



THE REPUBLIC OF UGANDA

Agriculture Sector Semi-Annual Performance FY 2016/17: What are the Key Challenges?

OVERVIEW

Agriculture is prioritized in the second National Development Plan (NDPII) as a key growth opportunity for strengthening the country's competitiveness for sustainable wealth creation, employment and inclusive growth (GoU, 2015).

The sector aims to achieve four key results as stated in the Agriculture Sector Strategic Plan (ASSP) 2015/16-2019/20 development outcomes over the medium term:

a) Increased agriculture production and productivity, b) Increased access to critical farm inputs, c) Improved access to agricultural markets and value addition, d) Strengthened agricultural services institutions and enabling environment.

This **Briefing Paper** examines the extent to which the agriculture sector achieved the key planned outputs for the first half of FY 2016/17 (July-December 2016); and the key challenges that need to be addressed for the sector to remain on track.

Methodology: Primary data using a combination of random and purposive sampling methods was collected by the Budget Monitoring and Accountability Unit (BMAU) in January and February 2017. Field work covered 10 programmes/projects in six out of nine votes in the agricultural sector. This was complemented with financial data from the Integrated Financial Management System (IFMS) and various budget and policy documents.

Performance Rating: A Weighted Scoring Method was used to rate the achievement of outputs relative to their budgets: Very Good (90%+); Good (70%-89%); Fair (50%-69%) and Poor (Less than 50%).

KEY ISSUES

- Delayed approval and disbursement of funds by sector and Local Government (LG) Accounting Officers.
- Low capacity and inefficiencies in the Procurement and Disposal Units.
- High outstanding arrears in the sector hindering service delivery.
- Low survival of crop enterprises at farm level.
- Delayed or non-disbursement of donor funds and counterpart funding.
- Poor farmer selection and inadequate programme supervision leading to wastage of inputs.

Sector Planned Outputs for FY 2016/17

- Seeds, planting, breeding and stocking materials provided to farmers
- Water for production facilities developed at farm level
- Farm mechanization enhanced
- Pests, vectors and diseases controlled
- Animal breeding and genetics developed
- Single spine agricultural extension system implemented, and farmers trained
- Research developed and proven technologies disseminated to farmers
- Agricultural markets and value addition promoted and improved
- Agricultural sector institutions strengthened

Agricultural Sector Financial Performance

The sector financial performance during the first half of FY 2016/17 was very good as 46.8% of

the approved budget was released, and 88.6% of available funds absorbed (Table 1).

Table 1: Agricultural sector semi-annual financial performance by 31st December, 2016 (Ug shs billion including Arrears and Taxes)

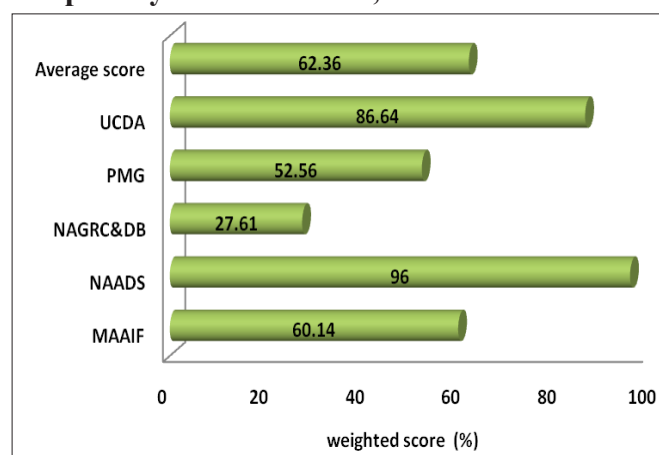
Vote/ Grant	Approved budget	Releases	Expenditure	% budget released	% release spent
Ministry of Agriculture, Animal Industry and Fisheries (MAAIF)	246.888	72.615	63.411	29.41	87.32
Dairy Development Authority (DDA)	6.619	2.282	2.234	34.48	97.9
Kampala Capital City Authority (KCCA)	7.878	6.282	5.900	79.74	93.92
National Agricultural Genetic Resource Centre and Data Bank (NAGRC & DB)	13.150	10.184	3.326	77.44	32.66
National Agricultural Research Organization (NARO)	114.137	61.130	57.723	53.56	94.43
National Agricultural Advisory Services (NAADS) Secretariat	318.607	158.982	146.165	49.90	91.94
Uganda Cotton Development Organization (UCDO)	7.395	5.873	5.097	79.42	86.79
Uganda Coffee Development Authority (UCDA)	87.412	55.767	43.365	63.80	77.76
Local Governments (LGs)**	51.077	25.538	-	50.00	-
Total	853.163	398.654	327.221		

**There is no information system capturing LG expenditures; Source: MFPED, 2017.

Overall sector performance

The agriculture sector performance during the first half of FY 2016/17 was fair at 62.36% (Figure 1).

Figure 1: Percentage achievement of planned outputs by 31st December, 2016



Source: Field Findings

By half year, the sector distributed all the planned annual quantities of planting materials to farmers under the NAADS/Operation Wealth Creation (OWC) Programme; more than 90.668 million coffee seedlings were raised and 2.34 metric tonnes of coffee seed distributed in Northern Uganda by the UCDA.

A total of 925 (49%) water production facilities were developed against an annual target of 1,880 under the MAAIF Improving Access and Use of Agricultural Equipment Project. The facilities included 100 valley tanks, 1,700 acres of bush cleared and 80 roads improved.

Thirty three (33% of annual target 100) demonstrations of horticulture, cereals, aquaculture, livestock and agro-machinery were set up and farmers trained in Kabale, Mbarara, Luwero, Budaka and Amuria Chinese Agricultural Technology Hubs under the Uganda China South to South Project.



Bush clearing was ongoing at AMFRI FARM in Nakaseke district

However, the sector performance (62.36%) was lower and not matching the high release (93.6% of half year budget) and expenditure (88.6%) due to several implementation challenges. The challenges led to poor performance of some programmes and projects such as: NAGRC&DB (27.61%), Production Marketing Grant-PMG (52.56%), MAAIF Agriculture Cluster Development Project (25.60%) and Potato Commercialization Project (47.98%).

Key Implementation Challenges

Delayed approval and disbursement of funds by Accounting Officers

This was a critical constraint for the PMG, NAGRC &DB and some MAAIF projects. For example, in Mpigi, Mbale and Gulu districts, the requisitions for PMG funds took three to five months before approval leading to delayed initiation of implementation. Most of the funds requisitions made by ranches in August 2016 had not been approved by 31st December, 2016 by NAGRC&DB Headquarters. The Vegetable Oil Development programme (VODP2) underperformed due to delayed approval and disbursement of funds by MAAIF.

Low capacity and inefficiencies in the Procurement and Disposal Units (PDUs)

This challenge led to under performance of the PMG in LGs. In Mbarara district, the PDU took two to four months to conclude procurement processes. The absence of officers and under staffing of the PDU were a key constraints. Procurements in Mbale district were late partially due to delays by the PDU in selecting service providers and undertaking bid evaluations.

High level of arrears due to poor budgeting and prioritization of arrears

There were outstanding arrears within the sector due to delayed verification of supplied seedlings especially by the lower local governments; and poor budgeting and non-prioritization of payment of arrears by MAAIF and agencies. This was a disincentive for service delivery by MAAIF field staff and private nurseries.

By 28th December, 2016 the UCDA owed private nursery operators Ug shs 32,325,347,632 in unpaid arrears for the seedlings they had supplied. For the Improving Access and Use of Agricultural Equipment project, the MAAIF owed field staff eight months allowances amounting to Ug shs 560 million. Under NAADS/OWC programme, private nursery operators in Kanungu district were owed Ug shs 1,386billion for tea seedlings supplied in 2013; arrears in Kisoro district amounted to Ug shs 3.735billion for 8.3 million tea seedlings distributed in March 2016.

Low production and survival of crop enterprises due to drought, late delivery of inputs and inadequate extension

Although all the crop planting materials were distributed by half year for the NAADS/OWC programme, crop survival and establishment was generally poor due to drought and inadequate extension services. Using a small sample of 35 randomly selected farmers in the four regions of Uganda, the survival rates of crops under the NAADS/OWC were: Coffee (27.04%); Mangoes (60.84%); passion fruits (100%); Oranges (37.50%) and Bananas (46.40%). The mortality of coffee seedlings distributed by UCDA in Northern Uganda from July to December 2016 was estimated at 60% (UCDA Northern Region office). The high mortality was attributed to late delivery of seeds to farmers.

Delayed or non-disbursement of donor funds and counterpart funding

Some donor funded projects performed poorly due to delayed declaration of project effectiveness and limited release of both donor and counterpart funding. The performance of the MAAIF Agriculture Cluster Project was poor (25.55%) as the disbursement of the approved budget was low for both the donor (10.60%) and Government of Uganda (18%) components. The MAAIF had inadequate technical knowledge and capacity to meet some of the prior conditions such as designing and implementing the e-voucher system and registering 450,000 farm households.

Poor farmer selection and programme supervision leading to input wastage

This challenge was prevalent in the NAADS/OWC programme. In Mbale district, farmers left the crops under a bush or sold off the seedlings; In Mubende district farmers abandoned some crop enterprises that were delivered late during the drought season. Some suppliers left inputs at the district headquarters where farmers could not easily access them. In Mityana district, some tea seedlings were not planted due to inadequate land and labour at farm level. The underlying constraint is that the NAADS/OWC programme does not have a mechanism of assessing the capacity and resource base of farmers to judge if they will utilize the inputs effectively.

Conclusion

The overall performance of the agricultural sector was fair (62.36%); and lower than the high release (93.60%) and expenditure (88.6%) for the half year due to the mentioned implementation challenges that need to be addressed.



5,000 OWC tea seedlings were abandoned by Mr Kalamagi in Misebe village, Bulera sub-county in Mityana district

Recommendations

1. The MFPED should ensure that sector and district Accounting Officers comply fully with public financial regulations by approving and disbursing released funds in time.
2. The MAAIF and agencies should prioritize payment of all outstanding arrears in the sector.
3. The Public Procurement and Disposal of Assets (PPDA) and districts should review and improve the performance levels and capacities of PDUs in the local governments.
4. The MAAIF and LGs should fast track implementation of the single spine extension system.

References

- GoU, 2015. Second National Development Plan (NDPII) 2015/16-2019/20.
- MAAIF, 2016. Agriculture Sector Strategic Plan 2015/16-2019/20.
- MFPED, 2017. Semi-Annual Budget Monitoring Report FY 2016/17.

For more information contact:
Budget Monitoring and Accountability Unit (BMAU)
 Ministry of Finance, Planning and
 Economic Development
 Plot 2-12 Apollo Kaggwa Road
 P.O Box 8147, Kampala
www.finance.go.ug