficit, funding to the sector, especially from development partners, is being constrained by budget ceilings set by the MFPED.

C. The Strategic Framework

(i) Government Objectives and Strategy

I.11. Poverty eradication is the overriding objective of Uganda's development strategy. The PEAP represents Uganda's *Poverty Reduction Strategy Paper* (PRSP). It aims at reducing the proportion of the population living in absolute poverty to less than 10% by 2017. The current PEAP, which is under revision, has four main goals:

- Creating a framework for rapid economic growth and structural transformation;
- Ensuring good governance and security;
- Directly increasing the ability of the poor to raise incomes; and
- Directly increasing the quality of life of the poor.

I.12. Government recognizes that the agriculture sector represents the greatest opportunity for increasing incomes of the poor because the sector engages 84% of Uganda's workforce, the majority of whom are the rural poor. The design of the PMA in 2000 as a strategic framework for the agricultural sector was in recognition of the conviction that modernization of agriculture will propel the process of structural transformation of the economy more rapidly than if priority is put on other interventions such as manufacturing and import substitution. The PMA aims at increasing the incomes and quality of life of the poor, improving household food security, providing gainful employment and promoting sustainable use and management of natural resources. The broad strategies for achieving the PMA objectives are:

- Making poverty eradication the overriding objective of agricultural development;
- Deepening decentralization to lower levels of local government for efficient service delivery;
- Removing direct government involvement in commercial aspects of agriculture and promoting the role of the private sector; and
- Supporting the dissemination and adoption of productivity–enhancing technologies.

I.13. Government also recognizes that the private sector is the engine for economic growth. However, the sector is relatively young and rather weak. In order to enhance the competitiveness of the private sector, a *Medium Term Competitiveness Strategy* (MTCS) for the private sector (2000–2005) was approved in 2000. It aims at removing bottlenecks to private sector growth and development by undertaking reforms and interventions in seven key areas including: infrastructure and utilities, financial sector, commercial justice, trade, investment and export development and improving the business environment for the micro and small scale enterprises (MSEs). A small technical secretariat was established in 2003 to monitor and coordinate the implementation of the MTCS.

I.14. Export diversification and market access are key to Uganda's economic development. Uganda is a small economy and therefore it heavily relies on external markets. In order to further support the private sector led and export driven strategy, government designed a *Strategic Export Programme* (SEP) in 2001. The programme aims at implementing selected interventions that enhance export growth and competitiveness in eight sectors — coffee, tea, cotton, fish, livestock, horticulture, Irish potatoes, and information and communication technology (ICT). It also aims at helping Uganda take advantage of the emerging opportunities under AGOA, EBA and other bilateral trade initiatives with Japan, Canada and the Middle East.

I.15. The linkage between government strategies and the African Union/NEPAD *Comprehensive Africa Agriculture Development Programme* (CAADP) is demonstrated in Annex 1 while Annex 2A shows the linkages between CAADP and the major government investment programs.

(ii) Major Donor Strategies and Priorities

I.16. The ***FAO*** is one of the traditional development partners in the agricultural sector. Over the last four years, the FAO has been actively engaged in the design and implementation of the Plan for Modernization of Agriculture and is one of the five members of the PMA Steering Committee representing all the development partners. The other members are ***IDA***, ***EU***, ***DFID*** and ***DANIDA***. The FAO's support to Uganda is mainly in the form of relatively small grants in form of Technical Cooperation Programmes (TCP) rather than through budget support. This mode of funding allows flexibility in FAO's support thereby enabling it to respond to emerging assistance demands in a strategic manner on a biannual planning basis. Other forms of assistance include technical assistance support through Multi–lateral and Unilateral Trust Funds (UTFs) and small scale facilities. Key areas of FAO support include provision of agricultural inputs especially in war–torn or drought stricken areas of the country. These take the form of seeds, hoes, pangas, multiplication and distribution of planting materials, capacity building through training and advisory services, emergency assistance to control diseases especially Foot and Mouth Disease (FMD) and dissemination of new technologies. FAO has been implementing the *Special Programme for Food Security* (SPFS) in Uganda since 1998. Phase II of the programme is in advanced stages of formulation. Its overall objective is to improve food security and household incomes through the expansion and popularisation of economically viable and sustainable methodologies for increasing agricultural production and productivity, focusing mainly on crops, aquaculture, small ruminants and poultry. The programme is estimated to cost US$4.3m.

I.17. The ***World Bank (IDA)*** in association with the ***International Monetary Fund (IMF)***, is the most influential and leading donor in the economy and plays a key role in the agricultural sector. In partnership with the Government of Uganda and other stakeholders, the bank supports about 30 projects in various sectors with commitments totalling about US$1.1bn. The IDA's Uganda portfolio is one of the largest in the region. Facilitating partnerships, donor coordination and resource mobilization is another important role played by IDA. The introduction of the PRSP in 1999 essentially as a mechanism for ensuring that countries that were eligible for HIPC debt relief had effective policies and programmes for reducing poverty has become a key feature in donor coordination and mobilizing resources. The PRSPs are financed through *Poverty Reduction Support Credits* (PRSCs) by IDA, the *Poverty Reduction and Growth Facility* (PRGF) by the IMF and other donors. In the Uganda case, the revised PEAP was accepted as the PRSP. Annual progress reports are made and reviewed to form the basis for the country to access PRSC or PRGF funding. Uganda is currently in the process of qualifying for the third PRSP amounting to US$150m. In addition IDA operates a number of agricultural projects including the *Northern Uganda Social Action Fund* (NUSAF, US$100m); *Agricultural Research and Training Project* (ARTP II, US$26m); the *National Agricultural Advisory Services* (NAADS, US$45m); *Protected Areas Management and Sustainable Use Project* (PAMSU, US$35m) and *Environmental and Capacity Building* (US$22m).

I.18. The ***African Development Bank (ADB)*** country strategy focuses on promoting economic growth and reducing poverty inline with the PEAP/PRSP goals. The ADB aims at achieving this through four thematic and mutually supportive areas, namely agriculture and rural development, physical infrastructure development, capacity building initiatives and private sector development. As of March 2003, the ADB portfolio in Uganda was at US$355m supporting a wide range of projects including the *North West Smallholder Project* (US$22.7m); *Area–based Agricultural Modernization*

Project (US$12.5m), *Fisheries Development Project* (US$28.4m) and the *National Livestock Production Improvement Project* (US$34.2m).

I.19. The ***Danish International Development Assistance (DANIDA)*** is a relatively new player in Uganda's agricultural sector. DANIDA's assistance was launched in September 1998 under the *Agriculture Sector Programme Support* (ASPS). Phase I of ASPS, envisaged to end in 2004, is about US$50m. The new policy climate associated with the Partnership principles and the design of the PMA will influence the second phase (ASPS II) due to start in 2004. The guiding principles for the design of ASPS II include: (a) a preference for focusing on fewer priority areas than under the present programme in order to increase efficiency; (b) the need to increase direct support to private sector development; and (c) the importance of demonstrating programme achievements. DANIDA also supports the agricultural sector through support to the Water and Sanitation sub–sector for which it has just signed another three–year programme of about USh40bn (equivalent US$20.1m).

I.20. The British Government, through its ***Department for International Development (DFID)*** is one of the largest bilateral donors. As a former protectorate of the British, Uganda has had a long period of influence and technical assistance from the British Government. DFID's support to the agricultural sector is increasingly being channelled through the budget (budget support) rather than projects. A number of programmes are being supported through the basket funding modality and project support. Specific areas of support have included the forest, land and environment sectors, agricultural research, advisory services provision and private sector development. The DFID, together with DANIDA, provided financial and technical support to the design of the PMA and are both members of the PMA Steering Committee. DFID channelled about £30m sterling through the budget in FY 2002/03 plus about £6m sterling through five natural resources/agricultural bilateral projects.

I.21. ***The International Fund for Agricultural Development (IFAD)*** is also a key player in Uganda's agricultural and rural development. Since 1981, IFAD's assistance to Uganda has totalled over US$132m in highly concessional loans for 10 investment projects and programs. Currently, IFAD is implementing five projects valued at about US$82m. These include *Vegetable Oil Development* (US$19.9m), *District Development Support* (US$12.6m), *Area–based Agricultural Modernisation* (US$13.1m), *National Agricultural Advisory Services* (US$17.5m) and *Rural Financial Services* (US$18.4m). IFADS's strategic focus has been on the provision of assistance for the improved production of key traditional exports crops (coffee and cotton) and non–traditional import substituting commodities (cereal/grains and oil seed crops), all of which are cultivated almost exclusively by smallholders; and support for the emergence of producer associations with particular attention to women's groups. IFAD's draft *Country Strategic Opportunities Paper* (COSOP) of 2003 emphasises priority areas that are consistent with PMA priorities and programmes with special focus to rural financial services, agro–processing and marketing.

I.22. The ***United States Agency for International Development (USAID)*** is the main channel of the USA Government for supporting Uganda's agricultural sector. In 2000 the USAID mission formulated an *Integrated Strategic Plan* (ISP) for 2002–2007. The main objectives, in relation to the agricultural sector, are to: (a) increase food security for vulnerable segment of the population, (b) increase productivity of agricultural commodity/natural resources system; (c) increase competitiveness of enterprises in selected sub–sectors; and (d) promote an enabling environment for broad–based growth. The USAID currently has a commitment of about US$11m per annum. This is being channelled through projects that support agricultural productivity enhancement, strengthening private sector competitiveness, natural resource improvement and provision of financial services. These projects include *Strengthening Competitiveness of Private Enterprises* (SCOPE), *Agricultural Productivity Enhancement Project* (APEP), *Productive Resource Investments for the*

Environment/Western Uganda (Prime/West) and *Private Enterprises Expansion and Development* (SPEED).

I.23. The ***European Union (EU)*** has also been a leading supporter of the agricultural sector. It has given significant support to the tea and coffee sub–sectors over the last two decades. EU investments have included extension services and research support, development of infrastructure including feeder roads in tea and coffee growing areas, tea factories and coffee hulling machinery. The main mode of support has also been the project mode. However, with the design of the PMA, the EU is gradually shifting to providing substantial resources of its assistance through budget support. In 2001 the EU indicated that it had earmarked up to US$100m for the agriculture sector through the PMA. Currently, it is already supporting the PMA Secretariat, NAADS, *Marketing and Agro–processing Strategy* (MAPS) through MTTI and is providing technical assistance to the Minister and PS of MAAIF.

I.24. ***Other development partners*** supporting the agricultural sector include ***Ireland***, ***Netherlands***, ***IDRC*** and ***Rockefeller Foundation***. There are also a number of institutions such as the *International Agricultural Research Centres* (***IARCs***), ***ASARECA*** and some ***NGOs*** (local and international) that support the agricultural sector. The majority of these partners essentially support government through individual donor projects and usually through small grants lasting a few years. These may be at national level, through local governments or directly to the private sector and/or civil society organization (CSOs). NGOs such as the United Kingdom based Farm Africa, the United States based *Heifer Project International* (HPI) are quite active in the livestock sector providing improved livestock breeds and management skills to poor households. Similarly community and religious based NGOs operate in different aspects of agriculture including support to environment improvement programmes such as agro–forestry, supply of energy saving fuels and supply of agricultural inputs. Other international NGOs like CARE and World Vision are also very active in the agri–rural sector supporting a wide range of initiatives.

I.25. The linkages between the major donor activities/interests and CAADP are demonstrated in Annex 2B.

(iii) Project Pipeline and Linkage with CAADP

I.26. As indicated in Annex 3, the PMA has a portfolio of 132 projects totalling USh348bn (equivalent to about US$183m) currently under implementation or in the pipeline. The implementation responsibilities span across 11 ministries and government agencies depending on the nature of individual projects (see Annex 3B). As indicated in Annex 3A, the projects are related to one pillar or another of CAADP.[6]

(iv) Conclusion

I.27. The government's strategic approach to agricultural and rural development is anchored to poverty eradication goals as contained in the PEAP and implemented through specific programmes within the PMA and the MTCS frameworks, among others. Specific projects and programmes are designed to support the strategies and frameworks. Government would like to shift away from the proliferation of a number of stand alone projects supported by donors in favour of support to programmes through budget support. Government is also implementing the decentralization policy which empowers local governments to access discretionary financial and human resources to design and implement programmes that address their specific–location problems. Uganda's *Fiscal*

6 See *Preface*.

Decentralization Strategy (FDS) aims at increasing the level of discretionary resources going to local governments to enhance ownership, efficiency and effectiveness in public resource use and service delivery.

I.28. Strategies and policies to support the agriculture sector are in place and at various stages of implementation, and there is keen donor support for the sector. However, government is dealing with three key challenges in terms of resource mobilization and use. These are:

- Reducing the current level of the fiscal deficit to a manageable level;
- Convincing donors to channel most of their resources through the consolidated fund (i.e. budget support rather than project aid); and
- Increasing the level of discretionary resources available to local governments.

II. CONSTRAINTS AND OPPORTUNITIES

II.1. ***Macro–economic Environment.*** Uganda's economic success over the last decade or so has been facilitated by having a conducive macro–economic environment characterized by peace and security in most parts of the country, low inflation levels, stable foreign exchange and interest rates, and relatively good infrastructure (road network, power supply and communications). The stable macro–economic framework has provided an opportunity for attracting donor and private sector resources into the economy.

II.2. ***Localised Civil Insecurity.*** Uganda's economic progress is tempered by the seventeen year old conflict in northern and parts of eastern Uganda which has diverted both human and financial resources to peace keeping and emergency rather than development. The number of Internally Displaced Persons (IDPs) is currently estimated at 1.2 million. These people are deprived of opportunities to cultivate and tend to their crops and livestock or engage in other gainful economic activities. The security situation in northern Uganda has already attracted global attention and concern. Multi–lateral and bilateral donor efforts are being mobilized to address the problem. Peace in southern Sudan and the Democratic Republic of Congo is expected to also contribute to reducing the problem.

II.3. ***Natural Resources and the Environment.*** Poor agricultural and land husbandry practices have resulted in declining land productivity, soil fertility depletion and degradation of the natural resource base. Annual soil losses are estimated at 30 t per hectare per year in some highlands areas and 95% of household plots have negative soil nutrient balances (Agricultural Sector Working Group, 2003). There is loss of forest cover, water pollution and declining resource stock as a result of over–harvesting of fish and encroachment on wildlife areas and wetlands.

II.4. ***Agricultural Production and Marketing.*** Outmoded technological practices are a constraint to increased agricultural output and productivity. For example, the hand hoe remains the predominant implement for soil tillage; use of improved seeds and stock materials stands at less than 10% of the households; fertilizer use is less than 2 kg per hectare and irrigation is limited to large sugar estates and selected horticultural enterprises. Low levels of application of disease control measures imply that periodically output is affected and market access restricted due to danger of disease spread. Marketing is a major challenge as it is influenced by factors such as the quality, volumes and regularity in supply by households; the quality of infrastructure (especially the road and rail network and storage and processing facilities) and external supply and demand factors including tariff and non–tariff barriers. The PMA framework provides programmes that are geared to addressing this challenge. There is a lot of donor support and the external environment is improving in relation to enhanced market access through multilateral and bilateral programmes and agreements such as AGOA and EBA. However, application of modern technologies to enhance productivity, improve product quality and increase returns to labour continues to be a major challenge.

II.5. ***The Livestock Sub–Sector.*** Despite the importance of the sub sector, livestock production is constrained by diseases — rinderpest, contagious bovine pleuropneumonia (CBPP), trypanosomiasis, foot and mouth disease (FMD), tick borne diseases, rabies, African swine fever and Newcastle disease. The diseases cause death, morbidity and increase the costs of production. They are a major constraint to the export of beef and dairy products from Uganda. Other constraints include poor and insufficient pastures, inadequate market infrastructure and periodic water shortages. There are emerging opportunities aimed at addressing the constraints of the sub sector. Livestock is one of the eight sectors under the SEP. Secondly, a US$30m soft loan has been approved by the ADB to address some of the constraints of the sub sector over the next five years (2003–2008). Uganda has potential for increasing the export of livestock and livestock products in the regional market if the disease constraints are overcome and suitable market infrastructure is in place.

II.6. ***The Forestry Sub–Sector.*** Uganda's savannah and tropical forests were about 43% of the land area in 1890 but have declined to about 21% today. Deforestation continues at about 2% per year. About 90% of the fuel energy is provided by Uganda's forests and demand for charcoal is increasing at nearly the same rate as urbanization or 6 percent a year, thus putting increased pressure on the depleting forestry resource. The construction industry is growing at a rate of 10–20% a year thereby contributing to the demands for wood poles and other timber products. This state of affairs provides opportunities for public and private sector investments in the sub sector. The current limitations in terms of access to electricity especially in rural areas demand that higher investments are put in wood fuel. The export sector is yet to be developed. The major potential products for exports include veneer; saw wood, and furniture items of Mahogany, Mvule, Elgon Olive and Nkoba. Government has already approved a *National Forestry Policy* (2001) and a National Forest Authority (NFA) was set up in 2003 to implement the *National Forest Plan*. These and other efforts are geared at streamlining the management of the forestry resources, reversing their degradation and over–exploitation, and maximizing their contribution to the economic development of the country. The private sector and community associations are to be given greater roles in the management of the forestry resource.

II.7. ***The Fisheries Sub–Sector.*** A number of constraints faced by the fisheries sub–sector include continued depletion of the fisheries stocks (over exploitation), lack of information and research about the major commercial species (their reproductive biology, spawning habits and growth potential in artificial environment, etc), lack of supportive infrastructure especially on landing sites and poor husbandry practices that resulted in periodic bans by European markets between 1997 and 2000 as a result of Salmonella, Cholera and fish poisoning. There is scope for expanding the production of fish by developing aquaculture, provision for high yielding and quick maturing fish fry and improving the marketing of existing fish exports through value addition and improved penetration in various niche markets. The fisheries sub–sector is also among the strategic exports singled out by government for selected interventions in the medium to long–term. In addition to domestic resources being invested in the sector, a loan of over US$15m has been secured from the ADB to develop the sub–sector over the next five years.

II.8. ***Institutional Constraints and Opportunities.*** Institutional constraints largely relate to over–concentration of power in the sector ministry headquarters, a weak private sector and inadequate capacities at lower levels of government. Through decentralization and the passage of the *Local Government Act* (1997), the PMA and the MTCS, there is a better appreciation and delineation of roles and responsibilities across sector ministries, local and central government and the private sector. Service delivery has been streamlined and the role of local governments and communities enhanced.

There is therefore scope for designing and implementing programmes at community and lower government structures. Central government institutions are undergoing institutional reforms and restructuring to make them more efficient in delivery of their services and to build public–private partnerships in the design and implementation of programmes.

II.9. ***Conclusion.*** Arising from the above, one of the major challenges for Uganda's rural development is ending the conflict in the north and resettlement of the IDPs back to their homesteads and enabling them to engage in production again. Of priority will also be interventions, in various parts of the country, to increase agricultural production and productivity; address natural resource degradation and soil infertility; and promote smallholder use and conservation of water for agricultural production.

II.10. The PMA institutional architecture and programmes provide a strong basis for enhancing public sector service provision in support of agricultural development (including crop, livestock and fisheries). Donor support has been forthcoming as already highlighted. However, there is still scope for enhancing community efforts in natural resource management and capacity building for local governments in providing leadership in participatory planning and implementation of programmes within decentralized machinery.

III. INVESTMENT PROGRAMME OUTLINE

A. Priority Areas for Investment

III.1. The PMA has already identified priority areas for agricultural and related rural investments and the MAAIF has drafted a *Development Strategy and Investment Plan 2004/5–2006/7*. The CAADP investment program will therefore need to be within the priorities set out by the PMA if the former is to contribute purposefully and meaningfully towards the country's overriding goal of poverty eradication, help resolve some of the critical constraints identified above and take advantage of the available opportunities. Some of the PMA priority areas have already had their strategies designed and costed. These include the NAADS and the ARTP).

III.2. The priority areas identified in the following paragraphs therefore derive from those set out in the PMA and fit into at least one of the pillars of CAADP. The areas were agreed on at the National Stakeholders Workshop which took place in Kampala on 26 February 2004.

III.3. ***Priority 1: Water Resource Use and Management (CAADP Pillar 1).***

- ***Smallholder Irrigation.*** About 25% of Uganda is water surface. Yet, very little water is used for agricultural production and this is almost entirely on the large estates and plantations. Investments to support smallholder irrigation, particularly for high value crops, would increase agricultural production and productivity, improve farm incomes and reduce food insecurity. A study to develop water for production strategy has been completed.

- ***Water Conservation.*** Investments in this area would focus on promoting low cost water harvesting and storage techniques and support to participatory water management by the water users.

III.4. ***Priority 2: Improving Agricultural Support Services.***

- ***Marketing and Agro–Processing Development (CAADP Pillar 2).*** A Marketing and Agro–processing Strategy (MAPS) has been designed, is already approved by the PMA Steering Committee and is due for implementation. It lays emphasis on five areas for intervention to which investment funds could be targeted. These include: (a) developing a trade policy and building capacity for trade policy analysis and negotiations; (b) development of market infrastructure including establishment of an *Agricultural Commodity Exchange* (ACE) and developing *Warehouse Receipt System* (WRS); (c) promotion of farmer groups, associations and cooperatives to enhance the capacity for the production of marketable high and regular volumes of reliable quality standards and strengthening the bargaining position of the small holder farmers; (d) provision of market information and promoting the use of price risk instruments; (e) development of the agro–processing sub–sector and exploiting avenues for value addition and enhancing Uganda's product competitiveness in the local, regional and international markets. The EU, DFID, IFAD and other donors are supporting the MTTI in the implementation of the strategy. However, critical funding gaps remain to which investment projects could be targeted, especially in relation to establishing rural based market infrastructure including storage and agro–processing facilities and equipment. In addition, there is still need for investment in areas of standards and regulations especially given the stringent export market requirements. Therefore there are still adequate investment/funding opportunities for both the private and public sector.

- ***Farm Technology Improvement (CAADP Pillar 3).*** Investments in this area would aim at improving agricultural production and productivity by facilitating smallholder farmers to use appropriate technologies (tools, implements, animal traction etc) in their farm operations. For example it could focus on farm mechanization and, among other things, move farmers away from over–dependence on the hoe as the dominant implement for soil tillage. These would largely be private sector funded investments.

- ***Rural Financial Services (CAADP Pillar 3).*** Past efforts by government to provide financial services to the rural poor have not been successful mainly due to misconceptions as political hand–outs as well as inefficient delivery systems and poor producer prices. As a result, under the PMA, government plans to use the private sector as the mechanism for delivery of financial services and limit its role to providing a conducive legal and regulatory environment and capacity building for the private sector. It will support expanded outreach in areas not served by micro financial services, build capacity of financial institutions, support new products development for farmers and help government recover the funds under the *Entandikwa Credit Scheme* (ECS). A number of donors, including the EU, IFAD and DANIDA have already made commitments to support the microfinance sub–sector. Because the program is private sector driven and most of the resources will be spent outside the budget, there are no significant public funding problems envisaged.

III.5. ***Priority 3: Livestock Development (CAADP Pillar 5).*** Investments in this area could target animal production, nutrition and disease control/treatment initiatives. Efforts would concentrate on both small and large ruminants as well as poultry. The investments would be largely by the private sector, both large and small operators.

III.6. ***Priority 4: Natural Resources Conservation and Management (CAADP Pillar 5).*** Investments in this area could focus on sustainable land use, soil conservation and fertility enhancement, catchment/wetland area management, sustainable use of forestry resources and promotion of alternative energy sources that reduce the pressure on the declining forestry resource. Government has developed appropriate policies and plans e.g. the *Land Sector Strategic Plan* (LSSP), the *Wetlands Sector Strategic Plan* (WSSP), the Forestry Policy and Investment Plan. However, there is inadequate funding to operationalize these policies/plans.

III.7. ***Priority 5: Fisheries Production (CAADP Pillar 5).*** The fish stock in the lakes and rivers is fast being depleted because of over–fishing and unscrupulous fishing practices by some fishermen. For reasons of nutrition and income generation, beyond measures to improve lake/river fisheries resource management and exploitation, there is need to supplement the current fish stocks by investing in aquaculture where land and water resources permit. Some of the fish farmed could also be targeted at export in niche markets.

B. Selection Criteria for Bankable Projects

III.8. The selection criteria for the bankable projects will include the following:

- the project should respond to the priority areas highlighted in the PMA;
- the project should addresses at least one of the five pillars of CAADP;
- the project should have a high likelihood of directly increasing incomes of the poor (and reducing inequality);
- the project should have a high likelihood of success with private sector and beneficiary participation in its design and implementation;
- the project should contribute to value addition and to increased export earnings especially by smallholder farmers; and
- the project should contribute to enhancing food security.

C. Identification of Bankable Investment Projects

III.9. Based on the criteria outlined above, the following would be the priority areas for the preparation of *Bankable Investment Project Profiles* (BIPPs).[7] These areas were agreed on at the national workshop mentioned above.

- Small–scale irrigation and water harvesting associated with high value export products and strategic food products produced by small holder farmer associations;
- Marketing and agro–processing infrastructure in support to smallholder associations;
- Support to sustainable natural resource use and management including soil fertility and agro–forestry management;
- Support to aquaculture development;
- Livestock with emphasis on production and disease control/treatment and market infrastructure;
- Agricultural mechanization;

[7] See *Preface*.

- Provision of rural financial services; and
- Support to the development of the horticulture sub–sector for smallholder farmers.

III.10. Accordingly, the following five BIPPs have been identified and prepared (they are presented in separate documents):

- ***Aquaculture Development Project;***
- ***Smallholder Irrigation Development and Water Harvesting Project;***
- ***Livestock Development Project;***
- ***Agricultural Marketing Project;***
- ***Natural Resource Management Project.***

IV. FINANCING GAP

IV.1. In the Maputo Declaration of July 2003, the Heads of Governments of the African Union (AU) committed themselves to increase budgetary allocations to the agriculture and rural development sector so that their share of national budgetary resources reaches 10% in five years time (2003/04 to 2007/08). The 10% is defined as the *"amount of the total national budget (including domestically–funded, hard and soft loan funded, and grant funded resources) allocated to agriculture and rural development"*. The financing gaps here therefore relate to the shortfalls in projected budgetary allocation to the sector vis–à–vis the 10% target.

IV.2. The approach used to estimate the level of funding to the agricultural and rural development sector follows the framework of the government's PMA. The data were obtained from the MTEF figures published by the MFPED. Data for 2001/01 to 2003/04 are approved budget figures as at the Finance Minister's presentation of the budget for the respective year while the data for 2004/05 to 2006/07 are planned expenditures as contained in the MTEF figures published in October 2003. The categories of expenditure used to obtain the spending level were (a) expenditures to MAAIF and her agencies; (b) the *Local Government Development Grant* (LGDP), estimated at 60% of the total spending in order to exclude expenses on health and education; (c) land and environment; and (d) the PMA *Non–sectoral Conditional Grant* (NSCG).

IV.3. Table 1 below shows the results generated from the data from the seven expenditure areas described above. The results show that spending through MAAIF and her agencies (agriculture) will have fallen from a high of 5.08% in 2001/02 to about 3.16% next financial year (2004/05). The overall allocation to agriculture and rural development is following the same trend, from a high of 8.24% in 2001/02 to 5.90% in 2004/05. For the period 2000/01 to 2006/07 the average spending of nearly 6.50% of the total budget (including donor resources) is foreseen. Government is committed to reducing the current level of the fiscal deficit of about 12% of GDP to a more sustainable level. Consequently, the projected MTEF for 2004/05–2006/07 is expected to grow at a modest level of 7% per annum, assuming there are no tax policy changes that would significantly affect current domestic revenue projections. However, in order to achieve the 10% target, spending in the agriculture and rural development by 2007/08, the budgetary allocations to the sector will have to increase substantially, by about 27% per annum, from 2005/06, well on top of the average 7% stipulated above.

IV.4. ***The greatest challenge to filling the financing gap is the need to control the fiscal deficit.*** Consequently, it is the budget ceilings provided for each sector by the MFPED that do not allow for increased spending in the agriculture and rural development sector.[8] In this regard, Uganda might be the only country in Africa that faces this constraint. The implications for the NMTIP is that the bankable investment projects to be developed will (a) form a basis for arguing for increased sector ceiling; (b) a basis for re–prioritization of programmes covered by the current budget spending; and (c) a tool for mobilizing resources from the private sector and civil society organizations in partnership with the public sector. The fact that spending in the education and defence sectors stands at 25% and 15% respectively, raises the question as to how sector allocations are determined and the extent to which increased spending on agriculture and rural development could contribute to reducing spending in the two sectors, at least in the long–term.

Table 1: Agriculture and Rural Development Financing Gap, 2000/01–2007/08

Financial Year	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Component	Approved				Planned			Projected
(USh billion)								
Agriculture	102.44	128.24	118.08	101.01	99.14	109.57	118.08	
LGDP	15.66	28.90	46.09	39.45	39.73	43.99	46.09	
Land and environment	27.42	44.87	47.44	44.61	39.42	44.50	47.44	
NSCG	6.70	6.07	6.89	6.38	6.72	6.87	6.89	
Subtotal	152.22	208.08	218.50	191.45	185.40	204.93	218.50	382.40
Total budget	2,297.61	2,525.34	3,573.56	3,054.00	3,137.95	3,347.03	3,573.56	3,823.71
Share of Total Budget (%)								
Agriculture	4.46	5.08	3.30	3.31	3.16	3.27	3.30	
LGDP	0.68	1.14	1.29	1.29	1.27	1.31	1.29	
Land and environment	1.19	1.78	1.33	1.46	1.26	1.33	1.33	
NSCG	0.29	0.24	0.19	0.21	0.21	0.21	0.19	
Subtotal	6.63	8.24	6.11	6.27	5.91	6.12	6.11	10.00
Shortfall to Reach 10% Target								
%	3.37	1.76	3.89	3.73	4.09	3.88	3.89	0.00
USh billion	77.54	44.45	138.86	113.95	128.39	129.78	138.86	0
US$ million equiv. (US$1.00 = USh1,900)	*40.81*	*23.40*	*73.08*	*59.97*	*67.58*	*68.30*	*73.08*	*0*

Source: MFPED Approved Budgets, 2001/02–2003/04; Medium–Term Expenditure Framework, 2004/05–2006/07.

V. MONITORING AND EVALUATION

V.1. Monitoring and evaluation are critical components of any programme or project undertaking. Uganda has already developed an elaborate monitoring and evaluation frameworks for the PEAP and the PMA. The Parliament of Uganda approves the annual budget allocations for the country and has oversight over budget expenditure. The Prime Minister’s Office coordinates the implementation of government programmes including monitoring and evaluation. The MFPED houses the *Poverty Monitoring and Analysis Unit* (PMAU) which coordinates data collection, analysis and dissemination. It also commissions poverty research and evaluation studies.

[8] Sectoral budget ceilings are the maximum levels of resources provided to sectors annually at the beginning of the budget process cycle which starts in October and ends with the reading of the Budget Speech in June of the subsequent year, to guide them in budgeting for the sector. It is not a fixed percentage or amount and varies from year to year depending on the level of resources from domestic revenue and external grants and loans projected for the coming year. The figures indicated in the table are therefore the actual approved resources for the years to 2003/04 and planned expenditures in the MTEF for the years 2004/05–2006/07.

V.2. The relevant indicators include GDP growth rate and income poverty. These are mainly collected by the *Uganda Bureau of Statistics* (UBOS) on an annual and biannual basis, respectively. Under the PMA, a M&E framework has also been designed targeting seven priority indicators. These include:

- yield rates of major crops;
- yield rates of livestock (milk and meat production);
- outreach of rural financial services;
- proportion of land area covered by forest;
- percentage of land with titles;
- percentage of the national budget allocated to a given sector or sub sector; and
- access to water.

V.3. The PMA Secretariat has the role of coordinating information capture. However, most of the indicators are defined and monitored by the respective sector institutions.

V.4. Table 2 below summarizes the key monitoring institutions and areas of responsibility. These M&E arrangements are so far performing satisfactorily. The Uganda CAADP would adopt them.

Table 2: Key Institutions Relevant for the Monitoring & Evaluation of PEAP/PMA

Institution	Responsibility
1. Parliament	• Approves budget allocations; • Has oversight of government expenditures.
2. Office of the Prime Minister	• Coordinate policy related information; • Influence political and socio–economic decisions.
3. Ministry of Finance, Planning and Economic Development	• National planning resource mobilization and allocation; • Coordinates poverty data collection and dissemination; • Conduct censuses and surveys including household surveys and National Service Delivery Surveys; • Monitoring of public expenditure and macro–economic indicators; • Production of Poverty Status Reports.
4. Sector Ministries	• Design indicators and collect date on service delivery efforts and their immediate outcomes.
5. District Authorities	• Collect information on relevant inputs and outputs.
6. Civil Society	• Various.
7. Development Partners	• Various.

VI. CRITICAL ISSUES

VI.1. While political support for NEPAD is strong and evident among the country's leadership, three critical issues came up during the workshop discussions, particularly from the donor community:

- They wondered what ***value addition*** will be ***provided by the NMTIP*** given that the country has already articulated elaborate strategies and plans for the agri–rural sector, particularly the PMA. It was explained that the proposals that will be developed and financed within the CAADP's NMTIP framework will be in line with the priorities of the PMA and will be complementary to other interventions being undertaken to operationalize it.

- Clarification was needed regarding the ***definition of agriculture and rural development within the NEPAD context*** so as to be able to measure the financing gap. It was felt that if a wider meaning is adopted, then Uganda already exceeds the 10% resource allocation target set out in the Maputo Declaration. It was explained to the workshop that in calculating the financing gap, the PMA financing framework has been used. This is largely in line with the guiding definition of *"the amount of total national budget including domestically funded, hard and soft loan funded and grant funded resources allocated to agriculture and rural development"*.

- The ***fiscal budget ceilings*** imposed by government for macro–economic management reasons are likely to affect the public financing of incremental programs under NEPAD/CAADP. However, there are several potential solutions to go around this problem: (a) agriculture, as a productive and highly strategic sector, could secure higher budget ceilings most likely at the expense of the non–productive sectors; (b) efforts could be made to re–prioritise the existing priorities in the sector and take into account the CAADP programs; and (c) project design should be innovative, encourage partnerships with the private sector and minimise proposals which require public financing.

ANNEXES

Annex 1: **Linkage between CAADP, Government Strategy, Lead Agencies and Development Partners**

Annex 2: **Linkages of CAADP to Government Investment Programme and Development Partners Areas of Interest**

Annex 3: **Summary of PMA Projects**

Annex 4: **List of References**

Annex 1: Linkage between CAADP, Government Strategy, Lead Agencies and Development Partners

CAADP Pillar	PMA Pillar	Government Strategy	Lead National Actor	Lead Development Partner
1. Sustainable Land Management and Water Control	6, 7	• Land Sector Strategic • Plan (LSSP) • Water for Production • Policy and Investment Plan • Wetlands Sector Strategic Plan (WSSP)	• MWLE • MAAIF	• IDA • DFID
2. Improving Rural Infrastructure and Trade Related Capacities	5, 7	• Marketing and Agro–Processing Strategy (MAPS) • Rural Electrification Programme • Road Sector Development Programme	• MOEMD • MTTI • Private Sector	• EU • UNIDO • IDA • USAID
3. Increasing Food Supply and Reducing Hunger	5	• Food and Nutrition Strategic Investment Plan	• MAAIF • MOH • Private Sector	• IFAD • ADB • IDA • FAO • DANIDA
4. Agricultural Research, Technology Dissemination and Adoption	1, 2	• National Agricultural Research Policy • National Agricultural Advisory Services (NAADS)	• MAAIF (NARO) • MAAIF • Min. of Local Government • Private Sector	• IDA • EU • DFID
5. Others: – Livestock	5, 6	• National Livestock Production Improvement	• MAAIF – Directorate of Animal Production • Private Sector	• ADB • USAID
– Fisheries		• Fisheries Development Project	• MAAIF – Department of Fisheries Development • Private Sector	• ADB • DFID • EU
– Forestry		• National Forestry Policy	• MWLE– National Forestry Authority • MAAIF– Forestry Resources Research Institute • Private Sector	• DFID • EU
– Natural Resources		• As per CAADP Pillar 1	• MWLE • MAAIF	• IDA • DFID

PMA Priority Areas
1. Agricultural Research and Technology Development
2. Agricultural Advisory Services
3. Rural Financial Services
4. Agricultural Education
5. Agricultural Marketing and Agro–processing
6. Natural Resources Use and Management
7. Supportive Physical Infrastructure.
8. Institutional Reform, Policy and Regulation

Annex 2: Linkages of CAADP to Government Investment Programme and Development Partners Areas of Interest

A. Government Investment Programme

Sector/Policy/Activity	CAADP Pillar				
	1	2	3	4	5
I. Agriculture					
1. Vegetable Oil Dev. Program (1998–2015)		X	X		
2. Support to NAADS (2001–2008)				X	
3. Agriculture Sector Programme Support (1998–2004)			X		
4. Support to Fisheries Development Program					X
5. Support for Capacity Building for ARTP 11 (2001–2005)				X	
6. NW Small Holder Agric. Development Project (2000–2006)			X		
7. Support to Coffee seedlings				X	
II. Natural Resources					
1. Protected Area Management (2002–07)	X				
2. Lake Victoria Environment Management Programme (LVEMP) (1997–2005)	X				
3. Wetland Sector Strategic Plan Support Program (WSSP) (2001–2110)	X				
4. Environmental Management Capacity Building Project Phase II (EMCBP II) (2001–2006)	X				
5. Forestry Resources Management and Conservation Programme (2001–2006)	X				
III. Trade & Industry Project					
1. Support to Private Vocational Training Providers (2000–2006)		X			
2. Cleaner Production Centre (2001–2004)		X			
3. Strengthening of Vocational Training (1994–2006)		X			
4. Uganda Integrated Programme (1999–2004)		X			
IV. Water					
1. Small & Large Towns Water and Sanitation Programme (1994–2010)	X				
2. Support to Rural Water supply and Sanitation Development (2003–2007)	X				
3. Urban Water Sub–sector Reform implementation (2001–2005)	X				
4. Support to the Water Resources Monitoring Dept. Phase III (2003–2007)	X				
5. Operational Water Resources Management and information System in the Nile Basin States (1999–2005)	X				
V. Energy & Transport					
1. Energy for rural transformation: Agric. Sub–component (2002–2006)		X			
2. DANIDA Road Sector Program Support (2003–2007)		X			
3. Road Maintenance in Eastern Uganda (1980–continuous)		X			
4. Rehabilitation and maintenance of Rural Feeder Roads (2001–open)		X			
5. Road equipment for District Units (1996–open)		X			

B. Main Development Partners Activities/Interests

Dev. Partner	Area of Interest/Project	CAADP Pillar				
		1	2	3	4	5
ADB	1. Fisheries Development Project			X		
	2. National Livestock Prod. Improvement			X		
	3. NW Small Holder Agric. Development Project			X		
	4. Area–Based Agricultural Modernisation Programme (AAMP)	X	X	X	X	X
IFAD	1. Rural Financial Services		X	X		
	2. National Agricultural Advisory Services (NAADS)				X	
	3. Area–Based Agricultural Modernisation Programme (AAMP)	X	X	X	X	X
	4. Vegetable Oil Development		X	X		
	5. District Development Support		X			
EU	1. Lake Victoria Fisheries Management Project					X
	2. Support to PMA	X	X	X	X	X
	3. Support to MTCS		X			
	4. Support to APEX credit line	X				
	5. Uganda Program for Trade Opportunities and Policy (UPTOP)		X			
USAID	1. Agricultural Productivity Enhancement Project		X		X	
	2. Strengthening Competitiveness of Private Enterprises (SCOPE)		X			
	3. Productive Resource Investments for the Environment/Western Uganda (Prime/West)	X				X
	4. Private Enterprise Expansion and Development (SPEED)		X			
DFID	1. Support to PMA (NARO, NAADS, etc)	X	X	X	X	X
	2. Integrated Lake Management Project	X				
	3. Support to Fisheries					X
DANIDA	1. Agricultural Sector Programme Support (ASPS II)			X	X	
	2. Support to Private Sector Development			X		
World Bank	1. Agricultural Research and Training Project (ARTP II),				X	
	2. National Agricultural Advisory Services (NAADS),				X	
	3. Protected Areas Management and Sustainable Use Project (PAMSU)	X				

Annex 3: Summary of PMA Projects

A. Summary by Priority Area (2001/02)

PMA Priority Area	CAADP Pillar	No. of projects	USh billion	US$ million(*)	%
1. Research and Technology	4	14	32.16	16.93	9.2
2. Agriculture Advisory Services	3 & 4	38	88.16	46.40	25.3
3. Access to Rural Finance	3 & 5	4	11.39	5.99	3.3
4. Agricultural Education	4	2	2.05	1.08	0.6
5. Agro–processing and Marketing	2	7	28.26	14.87	8.1
6. Natural Resource Use and Management	1	22	50.07	26.35	14.4
7. Infrastructure	2	16	102.39	53.89	29.4
8. Institutional Reform, Policy and Regulation	Various	29	33.50	17.63	9.6
Total		132	347.98	183.15	100.0

B. Summary by Ministry/Implementing Agency (2001/02)

Ministry/Agency	No. of projects	USh billion	US$ million(*)	%
Ministry of Agriculture, Animal Industry and Fisheries (MAAIF)	39	94.15	49.55	27.1
Ministry of Works, Housing and Communications (MWH&C)	13	75.40	39.69	21.7
Ministry of Water, Land and Environment (MWLE)	20	51.47	27.09	14.8
National Agriculture Research Organization (NARO)	13	31.97	16.83	9.2
Ministry of Energy and Mineral Development (MEMD)	4	21.74	11.44	6.2
Office of the Prime Minister (OPM)	4	20.35	10.71	5.8
Ministry of Finance, Planning and Economic Dev't (MFPED)	9	19.82	10.43	5.7
Ministry of Tourism, Trade and Industry (MTTI)	9	15.86	8.35	4.6
Ministry of Local Government (MOLG)	8	12.86	6.77	3.7
Ministry of Gender, Labour and Social Dev't (MGLSD)	11	2.28	1.20	0.7
Ministry of Education and Sports (MOES)	2	2.09	1.10	0.6
Total	132	347.99	183.15	100.0

(*) US$1.00 = USh1,900

Source: Oxford Policy Management with Agriconsult, 2002.
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Annex 4: List of References

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