Document:	EB 2013/108/R.4
Agenda:	3(c)
Date:	13 March 2013
Distribution:	Public
Original:	English

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Enabling poor rural people
to overcome poverty

Country Programme Evaluation

Republic of Uganda

Note to Executive Board representatives

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Executive Board — 108th Session
Rome, 10-11 April 2013

For: **Review**

Contents

Foreword

This first country programme evaluation (CPE) for Uganda covers the cooperation and partnership between IFAD and the Government of Uganda over the period 1998-2011. The evaluation's main objective was to assess the results and impact of IFAD-funded activities in the country and generate findings and recommendations to serve as building blocks for the next country strategic opportunities programme (COSOP) for Uganda. The evaluation is based on a review of two COSOPs (1998 and 2004), nine projects supported by IFAD loans and grants, and some country-specific and regional grants.

Since 1981, IFAD has supported 14 projects in Uganda with loans on highly concessional terms totalling US$294 million. In addition, as part of the Heavily Indebted Poor Countries Debt Initiative, it has provided debt relief worth SDR 12.7 million in net present value terms (approximately.US$19.4 million, as of 15 February 2013). IFAD's financing constitutes only 21 per cent of total project cost because: (i) there are large private investments in the vegetable oil projects; (ii) the Government and the World Bank finance the majority of costs for the most recent project, the Agricultural Technology and Agribusiness Advisory Services Project, covering agricultural research and advisory services; and (iii) in several projects, the World Bank and the African Development Bank have provided the greatest share of external financing.

Overall, the portfolio performance is assessed as moderately satisfactory, but with challenges of sustainability and in the provision of rural finance, which is essential for promoting better incomes and food security. IFAD's main contribution has been in developing the vegetable oil subsector where support has been based on public-private partnerships and a value chain approach. The CPE underlines that this is indeed a far-reaching achievement.

During the first part of the period covered by the CPE, IFAD contributed considerable staff and financial resources to developing policies and partnerships. In the latter part, it also invested much time in policy dialogue but without effectively persuading the Government to accept its views. With transition to direct supervision and implementation support, which is an important change in IFAD's operating model leading to better results, less staff time is available for non-lending activities (knowledge management, policy dialogue and partnerships).

The two COSOPs were relevant overall but several of the agreed objectives and targets were not achieved. This also applies to the pipeline, which appears to have been included without a firm consensus on the details. However, overall, the IFAD-Uganda partnership is assessed as moderately satisfactory, with room for improvement.

The evaluation report includes an agreement at completion point summarizing the main evaluation findings. It also presents the recommendations agreed upon by the Government of Uganda and IFAD, together with proposals as to when, how and by whom they should be implemented.

Ashwani Muthoo
Acting Director
Independent Office of Evaluation of IFAD

Acknowledgements

This country programme evaluation (CPE) was prepared under the responsibility of Ashwani Muthoo, Acting Director, Independent Office of Evaluation of IFAD (IOE) with contributions by consultants Jakob Grosen (consultants' team leader), James Joughin (agriculture), Moses Opio Ogal (rural finance), Robert Mangali (rural roads and infrastructure), Ernst Schaltegger (portfolio assessment) and Nite Tanzarn (gender equality and community development).

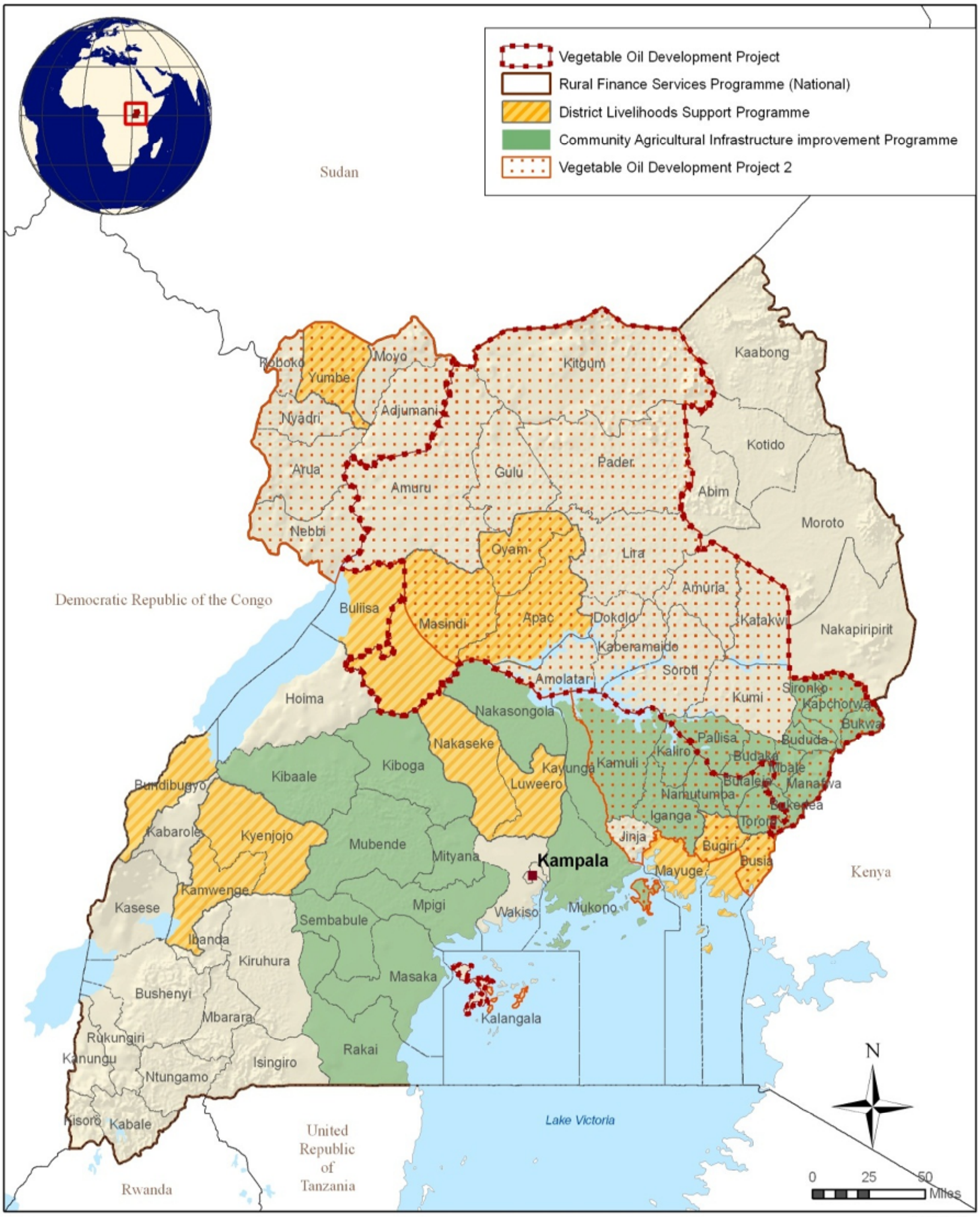
Internal peer reviewers from IOE provided comments on the approach paper and the draft report. Katrin Aidnell, Associate Evaluation Officer, and Nurul Alam, former Deputy Director of the United Nations Development Programme's Office of Evaluation, provided useful desk review support. Kendra White, former Assistant to the Deputy Director, provided administrative support.

IOE is grateful to IFAD's East and Southern Africa Division for its inputs at various stages of the evaluation process. Appreciation is also due to the Government of Uganda for its constructive collaboration and for jointly organizing the CPE National Roundtable Workshop held in Kampala on 12 July 2012.

Map of IFAD-supported operations

Uganda

Ongoing IFAD-funded operations



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

IFAD *Map compiled by IFAD*

Executive summary

1. Cooperation between IFAD and the Government of Uganda started in 1981 and has involved 14 projects supported by IFAD loans on highly concessional terms, totalling US$294 million. Since 1997, as part of the Heavily Indebted Poor Countries Debt Initiative, IFAD has provided debt relief worth SDR12.7 million in net present value terms. IFAD's financing constitutes only 21 per cent of the total project costs, however, primarily because: (i) there are large private investments in the vegetable oil projects; (ii) the Government and the World Bank finance the majority of costs for the most recent project, the Agricultural Technology and Agribusiness Advisory Services Project (ATAAS), covering agricultural research and advisory services; and (iii) in several projects, the World Bank and the African Development Bank have provided the greatest share of external financing.

2. The first five projects, approved during 1981-1994, were initiated and supervised by the World Bank. Six of the nine projects approved during 1997-2010, were initiated by IFAD while two were initiated and supervised by the World Bank/Government of Uganda, and one was initiated by the African Development Bank. IFAD directly supervised the District Development Support Programme on a pilot basis from 2000 and directly supervised all projects in Uganda from 2007 except for the World Bank-initiated projects (ATAAS and the National Agricultural Advisory Services (NAADS)). The nine projects covered by this country programme evaluation (CPE) fall into four categories: (i) agriculture and rural development by local governments (four projects); (ii) basket funds for agricultural advisory services and research (two projects); (iii) development of the vegetable oil subsector (two projects); and (iv) rural finance (one project). Cooperation in the evaluated period has been guided by two country strategic opportunities papers (COSOPs) (1998 and 2004) and by strategic reorientations undertaken during 2006-2007.

3. The country programme is managed by a Rome-based country programme manager. In 2006, a country office, hosted in the United Nations Development Programme offices, was established with a Ugandan country officer as the only staff member. In 2011, the country office was strengthened with the outposting of an associate country programme manager. Contracted short-term consultants have over the period assisted the country programme management. Before the country office, consultants were contracted to assist IFAD with participation in policy dialogue. From 2010, a knowledge management and communications consultant (financed by a regional grant) has been contracted to assist the country office in Kampala.

4. Over the evaluated period, Uganda has achieved high economic growth and a significant reduction in poverty, including rural poverty, while official agricultural statistics (questioned by several observers) show a decline in agricultural GDP per capita. It is not possible to attribute these trends to the IFAD-supported portfolio, partly because the portfolio has had negligible weight in total efforts and partly because data are lacking to assess the impact of individual projects.

5. In the years up to 2006, cooperation was guided by the Government's Plan for Modernization of Agriculture (PMA), on which there was consensus between the Government and its development partners. The main thrust of the PMA was to integrate small farmers in the market and commercialize and modernize their operations, based on the market and with the state having mainly a facilitating role. However, following the multi-party elections in 2006, the Government departed from some of the PMA strategies, and the views of partners started to diverge, in particular on how to develop rural financial services and agricultural advisory services, both key elements of the IFAD-supported portfolio. The Government also modified its assistance strategy, discouraging the use of loans for soft services, such as capacity development, and the integrated rural development

approach. This, combined with reversals in the decentralization policy, negatively affected the IFAD-supported local government projects. Thus, since 2006 the cooperation has faced several challenges, including governance and accountability issues. In spite of this, however, the partners have managed to triple annual IFAD loan disbursements to about US$20 million, largely through major investments in rural roads.

6. The **relevance** of the portfolio is rated as satisfactory (5). The portfolio is generally highly relevant to the needs of poor rural Ugandans, and until 2006, it was well aligned with IFAD and government policies. However, around 2006-2007 several projects were redesigned to accommodate government policy changes, which, in some cases, notably rural finance and agricultural advisory services, reduced relevance to and alignment with IFAD policies and best practices.

7. The portfolio's **effectiveness** is rated as moderately satisfactory (4). Progress towards achievement of immediate objectives and targets was generally best in the local government-managed rural development projects, and in agricultural advisory services until 2006 (NAADS), but since then policy reorientations have affected performance in this area.

8. **Efficiency** shows a highly mixed picture. Some early local government projects (e.g. the Area-based Agricultural Modernization Programme) have highly satisfactory efficiency indicators. Generally, however, implementation and disbursements were slow during the first part of the evaluated period but accelerated significantly thereafter. Overall, efficiency is rated as moderately satisfactory (4).

9. **Impact** is rated as moderately satisfactory (4) overall, but with the proviso that there is limited evidence for several projects, either because it is too early to evaluate their impact or because there has been no systematic impact monitoring. Best impact has been achieved in the domains of "household income and assets" and "food security and agricultural productivity", while more moderate impact has been achieved in the the domains of "human and social capital and empowerment" and "natural resources, the environment and climate change". Impact in the domain of "institutions and policies" is assessed as moderately unsatisfactory.

10. **Sustainability** is assessed as only moderately unsatisfactory (3). Under the local government projects, the physical infrastructure is poorly maintained and the supported agribusinesses have viability problems. In rural finance, many of the supported savings and credit cooperatives have poor prospects of becoming self-reliant and sustainable. However, in contrast to this overall bleak picture, the enterprises and value in the vegetable oil subsector appear to have relatively good sustainability prospects.

11. The portfolio's contribution to **innovation** is also rated as moderately satisfactory (4). The most important innovations are the public-private partnerships in the vegetable oil subsector and the engagement of civil society and the private sector in rural finance. In one local government project, mentors are provided to the poorest households to integrate them into mainstream development. Depending on the outcome, this could potentially be an innovation worth scaling up.

12. Progress in **gender equality and women's empowerment** is assessed as moderately satisfactory (4). The early local government projects, together with NAADS before 2007, performed well in this domain. The Government's reluctance (since 2006) to use loan proceeds for capacity development and empowerment has affected performance in this area, and some ongoing projects lack adequate gender-disaggregated data. However, outside the loan portfolio, IFAD has provided major grants to an NGO, the Uganda Women's Effort to Save Orphans, which have had satisfactory outcomes.

13. In the domain of **partner performance**, the performance of IFAD in delivering the lending programme is assessed overall as satisfactory while the performance of Government is assessed as moderately satisfactory. However, the performance of the different government executing agencies varied significantly.

14. The overall rating for non-lending activities is moderately satisfactory (4). This rating should be recognized as an achievement given IFAD's very limited resources for country programme management. IFAD's performance in policy dialogue is assessed as moderately satisfactory, taking into account both IFAD's active engagement in dialogue, particularly during the first part of the period, and its limited effectiveness in terms of results in recent years, although this has been largely outside of IFAD's control. Knowledge management is assessed as moderately unsatisfactory considering the neglect it suffered during much of the evaluation period but also appreciating the recent attention devoted to it. Finally, performance in partnership-building is assessed as satisfactory (5), particularly in view of the partnerships developed and facilitated not only with multilateral development banks, but also with private companies, private-sector organizations and civil society organizations. The Government should also be commended for the public-private partnerships it has developed and for using loan proceeds to engage private-sector organizations and civil society organizations.

15. The **COSOPs of 1998 and 2004** were prepared before the introduction of the results-based country strategic opportunities programme (RB-COSOP) and do therefore understandably not satisfy the current guidelines and standards for RB-COSOPs. While the 1998 COSOP more or less maintained its validity until it was replaced, the 2004 COSOP was overtaken by changes during 2006-2008 in the national context and in IFAD's operating model (e.g. transition to direct supervision and setting up of country presence). Therefore, the 2004 COSOP has been substantially replaced by IFAD's corporate strategic directions and by the country's priorities, which have guided the cooperation since 2007/2008.

16. COSOP relevance is assessed as only moderately satisfactory. The overall strategy included all the right support elements for integrating smallholders in the market, assisting them in moving from subsistence to commercial production. However, the support elements have been disconnected except for the support to the vegetable oil subsector, which has applied a value chain approach. Since 2006, IFAD has had to adapt to policy changes relating to rural finance, agricultural advisory services and decentralization, and to government guidelines regarding the use of loan proceeds for capacity development and integrated rural development. These changes have not been conducive to achieving the strategic goals.

17. None of the lending pipeline options, defined in the 2004 COSOP, was implemented and limited progress was achieved on the policy dialogue agenda. Both COSOPs included a major loan-supported comprehensive programme for northern Uganda, the poorest and most disadvantaged region. However, these pipeline programmes were not realized and to date no support has been provided for this region except for some support under the vegetable oil projects. Effectiveness is therefore rated as moderately unsatisfactory. However, overall COSOP performance is assessed as moderately satisfactory considering that the COSOPs included the right elements and were well aligned to the PMA and IFAD policies.

18. Overall, the **IFAD-Government partnership** is assessed as moderately satisfactory. During the first part of the period, there was a high degree of consensus on policies and strategies, whereas after 2006 disagreements emerged. On a positive note, it should be recognized that disbursement efficiency has significantly improved since 2006.

19. In the future, the main challenges for IFAD relate to disagreements on government policies and strategies for agriculture and rural development together with unpredictable and sudden policy changes. Finally, country programme management

is being stretched by direct supervision, combined with significant fiduciary issues, both taking a high toll on country programme management resources.

Summary of the CPE overall assessment

Assessment	*Rating*[a]
Portfolio performance	4
Non-lending activities	4
COSOP performance	4
Overall IFAD/Government partnership	4

[a]*Rating scale*: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; and 6 = highly satisfactory.

20. The CPE offers five recommendations:

a) **Expand geographic coverage of IFAD-funded operations to the northern region.** It is recommended that, during the COSOP preparation process, IFAD undertake a comprehensive analysis to identify the opportunities and constraints involved in providing investments as part of the multi-donor support programme for the Peace, Recovery and Development Plan for Northern Uganda. Depending on the outcome of this analysis, and should IFAD decide to finance separate project(s) that contribute more broadly to furthering the plan's objectives, it is recommended that IFAD initially invest in financing economic and social infrastructure development in one or two districts (to avoid dispersion of impact), which should have a strong innovation content that can be scaled up by the Government and other development partners.

b) **Support commodity value chain development.** Building also on the successful experience of the Vegetable Oil Development Project, it is recommended that, during the COSOP preparation process, IFAD undertake a thorough analysis to determine which commodity value chain to prioritize. Some areas that could be explored for value chain development in Uganda include the dairy subsector and the cassava animal feed industry, which could contribute to meeting the growing demand in urban areas for milk and other livestock products.

c) **Define a realistic and appropriately resourced agenda for policy dialogue.** In preparing the next COSOP for Uganda, IFAD and the Government should define and cost a joint action plan for policy dialogue in areas where collaborative efforts are required to improve the agriculture-related policy environment. The plan should largely focus on areas where IFAD can contribute relevant experiences from its work in Uganda and other countries. Some areas for policy dialogue include promoting a pro-poor rural financial services framework, strengthening the capacities and performance of the key government institutions working in agriculture, and furthering partnership with the private sector in agriculture to develop profitable agribusinesses and enterprises.

d) **Strengthen further project results.** There are specific measures that IFAD and the Government can implement to ensure that project results are further improved from moderately satisfactory to satisfactory or highly satisfactory in the future. These include: (i) exploiting synergies among activities within and across projects financed by IFAD in Uganda; (ii) providing more resources and efforts for natural resources and environmental management as well as human and social capital and empowerment, where the CPE found significant room for improvement; (iii) improving sustainability prospects by preparing exit strategies early on in implementation, and strengthening the capacity of key institutions (such as the Ministry of Agriculture, Animal Industry and Fisheries); and (iv) devoting more systematic efforts to ensuring that innovations successfully implemented in the context of IFAD-financed projects are scaled up.

e) **Undertake functional and workload analyses as a basis for determining staff requirements and the division of labour.** The CPE recommends that IFAD undertake a functional and workload analysis to determine the required administrative resources. This entails assessing the human resources and budgets available for managing the Uganda country programme, including for financial management and procurement purposes. The role and responsibilities of the East and Southern Africa Regional Office in Nairobi and concerned IFAD divisions in Rome in supporting the Uganda country programme should also be clarified and defined. Moreover, this analysis should clarify the Government's contribution to and expectations from direct supervision and implementation support activities, which are currently absorbing a disproportionate amount of the resources of IFAD staff working on the Uganda programme.

Extract of the Agreement at Completion Point

1. This section details the evaluation recommendations, based on the present report (see chapter VIII), that the Government of Uganda and IFAD Management agree to adopt and implement within specific timeframes. It is extracted from the agreement at completion point (ACP) document,[1] signed between the parties.

2. The Independent Office of Evaluation does not sign the ACP but facilitates the process leading up to its conclusion. The recommendations agreed upon will be tracked through the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions. In addition, the ACP will be submitted to the Executive Board of IFAD as an annex, along with the new country strategic opportunities programme for Uganda.

Recommendation 1

Expansion of the geographic coverage of IFAD operations to the northern region

3. The CPE recommends that, during the COSOP preparation process, IFAD and GoU identify and discuss the opportunities and constraints of investments in the northern region. Depending on the outcome of this analysis, as well as on the evolution of the region's rapidly evolving socio-economic situation over the next few years, this could be done under the overall coordinating framework of the Peace, Recovery and Development Plan, recently extended for another 3 years up to end-2015, as well as through investment project(s) that broadly contribute to furthering the development of the region, such as the on-going investment in the oilseeds sub-sector under VODP2.

4. The rationale for IFAD investment in the north is primarily justified by the very high poverty incidence in the region, where 80% of the population is living under the poverty line and is recovering from a conflict situation. However, as discussed in the CPE stakeholders' workshop, considerable aid investment is being planned for that area of the country over the next few years. IFAD and GoU will continue discussions on whether or not an IFAD investment is justified in view of the evolving situation in the north. Alternatively, IFAD investment would be directed towards other areas of the country, always following poverty criteria, such as the eastern region, where the greatest number of poor people is found and the poverty density is 8 to 10 times higher than in the north, due to higher population density, although only about 20% of the population is living under the poverty line.

5. **Deadline:** Investment opportunities identified and agreed as part of the COSOP 2013-18, with envisaged financing from IFAD 2013-15 Performance-Based Allocation for Uganda.

6. Responsible Entity: IFAD and GoU.

Recommendation 2

Support to commodity value chain development

7. Building on the success of VODP and its innovative public-private partnership, the CPE recommends that IFAD and GoU explore opportunities for promoting value chain development in specific sub-sectors in Uganda. In particular, it is recommended that during the COSOP preparation process, IFAD and GoU undertake a thorough analysis to determine which commodity value chain should be given priority. Moreover, the CPE recommends that efforts should be invested in exploring additional and alternative forms of public-private sector partnerships (PPPs) at different stages in the value chain, including with small and medium enterprises, commercial banks, as well as with larger private sector entities.

[1] The full Agreement at Completion Point is available online at: www.ifad.org/evaluation/public_html/eksyst /doc/agreement /index.htm.

8. In the framework of the Agricultural Sector Development Strategy and Investment Plan (DSIP) – 2010/11-2014/15, MAAIF, with support from and in consultation with the development partners engaged in the agricultural sector, has undertaken a thorough analysis of various crops and sub-sectors to identify their economic potential. The results of this analysis provide orientations to GoU and development partners, including IFAD, for future investment in agriculture. In addition to continuing investments in the vegetable oil sub-sector (oil palm and oil seeds) as a priority, IFAD and GoU will identify other opportunities for investment in specific crops and value chains, based on the results of the above analysis, the agro-ecological potential of the selected geographic area of intervention and the expected pro-poor impact. This work will be undertaken during 2013-15, in line with the timetable of the on-going dialogue between GoU and development partners, in which IFAD is participating. PPPs will be given a prominent role at strategic level in the elaboration of the COSOP. Concrete PPPs opportunities will be identified and developed at design stage.

9. **Deadline:** Prominence given to value-chain approach and PPPs at strategic level in COSOP 2013-18. Identification of concrete opportunities for commodity/value-chain development and PPPs at design stage as appropriate.

10. Responsible Entity: IFAD and GoU

Recommendation 3

Definition of a realistic and appropriately resourced agenda for policy dialogue

11. The CPE recommends that, during the preparation of the next COSOP, IFAD and GoU define realistic objectives for policy dialogue and specify areas where IFAD will play a lead supportive role, in partnership with other development partners, to improve the agriculture-related policy environment. In this context, "policies" should be broadly perceived to include laws and regulations, national policies/strategies in agriculture and rural development, institutions and their functions, or just approaches and ways of doing things. The development of a joint policy dialogue agenda should be supported by relevant analyses and should largely focus on areas where IFAD can contribute relevant experiences from its work in Uganda and other countries.

12. Specific areas for policy dialogue will be identified as part of the COSOP formulation process. As the policy environment is constantly evolving, additional areas for policy dialogue will be identified during COSOP implementation, and COSOP annual reviews will be the opportunity to review and adjust the objectives.

13. **Deadline:** Identification of areas for institutional and policy dialogue as part of COSOP 2013-18.

14. Responsible Entity: IFAD and GoU

Recommendation 4

Further strengthening of project results

15. The CPE identifies specific measures that IFAD and GoU can implement to ensure the further improvement in project results, from moderately satisfactory to satisfactory or highly satisfactory in the future. This would also contribute to enhancing COSOP level effectiveness. The following four areas need particular attention to improve the results in the future: (i) ensuring due synergies among activities within and across projects financed by IFAD in Uganda, so that they can contribute to even more positively impacting on the lives of the rural poor; (ii) increased focus on enhancing results in two impact domains where the CPE found performance to be overall moderately unsatisfactory; namely, natural resources and environmental management, as well as human and social capital and empowerment; (iii) improving the sustainability of project benefits by, *inter-alia,*

preparing exit strategies early on in implementation, as well as strengthening capacity of key institutions; and (iv) paying more systematic attention to ensuring scaling up of innovations that have been successfully implemented in the context of IFAD-financed projects.

16. The above issues will be given high priority during the next COSOP period (2013-18), both at strategic (COSOP elaboration and annual reviews) and operational level (project design and implementation).

17. **Deadline:** Continuous during next COSOP period

18. Responsible Entity: IFAD and GoU

Recommendation 5

Functional and workload analysis as a basis for determining staff requirements and division of labour

19. The CPE recommends that IFAD undertake a functional and workload analysis to determine the administrative resources required to ensure that the next COSOP objectives are achieved in a timely manner. This entails assessing the human and budgetary resources available for managing the Uganda country programme, including for financial management and procurement purposes. The role and responsibilities of the IFAD divisions at headquarters in Rome involved in supporting the Uganda country programme should also be clarified and defined. As part of this process, the CPE recommends that IFAD actively consider strengthening the Uganda country office, including outposting the Uganda CPM.

20. IFAD is already undertaking an overall corporate process of functional and workload analysis, including at country office level, which is expected to produce a comprehensive Strategic Workforce Plan (SWP). The results of this analysis will be used to assess the adequacy of the human resources available at country office level, review the division of labour in the country office and decide on an adequate annual budget allocation to ensure the achievement of the next COSOP objectives.

21. **Deadline:** Following the completion of IFAD corporate job audit and approval of SWP.

22. Responsible Entity: IFAD

Signed by:
H. E. Maria Kiwanuka
Minister of Finance, Planning and Economic Development
Republic of Uganda

______________________ **Date:** 30. 1. 2013.

and

Kevin Cleaver
Associate Vice President
Programme Management Department
IFAD

______________________ **Date:** 16 - 1 - 2013

Republic of Uganda
Country Programme Evaluation

Main Report

Contents

Annexes

Currency equivalent, weights and measures

Currency equivalent

Ugandan Shillings (UGX) per one United States Dollar (US$)				
31 Dec 1998	31 Dec 2004	31 Dec 2008	31 Dec 2010	31 Aug 2011
1,353	1,729	1,915	2,283	2,792

Fiscal year

Fiscal Year: 1 July – 30 June

Measures

Metric measure

Abbreviations and acronyms

AAMP	Area-based Agricultural Modernisation Programme
ACP	Agreement at Completion Point
AfDB	African Development Bank
ARRI	Annual Report on Results and Impact of IFAD Operations
ATAAS	Agricultural Technology and Agribusiness Advisory Services
BFS	Belgian Fund for Food Security Joint Programme
CAADP	Comprehensive Africa Agriculture Development Programme
CAIIP	Community Agricultural Infrastructure Improvement Programme
COSOP	Country Strategic Opportunities Paper/Programme
CPE	Country Programme Evaluation
CPO	Country Programme Office
CSO	Civil Society Organization
DDSP	District Development Support Programme
DfID	Department for International Development (UK)
DLSP	District Livelihoods Support Programme
DSIP	Development Strategy and Investment Plan (for agriculture)
ESA	IFAD's East and Southern Africa Division
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GDP	Gross Domestic Product
HIPC	Highly Indebted Poor Countries
IFAD	International Fund for Agricultural Development
IFPRI	International Food Policy Research Institute
IOE	Independent Office of Evaluation of IFAD
IRAI	IDA (World Bank) Resource Allocation Index
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MDG	Millennium Development Goal
MoFPED	Ministry of Finance, Planning and Economic Development
MoGLSD	Ministry of Gender, Labour and Social Development
MoLG	Ministry of Local Government
MoWT	Ministry of Works and Transport
MOP	Microfinance Outreach Plan
MTEF	Medium Term Expenditure Framework
NAADS	National Agricultural Advisory Services (Programme)
NARO	National Agricultural Research Organisation
NARS	National Agricultural Research System
NDP	National Development Plan
NGO	Non-Governmental Organization

NRM	National Resistance Movement
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
OPM	Oxford Policy Management Ltd.
OVC	Orphans and Vulnerable Children
PEAP	Poverty Eradication Action Plan
PMA	Plan for the Modernisation of Agriculture
PFA	Prosperity for All (NRM strategy)
PIU	Project Implementation Unit
PPP	Public-Private Partnership
PSO	Private Sector Organization
RFSP	Rural Financial Services Programme
RFSS	Rural Financial Services Strategy
ROA	Return on Assets
SACCO	Savings and Credit Cooperative
SNV	Stichting Nederlandse Vrijwilligers / SNV Netherlands Development Organisation
SWAp	Sector Wide Approach to planning
UBOS	Uganda Bureau of Statistics
UCA	Uganda Cooperative Alliance
UCSCU	Uganda Cooperatives Savings and Credit Union
UJAS	Uganda Joint Assistance Strategy
UNHS	Uganda National Household Survey
UGX	Uganda Shilling
VODP	Vegetable Oil Development Project
USAID	United States Agency for International Development
UWESO	Uganda Women's Efforts to Save Orphans
VSLA	Village Savings and Loan Association
WFP	World Food Programme

Republic of Uganda
Country Programme Evaluation

I. Background

A. Introduction

1. As decided by the Executive Board, the Independent Office of Evaluation of IFAD (IOE) undertook, during 2011-2012, the first country programme evaluation (CPE) in Uganda, assessing the cooperation and partnership between the Government of Uganda and IFAD during 1997-2011. A CPE is conducted prior to the preparation of a new cooperation strategy, the country strategic opportunities programme (COSOP). The Uganda CPE is undertaken within the overall provisions contained in the IFAD Evaluation Policy,[2] the Uganda CPE approach paper, and follows IOE's methodology and processes as captured in the Evaluation Manual.[3]

B. Overview of IFAD assistance

2. **Loan portfolio.** The cooperation between IFAD and the Government of Uganda started in 1981 and has involved 14 projects, supported by 16 IFAD loans on highly concessional terms, totalling US$294 million (please refer to Appendix 3), and one BSF grant. As part of the debt initiative for Highly Indebted Poor Countries (HIPC), IFAD has since 1997 provided debt relief worth SDR12.7 million in net present value terms. IFAD's financing constitutes only 21 per cent of the total project costs, primarily because: (i) there are large private investments in the vegetable oil projects; (ii) Government provides the financing for the major part of the budget for the most recent project, Agricultural Technology and Agribusiness Advisory Services (ATAAS), covering agricultural research and advisory services; and (iii) in several projects, the World Bank and the African Development Bank (AfDB) have provided the major part of the external financing.

3. The first five loans, approved during 1981-1994, were to finance projects initiated and supervised by the World Bank. Five of the nine projects, approved during 1997-2010, were initiated by IFAD while two were initiated and supervised by the World Bank/Government of Uganda and two were initiated by the AfDB. On a pilot basis as part of IFAD's Direct Supervision Pilot Programme, IFAD directly supervised the District Development Support Project in Uganda already from year 2000. Direct supervision and implementation support was generally applied in all IFAD-financed projects in Uganda as from 2007 following the approval of IFAD's Policy on Supervision and Implementation Support in December 2006, except for the World Bank initiated projects (National Agricultural Advisory Services (NAADS) and ATAAS).[4]

4. In terms of loan commitments, IFAD has over the last 30 years committed on average US$9.8 million per year but with an increasing trend. The Performance Based Allocation System, providing a 3-year lending frame, was introduced in 2003/2004. Since then, the 3-year lending frame has doubled to reach US$66 million for the period 2010-2012. Due to implementation challenges, actual annual disbursements have lagged behind commitments but a major improvement is noticeable, from US$6.8 million in 2006 to US$19.8 million in 2010 where two projects, Community Agricultural Infrastructure Improvement Programme (CAIIP) and District Livelihoods Support Programme (DLSP), accounted for half of the disbursement, largely for investments in rural roads. Thus, the current level of

[2] Available at: http://www.ifad.org/evaluation/policy/new_policy.htm.
[3] Available at: http://www.ifad.org/evaluation/process_methodology/doc/manual.pdf.
[4] The National Agricultural Advisory Services Programme (NAADS) is a Government of Uganda programme, while the Agricultural Technology and Agribusiness Advisory Services (ATAAS) Programme is a joint programme supporting NAADS and the National Agricultural Research System (NARS), including the National Agricultural Research Organisation (NARO), as well as the linkages between NAADS and NARS.

annual disbursement (US$20 million) is close to the current annual commitment frame (US$22 million). With the current level of disbursement, IFAD's share of total Official Development Assistance is about 1.3 per cent but perhaps as much as 10-15 per cent of the agricultural ODA depending on how the local government investments (roads etc.) are classified.

5. **Grants.** IFAD has provided US$21.1 million in the form of country-specific grants. About 73 per cent of these grants are directly supporting the implementation of the loan-supported projects while 27 per cent have been supporting a free-standing initiative for orphans of civil war and the HIV/AIDS pandemic. Finally, Uganda has been among the beneficiaries of IFAD's regional grants, mostly supporting research and knowledge management. Uganda's share of these grants is estimated at around US$1-2 million.

6. The focus of the cooperation has changed over the period. The first five projects, approved during 1981-1994 and initiated and supervised by the World Bank, were traditional agricultural projects of which two projects focused on the cotton sub-sector (Appendix 3). The nine projects, approved since 1997 and covered by this CPE, may be placed in three categories, having three implementing partners.

   i. Agriculture - with the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) as implementing partner. IFAD's support falls in two different sub-categories: (i) support for the national agricultural research and advisory systems, NAADS (advisory services) and ATAAS (advisory services and research, as well as value addition and agribusiness); and (ii) Vegetable Oil Development based on a value chain approach and involving Public Private Partnerships – supported by two projects (Vegetable Oil Development Projects (VODP) 1 & 2).

   ii. Local government executed agriculture and rural development – with the Ministry of Local Government (MOLG) as the national implementing partner (District Development Support Programme (DDSP), Area-based Agricultural Modernisation Programme (AAMP), District Livelihoods Support Programme (DLSP), and Community Agricultural Infrastructure Improvement Programme (CAIIP). This involves support for primary agricultural activities, community development, infrastructure investments (rural access roads and market places) to improve market access, and equipment for value addition. DDSP followed by DLSP applied a broader integrated rural development approach while AAMP followed by CAIIP had more narrow focus on rural infrastructure (roads and electricity) and processing/marketing equipment and structures.

   iii. Rural finance supported under the Rural Financial Services Project (RFSP) – with the Ministry of Finance, Planning and Economic Development (MoFPED) as the implementing partner. RFSP has in recent years concentrated exclusively on developing rural Savings and Credit Cooperatives (SACCOs).

7. However, in addition to the loan-financed projects, the cooperation has included an important grant-financed project, the Hoima/Kibale Districts Integrated Community Development Project (1991-1998) funded by a grant (US$8.3 million) from the Belgian Fund for Food Security Joint Programme (BFS) under the joint BFS/IFAD programme. This project - supporting heath, agriculture, community development, access roads and credit - laid the foundation for the subsequent four local government projects (DDSP – DLSP, and AAMP – CAIIP).

8. The country programme is managed by a Rome-based Country Programme Manager (CPM). In 2006, a Country Office, hosted in UNDP, was established with a Ugandan Country Officer as the only staff. In 2009, the IFAD country team was strengthened with the recruitment of an Associate Country Programme Manager (ACPM) and in 2011, the ACPM was out-posted to the Country Office. Contracted short-term consultants have over the period assisted the country programme

management. Before the Country Office, consultants were contracted to assist IFAD with participation in policy dialogue. As from 2010, a contracted Knowledge Management and Communications Consultant (financed by a regional grant) has supported IFAD-funded programmes and the Country Office.Objectives, methodology and process

Table 1
Snapshot of IFAD-assisted operations in Uganda

First IFAD loan-funded project approved	1981
Number projects approved	14 (supported by 16 loans including 2 supplementary loans: DLSP and CAIIP, and one BSF grant)
Total approved IFAD lending	US$294 million (on highly concessional terms)
Government, Beneficiaries and Domestic Financial Institutions	US$594 million
Private-sector financing	US$190 million
Other bilateral/multilateral financing (World Bank, AfDB, EU, GEF, Danida, BSF, Ireland)	US$307 million
Total portfolio cost	US$1,385 million
Focus of operations	Agriculture, decentralization, infrastructure, rural financial services, community development.
Number of ongoing projects (July 2011)	5 (plus one not yet effective)
Past cooperating institutions	World Bank and UNOPS
IFAD Grants	US$21 million of country-specific grants. Uganda potentially benefits from 8 regional grants.
Country Strategic Opportunities Programme (COSOP)	1998, 2004
IFAD Division responsible for the Uganda Country Programme	East and Southern Africa Division (ESA)
IFAD Country Office in Kampala	Since April 2006
Country Programme Managers since 1998	Marian Bradley, Joseph Yayock, Fumiko Nakai, and Miriam Okong'o. Alessandro Marini is the current country programme manager who took charge in December 2011
Principal Government Partners	Ministry of Finance, Planning and Economic Development, Ministry of Local Government, Ministry of Agriculture, Animal Industry and Fisheries

C. Objectives, methodology and process

9. **Objectives.** The CPE has two main objectives: (i) to assess the performance and impact of IFAD operations in Uganda; and (ii) to generate a series of findings and recommendations to serve as building blocks for formulation of the next results-based COSOP, to be prepared by IFAD and Government following completion of the CPE. Based on analyses of the cooperation during 1997-2011, this CPE aims at providing an overarching assessment of: (i) the performance and impact of programmes and projects supported by IFAD grants and loans; (ii) the performance and results of IFAD's non-lending or non-project activities in Uganda such as policy dialogue, knowledge management and partnership building; and

(iii) the strategic objectives, geographic and sub-sector focus, targeting approaches, country programme mix, and the overall management of the country programme.

10. **Coverage.** Being the first CPE in Uganda, this CPE covers a period of 14 years, 1997–2011, where the partners approved nine loan-supported projects and two Country Strategic Opportunities Papers (COSOPs[5]) of 1998 and 2004. The total approved IFAD lending for these nine projects is US$225.8 million, and in addition the projects have benefitted from IFAD grants worth US$3.4 million (Appendix 6). Finally, the CPE briefly reviewed the country-specific grants for women to help orphans as well as some of the regional grants.

11. **Methodology.** The evaluation criteria applied in this CPE are those of the evaluation manual[6] and the CPE is based on the Evaluation Framework presented in appendix 1. In applying the criteria, the implementation stage of each project is taken into consideration (Appendix 4). At the time of the CPE mission (July 2011), three of the nine projects had been closed (DDSP, AAMP, NAADS), one was nearing completion (VODP 1), three projects were advanced in their implementation (DLSP, CAIIP, RFSP), one project (VODP 2) was in the inception phase, and one project was awaiting declaration of effectiveness (ATAAS). As a consequence of their different stages, the CPE cannot assess all projects against all evaluation criteria (please refer also refer to Appendix 4). For example, only the relevance of objectives and design can be assessed for the two recently approved projects (VODP 2 and ATAAS). For the three projects at an advanced implementation stage (RFSP, DSLP, CAIIP), the CPE makes use of the projects' M&E systems combined with the CPE team's observations in the field and analysis. While the M&E systems provide adequate information on output delivery and results, they still lack systematic baseline and repeat surveys for evaluating impacts. For the three closed projects (DDSP, AAMP, NAADS) and for VODP 1 which is closing, the CPE uses existing independent evaluations. With respect to NAADS, the strategy and approach changed substantially around 2007/2008 which makes it appropriate to undertake separate assessments of the "Old NAADS" (till 2007/08) and the "New NAADS" (after 2007/08). For the "Old NAADS, existing evaluations are used while the CPE undertakes its own review of the "New NAADS".

12. **Process.** The CPE entailed five phases and production of specific deliverables:

i. **Preparatory phase.** During this phase, IOE developed the CPE approach paper, which outlined the evaluation's objectives, methodology, process, timelines, key questions and related information. This was followed by a preparatory mission to Uganda (23-24 May 2011) to discuss the draft approach paper with Government and key partners.

ii. **Desk work phase.** A desk review note was prepared on each IFAD-funded project covered by the evaluation as well as on non-lending activities and COSOP performance. These individual desk review notes were consolidated into a desk review report. The desk review notes and consolidated report provided an initial assessment of the country programme, and at the same time, underlined issues and hypotheses to be further explored during the country work phase of the CPE. IOE invited IFAD's ESA Division and MoFPED's Aid Liaison Department (IFAD's coordinating partner in Uganda) to undertake a self-assessment of the overall partnership, see below. In addition, the

[5] Before the introduction of Result-Based Country Strategic Opportunities Programme (COSOP), the term COSOP referred to Country Strategic Opportunities Paper.

[6] At the project level, the following criteria are applied: relevance, effectiveness, efficiency, impact, sustainability, innovation and up scaling, gender equality and women's empowerment, and performance of partners. At the country strategy level, the criteria of relevance and effectiveness are applied.

Project Coordination/Facilitation Units in the on-going projects (DLSP, CAIIP, RFSP) were asked to undertake a self-assessment at project level.[7]

iii. **Country work phase.** The country work phase included the fielding of a multidisciplinary team of consultants who spent three and a half weeks in Uganda in (2-27 July 2011) visiting six districts north and east of Kampala. Project activities (DLSP, RFSP, CAIIP, NAADS) were reviewed on the ground, and discussions held with beneficiaries and their groups, district and sub-county authorities, project management staff, NGOs and other partners. The team also held discussions in Kampala/Entebbe with IFAD's country office and Country Programme Manager, government officials, development partners, and civil society and private sector partners. A debriefing note was presented on 26 July 2011 at a CPE wrap-up meeting in Kampala chaired by MoFPED.

iv. **Report writing phase.** Subsequently, technical working papers and a first draft CPE report was prepared. As per usual practice, IOE conducted a comprehensive internal peer review of the draft CPE report. Following this, a revised draft CPE report was shared with the ESA and thereafter with the Government of Uganda for comments, [which have been duly considered before the report's finalization. As part of the process, an audit trail was prepared giving the response and follow-up actions on the comments made].

v. **Finalization of the evaluation, including communication and dissemination.** The final phase of the evaluation entailed a range of communication activities to ensure timely outreach of the main results and recommendations from the CPE. In particular, a CPE national roundtable workshop will be held in Kampala on 12 July 2012, with a view to discussing the insights from the evaluation. As per standard practice, a Profile and Insight for the CPE have also been prepared.[8] All the main deliverables from the CPE have been made available to the IFAD management and staff, Government of Uganda, as well as to the public at large through the dedicated IOE web pages on IFAD's corporate website.

13. **Self-assessments.** The self-assessment reports received provide a valuable input to the CPE, and, where relevant, the views and assessments are referred to in the following chapters. It should be mentioned that the various partners raise different issues and that their views and assessments occasionally differ. A few selected issues on the overall partnership, raised by MoFPED and ESA, are presented in the box below.

[7] The implementation team for the Vegetable Oil Development Project (VODP) was interviewed but not asked to provide a self-assessment, given that IOE had recently undertaken an Interim Evaluation of VODP 1.
[8] Profiles and Insights are brochures of 500-700 word each and are aimed at reaching a wider audience, including politicians, policy makers, development practitioners, and others. The Profile contains a summary of the main findings and recommendations from the CPE, whereas the Insights is devoted to one learning theme emerging from the CPE. The purpose of the Insights is to raise attention to and stimulate further debate around the theme covered by the Insights.

Box 1
A few selected issues raised in the self-assessments of MoFPED and ESA

MoFPED

- IFAD is responsive and flexible and projects funded by the Fund are in line with Government of Uganda's priorities.
- In its partnership with AfDB and the World Bank, IFAD tends to be on the backseat.
- IFAD's change to direct supervision and implementation support is hoped to smoothen implementation but without an appropriately staffed country office, there is a risk of compromising either dialogue or supervision; more authority should be delegated to the country office.
- Project design is mostly driven by international consultants, with too limited participation of national implementers.

ESA

- Before 2006, Government discussed policy issues in development partner fora; since then, Government often announces new policy directions before they have been discussed; however, Government is more willing to discuss concrete issues directly linked to project implementation; with increased budget and direct supervision by IFAD, "there is less and less staff time available for attending policy meetings."
- Since 2006, IFAD has invested considerable efforts in addressing financial management and procurement weaknesses which constrained project implementation, and major improvements have been achieved. As ministries and districts only receive a portion of approved budgets, there is a culture of defining unrealistic targets and budgets on the "hope" of getting something.

Coordination and exploitation of synergies between projects and components is difficult at district level as "Government has been explicit that programmes should be designed within a "sector" and that field activities should "radiate" from the centre."

Source: MoFPED and ESA.

Key points

- Since 1981, IFAD has supported 14 projects with loans totalling USD 294 million on highly concessional terms. In addition, IFAD has provided USD 21 million as country-specific grants of which 73 per cent were linked to the loan portfolio.
- The first five projects (1981-94) were agricultural support interventions, initiated and supervised by the World Bank. In the subsequent nine projects (1997-2010), IFAD was the initiator in six projects and a follower in three projects.
- The nine projects approved since 1997 and evaluated in this CPE fall in three categories (i) agriculture, comprising support for national agricultural advisory and research systems, and support for the vegetable oil sub-sector based on a value chain approach and a Public Private Partnership in oil palm; (ii) local government executed agricultural and rural development activities, with special focus on infrastructure investments to improve farmers' market access; and (iii) rural finance.
- IFAD's operating model in Uganda has evolved over the past 10 years or so. In particular, Uganda was included both in the Direct Supervision Pilot Programme (launched in 1997) and Field Presence Pilot Programme (launched in 2003), which provided useful insights for introducing direct supervision and implementation across the Uganda portfolio in recent years, as well as establishing and consolidating country presence in Kampala.
- This CPE, the first in Uganda, assesses the performance and impact of the operations in Uganda and the Government-IFAD partnership and generates a series of findings and recommendations to support formulation of the forthcoming results-based country strategy opportunities programme (COSOP), to be prepared by IFAD and the Government following completion of the CPE.
- The CPE makes use of existing project and programme evaluations as well as self-assessments prepared by key partners.

II. Country context

14. This chapter focuses on the country contextual and macroeconomic characteristics that are important to agricultural and rural development as well as to rural poverty in Uganda.[9]

A. Overview

15. **Land and population.** Uganda is a landlocked country with an area of 142,000 km^2 of which about 20 per cent are covered by inland water bodies and about 20 per cent by forests and woodlands. Uganda has considerable natural resources, including fertile soils and good rainfall, copper, cobalt, oil and natural gas. However, parts of northern Uganda face regular problems of drought. The population is about 35 million and growing at about 3.3 per cent per year. The median age is only 15 years and life expectancy at birth is about 54 years. Uganda was hard hit by the HIV/AIDS pandemic and despite a reduction, the HIV/AIDS adult prevalence rate remains at about 6 per cent. About 14 per cent of the population live in urban areas.

16. **General political and governance framework.** Uganda obtained independence in 1962, from being a British protectorate. Following a brief period of constitutional democracy and relative peace and stability, Uganda suffered during much of the period 1966 – 1986 from armed internal and external conflicts, human rights abuses and lack of democratic governance. In 1986, the National Resistance Movement (NRM) took over the government with Yoweri Museveni as President. Guided by the IMF and the World Bank, macroeconomic stability was restored and

[9] The approach of the chapter is inspired by the Joint Evaluation by AfDB and IFAD (2009) of AfDB and IFAD policies and operations in agriculture and rural development in Africa and specifically by the Working Paper: "The changing context and prospects for agricultural and rural development in Africa".

the economy liberalised, creating the basis for rapid growth led by the private sector. Since 1989, Gross Domestic Product has increased at an average annual rate of about 7 per cent. Economic development was also facilitated by improving peace and stability, though armed conflicts in the North have continued until recently. In 2005, the no-party "movement" system was replaced with a multi-party system and Yoweri Museveni and NRM have won the elections in 2006 and 2011. Under the multi-party system, a culture has developed where voters expect "favours from politicians" which tend to influence government policy actions and the management of public resources.

Table 2
World Bank governance indicators

Governance Indicator	Year	Percentile Rank (0-100)
Voice and Accountability	2009	33.2
	2005	31.3
	1996	31.1
Political Stability	2009	15.1
	2005	12.5
	1996	13.5
Government Effectiveness	2009	33.8
	2005	33
	1996	30.1
Regulatory Quality	2009	46.7
	2005	55.1
	1996	54.1
Rule of Law	2009	40.6
	2005	31.9
	1996	32.9
Control of Corruption	2009	21.4
	2005	20.4
	1996	38.8

Source: World Bank.

17. In spite of some positive developments since 1996, no major improvements in the World Bank governance indicators up till 2009 are noticeable. However, on the positive side, one may highlight a relatively positive assessment of the regulatory quality and that Uganda has dynamic media and civil society sectors. Political stability and control of corruption remain the main problem areas. In spite of various anti-corruption initiatives, corruption is perceived as a key issue. The Corruption Perception Index of Transparency International placed in 2010 Uganda among the eight Sub-Saharan African countries which are perceived as having the highest corruption. Misuse of public funds, including development assistance, is widely reported in the media and has in some instances also been an issue in IFAD-supported projects. In the 2010/2011 Global Competitiveness Index (World Economic Forum) corruption is listed as the most problematic factor for doing business in Uganda, followed by access to finance and inadequate infrastructure; in the 2010/2011 index, Uganda was placed as number 118 out of 139 countries, a slight drop from the year before.

18. In the Doing Business Survey of the World Bank Group, Uganda is in 2011 ranked number 122, up from 129 in 2010, but significantly below some of the neighbours, Rwanda (58) and Kenya (98). While a major improvement has been achieved between 2010 and 2011 for the criterion related to accessing credit (from rank 109 to 46), challenges remain within areas such as dealing with construction permits

(133), protecting investors (132), trading across borders (148) and enforcing contracts (113).

19. On the World Bank's IDA Resource Allocation Index (IRAI)[10] assessing four groups of criteria, Uganda is rated highest on economic management, and lowest on public sector management and institutions. Within the latter group the lowest rating is for accountability, transparency and corruption in the public sector where Uganda is rated in the negative field (2.5). However, for the period 2005 to 2010, Uganda's overall IRAI rating is maintained in the positive field.

20. **Decentralization.** The overall governance framework has been influenced by the Government of Uganda's decentralization policy, pursued since 1993 with the intention to hand over responsibility for local development to districts, sub-counties and parishes and their elected councils, the purpose being to bring services closer to the people. However, the process has been characterised by progress and reversals. While a number of responsibilities have been handed over to local governments, three developments have in particular weakened the decentralization process. First, a rapid formation of new districts has tended to dilute the available capacity. In 2002, there were 56 districts, by 2008 this had risen to 80, and by 2011, the number is reported to be some 120. This creates administrative confusion, weakens the authorities in the affected districts, increases public administration expenditure and reduces quality of services. Second, in 2007 the Graduated Tax was abolished, hitherto the main source of revenue for local governments. This has significantly reduced district revenue, the capacity to deliver services and, of course, district autonomy. Third, in 2007, the appointment of the districts' Chief Administrative Officers was 'recentralised', thereby reducing the districts' authority. Inspired by this, sector ministries such as agriculture (MAAIF) and health are now seeking to have the appointment and line management of "their" staff similarly recentralised.

21. The AfDB/IFAD Joint Africa Evaluation[11] noted a policy implementation gap in many African countries. The problem was not just in terms of adopting sound policies and reform programmes but also putting them into action. As Booth (2010) writes, it is 'real policy that counts, not nominal policy. Policy is what policy does'. This issue is also highly relevant in the Ugandan context and it is not only because of weak capacity to implement the agreed policy directions and strategies. Without wide consultation and any advance notice, Government has occasionally introduced policies which are not consistent with the larger policy frameworks that have been developed and agreed through wide consultations, such as for example the Plan for Modernisation of Agriculture (PMA) and the Microfinance Outreach Plan (MOP). However, while there have been reversals of, deviations from, and lack of implementation of agreed policies, Uganda has generally performed well on achieving defined targets for economic growth and poverty reduction.

22. **Demographic challenges.** Uganda is facing special demographic challenges. While results from the next population census are expected in 2012, it is currently estimated that Uganda has a population of around 35 million, with a life expectancy at birth of 54 years and growing at an annual rate of about 3.3 per cent. In 1969, Uganda's population was only 9.5 million. Family planning has so far not been high on the Government's priority list and as a result, Uganda is facing an extremely high dependency ratio (117 dependents to every 100 workers). There are currently no indications that Uganda is moving into a period of demographic transition (declining dependency ratio), which usually is one of the key factors assisting countries achieving middle income status. Rather, Uganda is facing increasing land

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[10] IRAI is based on the annual CPIA exercise (Country Performance and Institutional Assessment). In 2005, Uganda achieved an overall rating of 3.9 (1=lowest,, 6=highest) while the rating in 2010 was 3.8. Uganda was in 2005 rated 4.5 on economic management, declining to 4.3 in 2010.

[11] AfDB and IFAD (2009) Joint Evaluation of AfDB and IFAD policies and operations in agriculture and rural development in Africa.

scarcity (172 persons per sq. km excluding inland water bodies and wetlands) resulting in rising land prices and land disputes. Another consequence of high population growth is a large population of frustrated youths who cannot find acceptable employment, even when educated. And about one million young people join the labour force each year. This challenge needs to be addressed to improve the prospects of political stability and economic growth.

B. Poverty human development and MDGs

23. **Poverty trends and structure.** Household surveys undertaken regularly since 1989 show impressive reduction in poverty incidence (or headcount, i.e. the percentage of individuals living in households with real private consumption per adult equivalent below the poverty line for their region). For the last 10 years, three comparable Uganda National Household Surveys (UNHS)[12] estimate a reduction in poverty incidence from 39 per cent to 25 per cent (Table 3). While the incidence has been reduced significantly, the reduction in the total number of poor is less significant as a consequence of high population growth. With respect to the MDG of halving the proportion of the population living on less than one dollar a day, Uganda is likely to achieve its 2015 target of 25 per cent, down from 53 per cent in 1992/1993.

Table 3
Trends in Poverty Incidence (headcount), 2002-2003, 2009-2010

Percentage below the poverty line	*2002 - 2003a*	*2005 - 2006*	*2009 - 2010*
National	*38.8*	*31.0*	*24.5*
Rural	*42.7*	*34.2*	*27.2*
Urban	*14.4*	*13.7*	*9.1*
Central	*22.5*	*16.4*	*10.7*
Eastern	*46.0*	*35.9*	*24.3*
Northern	*63.0*	*60.7*	*46.2*
Western	*32.9*	*20.5*	*21.8*
Total number of individuals below the poverty line (millions)	*9.8*	*8.4*	*7.5*
Total number rural poor (millions)	*8.5*	*7.87*	*7.1*

Source: UBOS – UNHS; a) Excludes Pader District.

24. Poverty is predominantly a rural problem; the 2009/10 UNHS estimated that out of some 7.5 million poor people, 7.1 million lived in rural areas. The northern region has by far the highest poverty incidence even though a major reduction has recently been achieved, following restoration of security.

25. **Human development.** The UN Human Development Report places in 2010 Uganda in the group of countries with low human development (overall rank 143), and within this group Uganda is placed lower than Kenya but better than Rwanda and Tanzania. From a composite Human Development Index value of around 0.3 in the late 1980s, Uganda has experienced a gradual and constant improvement reaching the current value of 0.422. Uganda is given relatively low scores for socio-economic equality but better scores for gender equality.

26. **Gender equality and women in agriculture.** Uganda offers a relatively enabling environment for promoting gender equality and women's empowerment. Though the Constitution provides for gender equality and national and sector policies and strategies define gender strategies, women have socio-economic indicators

[12] There are between the older surveys differences in area coverage due to insecurity in certain areas, particularly the North. The 1999-2000 survey showed lower figures for incidence and total numbers than the subsequent survey in 2002-2003.

(literacy, health, income etc.) inferior to those of men and a number of disadvantages. Most women are employed in agriculture as primary producers and contribute 70-75 per cent of agricultural production but have limited rights over their land. Women constitute only 20 per cent of the 5 per cent of the land owners who have a land title. While women constitute the majority in microfinance programmes, they have limited access to agricultural credit for improving farm production. They are also constrained in raising agricultural production by the time they have to use in caring for children and collecting water and firewood.

27. **Achievement of the Millennium Development Goals.** According to the (self) assessment of the Ministry of Finance, Planning and Economic Development/Government (September, 2010), Uganda is on track with respect to achieving MDG 1 (eradicate extreme poverty and hunger), and MDG 3 (gender equality). Progress towards the MDGs related to health and education is slow but Uganda is on track on MDG7.C: halving by 2015 the proportion of people without sustainable access to safe drinking water and basic sanitation. Long-term debt sustainability (MDG8.D) has been achieved.

C. Economic structure and trends

28. **GDP trends and structure.** Uganda's GDP per capita has today reached a level of about US$500, comparable to that of Tanzania and Rwanda. From independence till 1986, GDP growth experienced significant fluctuations. During 1962-1971, GDP grew by an average of about 5 per cent per annum before declining by 25 per cent over the period 1971-79. The period 1980-86 had years of positive and negative growth. In the period 1970-1986, GDP per capita declined by some 42 per cent. Partly thanks to better macroeconomic management, GDP has since 1989 grown consistently at high rates, averaging about seven per cent per year. Within the last decade, the growth rate slowed to 6.8 per cent between 2000/2001 and 2003/2004, but then increased to more than 8 per cent over the period 2004/2005 to 2007/2008. The international financial crisis slightly moderated growth during 2008/2009-2009/2010.

29. The industry and services sectors have achieved consistent high rates of growth (Table 4). The growth of industry, accounting for a relatively large share of GDP, is partly thanks to a booming construction sector, accounting for about 60 per cent of the industrial GDP. Manufacturing, formal and informal, only accounts for about 27 per cent of the industrial GDP. In contrast, agricultural GDP growth has since 2002 been below the population growth rate, implying <u>declining agricultural GDP per capita</u> and a reduction of agriculture's share of total GDP to less than 15 per cent. This is in contrast to the period 1987–2001 where agriculture grew more than the population. In GDP terms, agriculture was in the late 1980s the most important sector accounting for about 51 per cent, but is today by far the least important sector. Thanks to deregulation and macro-economic discipline, agriculture grew during 1990–99 at an annual average rate of 3.9 per cent and in 2001, when Government launched the PMA, agricultural GDP grew by impressive 7 per cent. If the official disappointing figures for the following years are correct, agricultural GDP per capita is today significantly lower than what it was in 2001, suggesting failure of achieving the objectives of the PMA.

Table 4
Real GDP growth rates (total and by sector) and sector shares of GDP

Real GDP growth rates (% p.a.)	*2005/2006*	*2006/2007*	*2007/2008*	*2008/2009*	*2009/2010*
TOTAL GDP	10.8	8.4	8.7	7.2	5.8
Agriculture, forestry and fisheries	**0.5**	**0.1**	**1.3**	**2.5**	**2.1**
Industry	14.7	9.6	8.8	5.8	8.9
Services	12.2	8.0	9.7	8.8	5.8
Sector shares of total GDP (per cent)					
Agriculture, forestry and fisheries	**18.3**	**16.9**	**15.8**	**15.1**	**14.6**
Industry	24.8	25.1	25.1	24.8	25.6
Services	49.6	49.5	49.9	50.7	50.7
Adjustments	7.2	8.5	9.2	9.4	9.2
TOTAL GDP	100	100	100	100	100

Source: Ministry of Finance, Planning and Economic Development, Background to the Budget 2010/2011 – based on Uganda Bureau of Statistics and MoFPED.

30. As in all countries where a large part of GDP is produced in the informal economy,[13] GDP data should be used with caution and this applies in particular to Uganda's agricultural GDP data. First, the quality of agricultural statistics in Uganda is weak and the data from the national accounts often contradicts the data from various household surveys and other sources, as highlighted by the World Bank (Zorya et al).[14] For example, according to Uganda National Household Surveys (UNHS), maize and bean yields were reported to have increased between 1999/2000 and 2004/2005 while, according to the national accounts, they were reported to have fallen. There has been no agriculture census published since the early 1990s and the country is still waiting for the results of the one done in 2009 as well as the livestock census. Estimates of yields and output are just that, based as they are on the uncertain sampling techniques of local government officers[15]. This issue is pointedly highlighted in a study attempting to assess the impact of the National Agricultural Research Organisation (NARO)[16]: "*The greatest limitation to this study has been the lack of data. Much as we had less trust in national level production data, district level production data were also not available. Only very few districts endeavour to collect, process and store agricultural statistics*".

31. Second, poverty in rural areas is reported to have declined from 60 per cent to 34 per cent between 1992 and 2005/2006, and then further down 27 per cent in 2009/2010. How could this have happened if agriculture is in decline, given that agriculture is still the major source of income of rural households (54 per cent). Furthermore, in 2007 peace was restored in the northern region, allowing some 1.4 million people to leave the camps and take up farming at their homesteads. This contributed to a significant reduction of rural poverty incidence in the North from 64 per cent in 2005/2006 to 49 per cent in 2009/2010, and is also likely to have had a significant impact on the total agricultural GDP, which, however, does not appear to be captured in the official figures. Third, in the years in question,

[13] For example, in 2010 Ghana revised its national accounts resulting in an upward revision of per capita income by about 70 per cent, moving Ghana into the group of lower middle-income countries.
[14] Sergiy Zorya, Varun Kshirsagar, and Madhur Gautam, World Bank Working Paper, Draft November 19, 2010: Agriculture for Inclusive Growth in Uganda.
[15] Several agencies involved in the collection of food and agricultural statistics in Uganda starting with the Uganda Bureau of Statistics (UBOS) and the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF). However, currently very few agricultural statistics are collected on an annual basis at national and sub-national levels (Muwanga-Zake E. 2010). Among the most important statistics for which there is no regular and current information are crop area, yield, and production. UBOS and MAAIF and their predecessor institutions have never succeeded in putting in place statistical systems to collect annual, nationally-representative, agricultural production data. While attempts have been made in the past, e.g. agriculture censuses were followed with a few annual surveys, these systems always broke down. Muwanga-Zake E. 2010 describes the range of elements that must be addressed in planning for and building a sustainable, effective, and efficient system to produce annual, spatially-disaggregated estimates of agricultural production in Uganda.
[16] Bernard Bashaasha, September 2009: Impact Assessment of the National Agricultural Research Organisation (NARO), Final Report.

inflation in Uganda was lower than in the neighbouring countries of which some (e.g. Rwanda and Tanzania) have recorded robust growth in agricultural GDP per capita. Uganda is a small open economy surrounded by the countries with food deficits, notably. Kenya, Sudan and DRC, and if, as reported (Zorya, 2010), its per capita agricultural production was lagging behind of that of the neighbouring countries, food prices and inflation would surely be higher in Uganda. Fourth, the country has seen agricultural export growth rates, 1990-2007, in excess of 10 per cent. Is this likely if the sector was stagnant or in decline?

32. Weak statistics entail a risk of wrong conclusions. For example, considering the disappointing official agricultural GDP figures since 2001, government, policy makers and development partners may arrive at the conclusion that the existing agricultural policies, strategies and programmes, and the PMA in particular, do not work and therefore, that different policy and strategic initiatives are required. However, such conclusions may be wrong or correct, depending on whether official figures give a true picture of the reality, or not. More specifically for this CPE, the nature of agricultural GDP figures makes it difficult to determine whether or not the Government-IFAD cooperation has taken place within a situation of growing agricultural GDP per capita which is one of the higher level goals of the cooperation, even though IFAD's contribution may be marginal.

33. **Oil.** During the next decade, the growth outlook and composition of GDP is likely to change. Following the discovery of crude oil reserves along the Albertine Rift Valley, Uganda is set to establish itself as an oil producer. Total oil reserves are believed to be 2 billion barrels, with recoverable reserves estimated at 0.8-1.2 billion barrels (Wiebelt M, et al. 2010). At peak production, likely to be reached by 2017, oil output will range from 120,000-210,000 barrels per day, with a production period spanning up to 30 years. Depending on the exact production levels, the extraction period, the future oil price, and revenue sharing agreements with oil producers, the Ugandan government is set to earn revenue equal to 10-15 per cent of GDP at peak production (current Government revenue is about 13-14 per cent of GDP).

34. However, success is subject to careful management of oil revenues. Dominating the concerns is the potential appreciation in the real exchange rate and subsequent loss of competitiveness in the non-resource tradable goods sectors, in this case agriculture ('Dutch Disease'), making agricultural exports more expensive and imports less expensive. Nonetheless, Uganda's oil economy presents an unparalleled opportunity for the agricultural sector and for poverty reduction in particular. Domestic demand for food, especially higher valued products, such as horticulture and livestock products, will increase as incomes rise. Moreover, higher urban income and urban consumer preferences will lead to increasing demand for processed foods and foods with greater domestic value-added. The outcomes for agriculture depend very much on whether government revenues are used to alleviate chronic under-investment in the public goods that are constraining agricultural growth in Uganda (or not).

35. **International trade and balance.** From exports worth US$175 million in 1991, Uganda has since 2007 had annual exports in the range of US$2.6–2.8 billion – an impressive growth also in real terms. Coffee which traditionally dominated exports now only accounts for about 10 per cent and cotton has almost disappeared (US$15m in 2009/2010) while tea, tobacco, fish and flowers have become important export items. Informal cross-border trade may account for close to 40 per cent of total exports; it is estimated that Uganda exports more than US$1 billion informally across the borders to neighbouring countries. DRC and South Sudan are becoming important and lucrative markets for food and food products produced in Uganda.

36. Uganda's annual imports currently surpass US$4 billion. The current account deficit is around one billion which is offset by a positive capital account, amongst others

thanks to substantial direct investments (US$600-800 million). After HIPC relief and with the Multilateral Debt Relief Initiative, Uganda has a manageable debt stock and debt service (Table 5).

Table 5
Trade, balances and debt

	2007/2008	*2008/2009*	*2009/2010 (projected)*
Exports (f.o.b. US$ million)	2.597	2.812	2.789
Imports (f.o.b. US$ million)	3.510	4.165	4.194
Current Account Balance (US$ million)	- 483	-1.102	-1.086
Capital & Financial Account Balance (US$ million)	1.174	1.059	1.297
- of which Direct Investment (US$ million)	778	735	651
Debt Stock/GDP (%)	*13*	*13*	
Total Debt Service after HIPC/Export of goods and services (%)	*2.2*	*1.6*	
Total Debt Service after HIPC/Domestic Revenue ((%)	*3.2*	*2.3*	

Source: Background to the Budget 2010 - 2011 – based on Bank of Uganda and MOFPED data.

37. **Public finances.** Since 2004/2005, the share of the public sector in GDP has been declining, in terms of revenue and expenditure. While there has been a modest decline in domestic revenue (as per cent of GDP), there has been a major reduction in external grants, and in total expenditure (Table 6). The weight of donor assistance is today only about half of what it was some five years ago. The decline in grants has only partly been compensated by increased domestic and external borrowing.

Table 6
Budget outturns (2009/2010 highly provisional)

Percentage of GDP	*2004/2005*	*2007/2008*	*2009/2010*
Domestic revenue	13.8	13.3	12.7
External grants	8.5	3.0	2.7
Revenue and grants	22.2	16.3	15.4
Total expenditure (including domestic arrears repayment)	23.6	18.8	18.5
Donor assistance	10.5	4.9	5.0
Domestic net borrowing (net saving)	0.5	(1.0)	1.2
External borrowing	0.9	1.4	1.8

Source: MoFPED, Background to the Budget 2010/11 (Table 6.1).

38. Government of Uganda’s National Budget Framework Paper presents the indicative framework for 2010/2011 and the medium-term (till 2012/2013). In principle, the 3-year rolling Medium-Term Expenditure Framework (MTEF) should provide a reliable basis for forward planning but in practice, from year-to-year there have been major changes to the MTEF ceilings as well as to the allocations to individual sector votes. This undermines the predictability of the two outer years.

39. The “big sectors” in the budget are works, transport and energy, as well as health and education. Each of these two areas receive about one fourth of the budget. Till 2012/2013, a significant increase is projected in three related items: public sector management, accountability and public administration. Combined these three areas will have a share of 26.5 per cent by 2012/2013, i.e. higher than the share of health and education (26.1 per cent). About 80 per cent of the national budget is

allocated for central government and 20 per cent for local governments. No significant change in this distribution is projected over the period 2009/2010 and 2012/2013.

40. **Monetary trends.** Uganda experienced from high rates of inflation (60–200 per cent p.a.) during the 1980s and into the early 1990s, but Government has managed to keep down inflation to one-digit figures in most of the years since then. However, recently in 2008 and again in 2011 inflation returned as a major challenge. During the first part of 2011, annual headline inflation increased to 16 per cent, largely fuelled by a 35 per cent increase in food prices following the drought in parts of Uganda and the East African Region. Though this supply side shock is presented as the official explanation, some observers also point to the fiscal expansion during the election campaign. Rising inflation has raised interest rates of Treasury Bills above 10 per cent and increased commercial lending rates to 25-30 per cent. Combined with a reduction of the foreign exchange reserves,[17] rising inflation placed pressure on the Ugandan shilling, which by mid-2011 depreciated to around UGX2,500 per US$1 (by mid-2008, the rate was UGX1,620 per US$1).

41. **The financial sector.** FINSCOPE surveys in 2006 and 2009 indicate: (i) in 2009, 22 per cent of the population (above 18 years) used formal sector (mainly bank) services, 7 per cent used other formal services, 43 per cent used informal institutions, while 28 per cent were un-served; (ii) about 70 per cent were using savings services while 45 per cent were accessing credit; (iii) from 2006 to 2009, the percentage of un-served (>18 years) declined from 43 per cent to 28 per cent, a major achievement given that about 1 million people is added every year; and (iv) from 2006 to 2009, the percentage of the population served by financial institutions regulated by Bank of Uganda increased from 18 per cent to 22 per cent while the percentage using the semi-formal Savings and Credit Cooperatives (SACCOs) remained unchanged at 3 per cent. The modest importance of SACCOs is also indicated by the following proportions: (i) three Microfinance Deposit-Taking Institutions,[18] which are formal and regulated by the Bank of Uganda, serve the same percentage of the population (3 per cent) as all SACCOs (more than 2,000) (ii) non-regulated non-deposit taking Microfinance Institutions also serve 3 per cent; and (iii) informal groups (such as VSLAs, ASCAs ROSCAs etc.) serve more clients (4 per cent) than the semi-formal SACCOs.

42. Uganda's banking industry (22 banks of which many have foreign ownership) has healthy financial indicators and rapid growth of their branch network. In addition, the banks have in the last years introduced mobile money transfer services and Islamic financial products, enhancing their outreach. Commercial bank credit to the private sector is increasing but the portfolio is dominated by personal loans and loans for trade and commerce. However, it should be highlighted that small loans for small non-corporate clients often are classified as personal loans even though the proceeds may contribute to the productive activities of the client.[19] Agriculture (crop finance and production) only accounts for 6 per cent (February 2010) and only 13 per cent is allocated for manufacturing, of which about half is for agro-processing industries. During 2009 – 2010, credit to agriculture increased by 38 per cent, partly as a result of the Agricultural Credit Facility worth UGX60 billion (US$25 million), a new joint initiative by Government and commercial banks.

[17] Uganda is an active participant in the war against terror and made in 2011 a costly purchase of military equipment (fighter jets).
[18] Recently the number of Microfinance Deposit Taking Institutions was reduced to three as Equity Bank of Kenya acquired Uganda Microfinance Ltd. - A Deposit Protection Fund was introduced in 2009 with contributions from the Microfinance Deposit Taking Institution s.
[19] This is also supported by the 2009 - 2010 UNHS which reports that 26 per cent of the households applied for loans for the purpose of working capital while (in second place) 16 per cent applied for the purpose of buying consumption goods.

43. **SACCOs.** Prior to 1998, SACCOs were mostly established by employees with a salary, e.g. teachers and employees in parastatals. With the IFAD-supported Rural Financial Services Programme (RFSP) but in particular after Government's Rural Financial Services Strategy (RFSS, 2006), the number of rural-based SACCOs witnessed a rapid expansion. In line with Government policy, there has been an effort to establish a SACCO in each of the 1,085 sub-counties. However, many of these newly registered SACCOs are small, under the influence of the local elites and politicians, and dependent on public subsidies. Without subsidies, their viability and sustainability would be threatened as they have difficulties with attracting savings deposits and maintaining the quality of their loan portfolio.

44. There is no legal framework specifically for financial cooperatives. SACCOs operate under the 1991 Cooperatives Society Act which focuses on cooperatives engaged in production and marketing. The institutional framework for SACCOs is fragmented. Within government, the Ministry of Finance (MoFPED) and the Ministry of Tourism, Trade, and Industry have regulatory and promotional functions, while three apex organizations provide various types of support for SACCOs, viz. Uganda Cooperative Alliance (UCA), Uganda Cooperative Savings and Credit Unions Ltd. (UCSCU), and the Association of Microfinance Institutions in Uganda.

45. Since 2009, Government and stakeholders have worked on developing a regulatory framework for institutions that are not regulated and supervised by the Bank of Uganda, i.e. SACCOs, the Credit Only Microfinance Institutions; the Microfinance non-governmental organizations (NGO Microfinance Institutions); the Money Lenders; and other Community Based Organizations such as the Village Savings and Credit Associations (VSLAs), the Accumulating Savings and Credit Associations (ASCAs), and the Rotating Savings and Credit Associations (ROSCAs). A draft bill has been prepared based on the principle that a regulatory and supervisory framework is required which promotes financial inclusion while at the same time promotes the safety and soundness of financial activities as well as innovations.

46. **Infrastructure challenges.** Being landlocked and far from sea ports, international trade with Asia, Europe and America involves extremely high transport costs, which makes exports costly but at the same time creates good opportunities for import substitution as well as for informal/formal exports to neighbouring countries such as DRC and the Republic of South Sudan which are even further away from the export ports. However, for some high value to weight goods, air freight is an option and cargo prices are expected to come down with growing tourism industry and air traffic. While the poor regional infrastructure is penalising Uganda (including inefficient port services in transit countries such as Tanzania and Kenya), continued large investments in the domestic road network (and rural electrification) are also required, in particular in the North which has a significant unexploited agricultural potential. In fact, in the 2000 PMA document, feeder roads are identified as the item with the highest resource requirements.

D. Agricultural and rural development

47. Though official (dubious) GDP figures estimate that agriculture only accounts for 15 per cent of GDP, agriculture continues to be important in terms of engaging about 70 per cent of the total labour force, delivering about 48 per cent of exports, and providing a large proportion of the raw materials for industry (UBOS, 2008). According to the 2009/2010 Uganda National Household Survey (UNHS) agriculture is no longer the main source of income; only 42 per cent of the households have subsistence farming as their main source of earning while for 4 per cent it is commercial farming. Wage employment and non-agricultural enterprises are the main sources for 46 per cent of the households. Even in rural areas, agriculture (subsistence and commercial) was the main source of earning for only 54 per cent of the households. It is noticeable that the figure for subsistence farming since the 2005/2006 has declined from 49 per cent in 2005/2006 to 42 per cent in

2009/2010 while the figure for commercial farming increased from 2.7 per cent to 3.7 per cent - a development that is in line with the ambitions of the PMA.

48. Weak statistics constrain the assessment of trends and relative weights of the sub-sectors in the agricultural GDP. Changes from 2005 to 2010 are too insignificant to suggest any major changes in relative weights but there is no doubt that the most important agricultural sub-sector is food crops followed by forestry and fisheries. Plantains (*matoke*), cassava, sweet potatoes, and maize are among the main food crops. The main cash crops include coffee, sugar, tobacco, tea, oil seed crops and cotton. Non-traditional export crops have emerged, e.g. cut flowers and vanilla, and fish have become an important export item. Food crops and livestock products are increasingly being exported informally to neighbouring DRC and South Sudan. Cash and food crops are largely grown by smallholders under rain-fed conditions. The area under irrigation is still negligible (<20,000 ha against an immediate potential of 400,000 ha) but many areas of Uganda have good rainfall compared to other parts of Eastern Africa. The number of larger commercial farms is increasing but from a low base.

Table 7
Sub-sector shares of agricultural GDP (per cent)

	2005/2006	*2009/2010*
Cash Crops	8.0	6.4
Food Crops	60.0	60.8
Livestock	6.7	7.1
Forestry	14.0	14.8
Fishing	11.40	10.5
Total	100.0	100.0

Source: MoFPED, 2011, BTTB, Table 4.a.

49. The institutional framework for agriculture has been influenced by government policies for agricultural development. In general summarised terms, the 1990s were characterised by government withdrawal from agricultural marketing and processing. A number of marketing and processing parastatals were privatised or dissolved. The PMA (2000) introduced an approach based on the market and the private sector. This was followed till around 2005 where government's confidence in the market and the private sector started to decline, raising issues of market failure and the ability of the private sector to drive the development in terms of facilitating the supply of inputs, financial services and development of agro-processing and marketing. From then onwards, Government has taken a more pro-active approach, engaging more directly in input supply, rural finance, and the financing of investments by farmers in agro-processing.

50. Over the last decade, there has been some improvement in agriculture's share of the budget but it now seems to stay around 5 per cent, or about half of the NEPAD target.[20] However, this figure is likely to underestimate what is actually being spent on agriculture since other ministries than MAAIF (e.g. water & environment and local governments), but also the State House, have significant agriculture-related expenditure. Thus, Uganda may well have reached the NEPAD intermediate milestone for 2015 of allocating 6 per cent of the budget for agriculture.

[20] If, as it is the case in Uganda, the Government of Uganda budget's share of GDP is declining, public expenditure on agriculture as percentage of GDP and perhaps even total expenditure may be declining in spite of an increasing share of government budget.

Table 8
Allocations for agriculture in 2009 /2010 and in the MTEF

	2009/2010 approved budget	*2010/2011 projected*	*2011/2012 projected*	*2012/2013 projected*
UGX Billion	311	345	376	412
Per cent of total budget	4.7	5.4	5.0	4.9

Source: MoFPED, National Budget Framework Paper, 2010/2011 and 2014/2015.

51. MAAIF's Development Strategy and Investment Plan (DSIP) 2010/11 – 2015/16 operates with somewhat higher annual budget ceilings than indicated in the current MTEF (Table 8), probably expecting that it may obtain higher ceilings during the annual Budget Framework Paper negotiations. According to the DSIP, the intention is that, during the period of implementation, MAAIF's budget structure should become rationalised around the DSIP's priority-based, programme-structured logframe.[21] It is expected that this will bring significant increases in the efficiency of service delivery as well as deliver considerable savings. However, the present budget framework, in particular the development budget, poses a number of challenges that influence efficiency and impact:

i. The entire 'development budget' is under 'projects', some 25 of them, each allocated to one or other Vote Function. Development partners finance the entire development budget, which in reality includes substantial recurrent expenditure.

ii. The 'development budget' is less than 20 per cent of the entire MAAIF budget (EPRC, 2009[22]). In 2009, some 45 per cent of the development budget was undisbursed. Of what *was* spent, a number of inefficiencies were noted (EPRC, 2009).

iii. The project-based nature of implementation has a number of consequences: disbursement challenges; overlaps between projects; delays of a year or more while pre-conditions are fulfilled (e.g. Parliamentary approval); unrealistic cost estimates; non-release of counterpart funds; the need to refer procurement decisions to the development partner (Development partner) headquarters; and, creation of "little project islands of authority" in the sector (Government/OPM, 2007).[23]

52. **MAAIF and its agencies.** The Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) consists of its headquarters and seven 'semi-autonomous' agencies.[24] The headquarters have two commodity-based Directorates (Animal Resources and Crop Resources) each with three Departments, two stand-alone Departments (for Planning and Finance and Administration) and three other specialist units. Each of the seven agencies, operating at both national and sub-national levels, is responsible for the execution of approved plans and projects, leaving MAAIF HQ to concentrate on agricultural policy formulation, support and supervision (especially of Local Governments), sector planning, regulation, standard setting, quality assurance and sector monitoring and guidance.

53. In 2001, a Core Functional Analysis of MAAIF was undertaken, which made clear the sub-optimal nature of the Ministry at that time and proposed a new structure. However, this was not implemented. As the new DSIP approached its final drafts in

[21] At present, the budget is organised according to nine Vote Functions, seven at the national level (Crops; Animal Resources; Policy, Planning and Support Services; Agriculture Advisory Services; Agricultural Research; Coffee Development; Cotton Development) and two at the district level (Agriculture Advisory Services and District Production Services).
[22] Government of Uganda/EPRC, 2009: Uganda, Agriculture Sector Public Expenditure Review.
[23] Government of Uganda/OPM, 2007: Uganda, Agriculture Sector Public Expenditure Review.
[24] The agencies are the National Agricultural Research Organization (NARO), the National Agricultural Advisory Services (NAADS), the Uganda Coffee Development Authority (UCDA), the Cotton Development Organisation (CDO), the PMA Secretariat, the Dairy Development Authority (DDA), the National Genetic Resource Information Centre and Data Bank (NAGRIC&DB), and the Coordinating Office for the Control of Trypanosomiasis in Uganda (COCTU).

2009, it was apparent that there was still insufficient 'machinery' within MAAIF to implement it and the development partners insisted that a further effort be made to re-configure MAAIF as a modern service-oriented ministry. The Ministry responded by mounting a number of studies to try to forge a way forward. A Restructuring Study was undertaken in 2010 and proposed a new structure. The proposals were approved by MAAIF's Top Management team and, subsequently, DSIP, with this structure at its core, was approved by Cabinet. However, implementation of the restructuring proposals has yet to start.

54. **Links to local government.** MAAIF's responsibility in regard to the decentralization agenda is to support and build capacity in the district authorities so that they can better deliver regulatory and quality assurance services in the agriculture sector, including collection of agricultural statistics and information. The reality is that the link between MAAIF HQ and the districts is very weak, with limited numbers of staff and a long history of weak supervision. The current MAAIF HQ establishment has a total of 411 positions out of which only 279 (67 per cent) are filled. Even where the positions are filled, the numbers are insufficient to do the work: this is especially so in regard to the pressing regulatory and pest and disease control responsibilities which require minimum resources for any kind of execution of the function.

55. The major link with the districts is through NAADS where the parish, sub-county and district councils have assessment and (politically sensitive) general oversight roles. NAADS' link at the district level is through the District Production Departments, which are supervised by the Production Committee (comprised of councillors). Capacity in these District Production Departments has been negatively affected by the delay in implementation of the long-planned restructuring and, over the last five years, personnel have either retired or resigned but have not been replaced. This situation has been further aggravated by the formation of many new districts which has resulted in existing staff having to be shared, thereby spreading the available human resources ever more thinly.

56. **Policy co-ordination.** The complex nature of the sector institutional set-up and the need for engagement with other sectors and institutions places significant coordination responsibilities on MAAIF and its agencies. The design of the PMA (see below), as a multi-sectoral framework, recognised this and made elaborate provision for coordination arrangements between and within sectors. However, implementation was problematic not least due to the limited commitment of the stakeholders.

57. One of the key institutions in the sector is the Sector Working Group composed of MAAIF and its agencies, Civil Society Organizations (CSOs) and the development partners. The Sector Working Group's main responsibilities are to evaluate if MAAIF's investments are in line with sector priorities; review the annual Agriculture Budget Framework Paper as a basis for budgeting in the sector; identify policy issues for consideration and action by the Top Policy Management Group; and provide information for Joint Government/Development Partner Reviews. In addition, there is the Parliamentary Committee on Agriculture, which is responsible for the review and approval of proposed policies and strategies for the sector.

58. A key issue for agricultural policy development and implementation is that there are many initiatives, important for agricultural development, implemented outside MAAIF. For example, a large part of the PMA budget frame as well as IFAD's lending (CAIIP and DLSP in MOLG) is allocated for rural roads. For the PMA, the current framework for inter-sector policy coordination consists of the PMA Steering Committee, chaired by MoFPED, with technical support provided by the PMA Secretariat. The PMA has also established a number of sub-committees (on Projects, Poverty and Gender, Agricultural Finance etc.) and these have been instrumental in bringing together stakeholders from outside the sector to pursue a

common agenda. An Agricultural Finance Sub-committee was established in March 2005 with a mandate to develop a national agricultural financing strategy. This is still ongoing.

59. There are also "pure" agricultural interventions undertaken by other institutions and programmes, notably the Promotion of Rice-growing in the Office of the Vice President and most significantly, "Prosperity for All" in the Office of the President. Some of the key Government stakeholders in agriculture are presented in appendix 10.

E. Government policies, strategies and programmes

60. For the period covered by this CPE (1998-2011), the macro-level policy framework has primarily been defined by the Poverty Eradication Action Plans (PEAP 1997-2008) and the National Development Plan (NDP, 2010/2011 and 2014/2015) while the policy framework for the agricultural sector has been defined by the PMA (2000[25]), and two Development Strategies and Investment Plans of MAAIF (DSIP 2005/2006, 2007/2008 and DSIP 2010/2011, 2015/2016).[26] The period 2008-2010 was used for preparing and adopting the NDP and the new DSIP, and therefore, IFAD and Government decided to postpone the preparation of a new COSOP.

61. The PEAP, which followed a decade of Economic Recovery Programmes, underwent several revisions until 2008 and served as Uganda's Comprehensive Development Framework and Poverty Reduction Strategy Paper. The PEAP (revised) had four main goals: (i) creating a framework for rapid economic growth and structural transformation; (ii) ensuring good governance and security; (iii) directly increasing the ability of the poor to raise incomes; and (iv) directly increasing the quality of life of the poor. Some of the key PEAP targets have successfully been achieved, e.g. "proportion of the population living below poverty line reduced from 38 per cent in 2003 to 28 per cent by 2013/2014" – in 2009/2010 it was 24.5 per cent. Also the target for GDP growth can be assessed as achieved in spite of the temporary moderating effect of the international financial crisis.

62. The NDP is based on the Vision of "a transformed Ugandan society from a peasant to a modern and prosperous country within 30 years" implying a change to a middle income within 30 years, but with rapid progress: "It is envisaged that the country will graduate to the middle income segment by 2017". With the theme of "growth, employment and socio-economic transformation for prosperity", the NDP strategy emphasises broad-based rapid growth that creates employment for the growing labour force. Central to the NDP is the restoration of agricultural growth as an engine for employment creation, poverty reduction and industrialisation. The NDP recognises agriculture as among the key productive sectors driving the economy. For those who are unable to work or lack basic resources, social protection interventions are envisaged. NDP defines eight objectives for achieving the vision, related to improving productivity, technologies, human capital, resource use (governance), social services and environmental sustainability. Reduction of the high population growth is not part of the strategic objectives.

63. In terms of terminology, the NDP emphasises wealth creation and prosperity (rather than poverty reduction) and it identifies prerequisites such as political will and behaviour changes. In this way, the NDP is more in line with the vocabulary of the strategy "Prosperity for All" (PFA) which was outlined in the National Resistance Movement (NRM) manifesto of 2006 and promised that everyone would prosper and that government would use substantial public expenditures on rural programmes to that end: *"A trained cadre shall be appointed to drive and motivate development at each parish – it shall act as proactive catalyst for the much desired social economic transformation of Uganda"* (NRM, 2006: 81). In February 2008, a

[25] MAAIF and MOFPED, August 2000: Plan for Modernisation of Agriculture: Eradicating Poverty in Uganda, "Government Strategy and Operational Framework".
[26] Although defined for a 6-year period, the planning and costing of the DSIP is based on 5 years.

PFA Document was released, the core of which was that PFA would "identify and support economic enterprises that will enable households to earn daily, periodic and long-term incomes, with a target of UGX 20 million per household per year".

64. The PFA introduced a somewhat more centralistic and interventionistic approach than what was indicated in the PMA, which defined government's role as being limited to addressing market failure, and providing public goods and regulatory services. The PMA mission of "transforming subsistence agriculture to commercial agriculture" was based on a number of strategies including: "*removing direct government involvement in commercial aspects of agriculture and promoting the role of the private sector*" and "*deepening decentralization to lower levels of local government for efficient service delivery*". PMA emphasised the development of general conducive environment (institutional and physical) for agriculture (benefiting all farmer categories) but included selective and targeted measures for addressing the special needs of poor subsistence farmers.

65. The PMA was built on seven main pillars or public expenditure areas: (i) research and technology development, (ii) agricultural advisory services, (iii) rural finance, (iv) agro-processing and marketing, (v) agricultural education, (vi) sustainable natural resource management, and vii) supportive physical infrastructure (feeder roads, electrification) to improve market access and value addition. With the exception of (v) agricultural education, IFAD's portfolio, 1998-2011, directly supports these areas, in fact all IFAD's support can be classified as belonging to the PMA expenditure areas, though "sustainable natural resource management" is not an isolated IFAD intervention but an activity mainstreamed in some of the interventions. In terms of finance, the largest part has gone towards physical infrastructure (roads) while the investments in the vegetable oil sub-sector are linked to several of the PMA pillars, including advisory services and agro-processing and marketing.

66. Implementing the PMA proved difficult because of problems in coordinating the activities of the many (some thirteen) ministries and agencies, partly because the envisaged central PMA basket fund was never established. In spite of this, the PMA was still generally considered to have the right approach. An independent evaluation of the PMA (OPM, 2005) gave a broadly positive assessment of progress and, *inter alia*, concluded that "in the light of both Uganda experience and the international debate on the role of agriculture in pro-poor growth, the basic conceptualisation of the PMA is still valid and the overall logic still holds good."

67. MAAIF describes the new DSIP as "government's plan to put agriculture on the path to irreversible transformation. It constitutes a 'road map' that will guide public action and investments in the agricultural sector over the next five years." The Development Objectives of the DSIP are: (i) Rural incomes and livelihoods increased; and (ii) Household food and nutrition security improved. Investments under DSIP have been packaged under four Programmes representing the key areas of opportunity: (i) Enhancing Production and Productivity; (ii) Improving Access to Markets and Value Addition; (iii) Creating an Enabling Environment, and; (iv) Institutional Strengthening in the Sector.

68. Approval of the DSIP, including the new institutional structure, was a condition for the development partners to agree to sign the Comprehensive Africa Agriculture Development Programme (CAADP) Compact in April 2010. The DSIP is the foundation document for the CAADP Compact which also IFAD has signed. As part of the DSIP preparation process, MAAIF has been developing a new agricultural sector policy for Uganda but at the time of the CPE mission, the work was unfinished.

69. During the last decade, there has been a lively debate on agricultural policy issues, in particular on the strategies and approaches for improving farmers' access to advisory (extension) services, inputs and finance. For the first two areas (advisory

services and inputs), NAADS has been at the centre of the debate. Emerging from the PMA, the NAADS was conceived as a 25-year programme and an innovative public-private initiative that targets the development and use of farmer institutions and in the process empowers them to procure advisory services supplied by different (including private) service providers, manage linkages with marketing partners and monitor the services and their impacts. The use of the private sector to provide these services was controversial from the start and is probably still dividing the opinion.

70. NAADS was launched as a pilot in 2001 in six districts. The NAADS programme was initiated in 2001 in six districts (Arua, Kabale, Kibaale, Mukono, Soroti and Tororo) and 24 sub-counties. It covered the entire country by end of financial year 2007/2008. Two independent evaluations of the first phase of NAADS (ITAD 2008 and IFPRI 2009) provided an overall positive assessment (see Chapter IV). In particular, it was found that "larger proportions of NAADS participants than non-participants perceived that their standard of living had improved compared to what it was in 2000" and that the impact of the programme was largest among the poorest and in the Central and Western Regions. The cost-benefit analysis showed a very healthy rate of return of 240-270 per cent.

71. However, this positive assessment was not shared by the top levels of Government which in late 2007 suspended the NAADS programme. In May 2008, the suspension was lifted and the funding resumed under what came to be known as a "new NAADS" label, which on the basis of earlier PFA directives introduced a programme of supporting six 'model' farmers per parish. Lower level governments were tasked with selecting six model farmers per parish to receive inputs and other benefits and serve as demonstration farms for the rest of the community. Also the concept of nucleus farmers was introduced, the nucleus farmer being a large commercial farmer or agribusiness entrepreneur who with matching grant support could initiate an out-grower scheme or otherwise link small farmers to the market. According to current rules, a nucleus farmer may receive up to US$200,000 as matching grant.

72. The new NAADS became more driven by distribution of inputs and subsidies for better-off farmers, based on the philosophy that benefits will trickle down and that the better-off farmers (model and nucleus farmers) would pull the subsistence farmers into a process of technological transformation and commercialisation. This change of NAADS raised a debate with the donor community which argued that (i) government's increased engagement in distribution of inputs and subsidies contributed to increasing the governance and accountability problems; and (ii) the increased priority given to better-off farmers (model farmers and nucleus farmers) in allocation of subsidies raised issues of equity and compliance with PMA's original targeting strategy, as well as issues of market distortion (better-off households can and should depend on markets and financial services for obtaining inputs and equipment).

73. Rural/micro finance has also been the subject of policy debate. Emerging from the PMA, the Government/IFAD/EU-financed MOP was launched in 2003. The basic principle was to promote outreach and improved access through facilitating a diversified supply of micro and rural finance services. However, in 2006 the MOP was replaced with the Rural Financial Services Strategy (RFSS – "Achieving Prosperity for All through SACCOs") where Government defined the target of establishing at least one SACCO per sub-county. As a consequence of this change, some development partners withdrew their support. It also necessitated a re-design of the IFAD supported Rural Financial Services Programme (RFSP), limiting the support to the new SACCO strategy. This change of direction created new issues and challenges as reflected in the RFSP self-assessment: "While new policies may be desirable, new ones should logically build on old ones - policy reversals

need not be erratic or even ad hoc. RFSP has suffered from policy reversals and because of that, it was restructured.

F. Profile of the donor community

74. Uganda has been highly dependent on development assistance but the dependency is gradually declining, a trend that is likely to be reinforced when oil revenues start flowing. Official Development Assistance (ODA) increased from US$192 million in 1986 to US$1.7 billion in 2007. Relative to GDP, total ODA to Uganda stood at five per cent in 1986, peaked at 25 per cent in 1992, and averaged 14 per cent from 2004 to 2008. On-budget donor support amounted to about US$800 million per year in FY08 and FY09, financing around 30 per cent of Government's budget.

75. While more than 40 bilateral and multilateral development partners provide aid to Uganda, only three development partners - the World Bank, the United States, and the European Commission - account for almost half of total ODA. Whereas the United States was the largest financier in 2008, the World Bank was the single largest financier for the period 2004-2008, accounting for 19 per cent of the US$7.3 billion disbursed from 2004 to 2008. The United States accounted for 18 per cent; and the European Commission accounted for 10 per cent (appendix 11).

76. Currently, the major development partners, supporting the public sector side of agricultural development, include the World Bank, the African Development Bank (AfDB), IFAD, the EU, Danida and Japan International Cooperation Agency. In addition, part of the general budget support (GBS) provided by the GBS partners (DFID, World Bank etc.) indirectly benefits agriculture. Finally, there are off-budget public sector investments by Norway (meat processing), China (aquaculture) and Iran (tractor assembly). – Appendix 11 provides further details.

77. There have been efforts since the 1990s to improve donor harmonization. Government and the development partners signed a set of Partnership Principles in 2003, which emphasized the government's preference for budget support as an aid modality. In 2005, the Uganda Joint Assistance Strategy (UJAS) was issued, presenting a core strategy of seven development partners[27] for 2005–09 in support of PEAP 2005-2006 and 2008-2009. The UJAS specifies the ways in which the UJAS partners will support the government's efforts to achieve its PEAP outcome targets, drawing on each partner's comparative advantage in providing expertise and assistance. Subsequently, in 2006-07 Government and the development partners, including IFAD, worked on the Donor Division of Labour Exercise. And recently, Government has prepared a Uganda Partnership Policy[28] defining and guiding the cooperation with the development partners for implementation of the NDP.

78. In line with Government preferences, the development partners have over the last decade shifted increasingly from project support to budget and sector support. In 2007, 66 per cent of disbursed aid was provided as either general budget support or within program-based approaches, up from 50 per cent in 2005. However, in agriculture, development partners still provide their support mainly through projects except for NAADS and ATAAS which represent harmonised programme approaches. It is the intention of the DSIP and CAADP processes to accelerate the move towards sector budget support but the main development partners, which potentially may consider agricultural sector budget support, generally demand institutional strengthening and reforms in MAAIF before they are willing to consider changing their aid modality.

[27] The seven UJAS partners were the African Development Bank (AfDB), Germany, the Netherlands, Norway, Sweden, the United Kingdom's Department for International Development (DFID), and the World Bank Group. Austria, Denmark, EC, Ireland and other later joined the UJAS.
[28] Republic of Uganda (Second Draft, December 2010): Uganda Partnership Policy – Towards Implementing the National Development Plan.

79. The World Bank, the African Development Bank and the European Union are among the major development partners that provide assistance in the same areas as IFAD, and relatively recent country level evaluations provide assessments of their experiences. The EC Country Level Evaluation[29] found that the performance of EC interventions (2001-2009) was moderately-high but that "the EC must continue to develop the capacity of Ugandan institutions and to improve the effectiveness of policy dialogue geared to bringing about sustainable changes in public management." It further noted that "many outcomes are delayed and not produced as planned" and that "various Programme-Based Approaches have not resulted in additionality".

80. The World Bank (Independent Evaluation Group) and the AfDB (Operations Evaluation Department, OPEV) issued jointly in 2009 a Country Assistance Evaluation covering the period 2001-2007.[30] The Evaluation found that the assistance of both organizations was overall relevant and aligned but rated the outcome of the assistance of both banks within the areas of Governance. Growth and Human Development as only moderately satisfactory. However, the assistance of both banks for decentralization was given a satisfactory outcome rating while their assistance for public sector reform/management was assessed as only moderately satisfactory. In the area of agriculture and the environment, the World Bank was given a moderately satisfactory outcome rating while AfDB was given a satisfactory rating though with qualifications that the support had yielded mixed results and that sustained agricultural growth had not been achieved. In the case of the World Bank it was found that more could have been done inter alia to help counter the perception of increasing corruption and to enhance agricultural productivity. In the case of AfDB, some shortcomings were found in the assistance provided for power and roads and in reducing corruption. The Evaluation recommended more investments (perhaps joint) in analytical work, including improvement of monitoring and evaluation, and that "both banks reinforce the effectiveness of general budget support as an instrument for minimizing transaction costs and facilitating the use of country systems".

[29] ECO Consult et al on behalf of the European Commission, November 2009: Country Level Evaluation Uganda.
[30] IEG & OPEV, 2009: Uganda Country Assistance Evaluation, 2001-2007.

Key points

- Uganda suffered from civil war and mismanagement of the economy during part of the period from independence in 1962 to 1986, resulting in reduction of income per capita.
- After takeover of government by the National Resistance Movement in 1986, macroeconomic stability was gradually restored, placing Uganda on a path of high economic growth; since 1989 average annual GDP growth has been around 7 per cent.
- High economic growth has reduced poverty incidence to about half, also in rural areas.
- Family planning has not been a priority and the population continues to grow by more than 3 per cent per year. As a result, the total number of poor is only declining marginally and about 1 million young people enter the labour force each year, representing a political challenge and an economic opportunity.
- The significant reduction of rural poverty and other positive developments do not tally with official agricultural GDP data which suggest declining agricultural GDP per capita since 2001. According to official figures, agriculture is today the least important sector in GDP though most important in terms of exports and source of rural household income.
- The impressive economic growth and poverty reduction has been achieved in spite of weak governance indicators and implementation of agreed policy frameworks.
- Recent discoveries of oil reserves will have impacts on the economy, public finances, and also on aid dependency, which is gradually declining from a peak in the 1990s.
- The Poverty Eradication Action Plans, the Plan for Modernisation of Agriculture and the decentralization policy have defined the policy framework for the Government-IFAD cooperation over the evaluated period. However, there have been policy reversals and deviations, notably in agricultural extension and rural finance.
- Agriculture's share of the government budget has increased but the government budget constitutes a modest and declining share of GDP.

III. The country strategy

81. In accordance with IOE's Evaluation Manual, this chapter provides a description of the Country Strategic Opportunities Papers (COSOPs) of 1998 and 2004 as well as important strategic decisions, while an assessment of COSOP Performance is presented in Chapter VII.

A. COSOPs of 1998 and 2004

82. While IFAD's operations and portfolio development in Uganda since 1981 have been guided by internal strategies, the first official strategy, the Country Strategic Opportunities Paper (COSOP), was issued in 1998 and followed by a COSOP in 2004. A new COSOP was scheduled for 2008-2009, but at that time, Government started preparations for a new national strategic framework (the NDP) and a new strategy for agriculture (DSIP). For this reason, IFAD and Government decided to postpone the preparation of the third COSOP. However, during 2004-2011 IFAD has taken a number of strategic decisions to align to the changes in the national context (Section B) which made the 2004 COSOP partly obsolete a few years after it was published. Though the 1998 COSOP is an official paper, it should be highlighted that the COSOPs of the 1990s often were used as internal IFAD documents primarily for pipeline development. This started to change in the following decade where COSOPs became joint government-IFAD strategies, in

particular following IFAD's introduction in 2006 of the Results-based Country Strategic Opportunities Programme (RB-COSOP).[31]

83. IFAD undertook a major strategic re-orientation during 1997-1998. From being a follower in five World Bank initiated loan-projects approved during 1981-1994, IFAD developed and approved the Vegetable Oil Development Project (VODP) in 1997 and the District Development Support Project (DDSP) in 1998. As mentioned in Chapter I, the DDSP was inspired by the BFS-grant-financed Hoima/Kibale Integrated Community Development Project (1991-1998). Furthermore, in the case of DDSP, IFAD piloted for the first time in Uganda direct supervision and implementation support instead of delegating this function to another agency (cooperating institution) which was the practice at the time. And in 1998, IFAD issued the first COSOP. Thus, 1997-1998 was a turning point where IFAD started to become a more actively engaged development partner rather than a distant lending organization.

84. COSOP features. The 1998 and 2004 COSOPs defined similar strategic objectives or thrusts but the 2004 COSOP outlined a more positive approach to joining multi-donor frameworks, related to the SWAp being developed around the PMA.

Table 9
Summary description of the two Uganda COSOPs

	COSOP 2004	*COSOP 1998*
Objectives	1. Promote civil society organizations, producer associations and community development. 2. Strengthen the decentralization process, building the capacity of local governments to work on rural poverty reduction 3. Respond to emerging land issues confronting smallholders 4. Deepen smallholder access to capital and technology 5. Enhance market integration by addressing post-harvest and agro-processing challenges 6. Mainstream gender issues and HIV/AIDS prevention and mitigation practices into rural development processes	1. Promote civil society organizations, producer associations and community development. 2. Strengthen the decentralization process. 3. Promote savings and access to credit. 4. Enhance uptake of improved technologies and techniques, - group-based and privatisation of services, emphasis on planting material. 5. Promote smallholder livestock development 6. Increase production for the market and promote the commercialisation process (export or import substitution)
Targeting	Align to PMA targeting strategy. Remote rural areas and the North	No socioeconomic but geographical: South-West and North
Pipeline	(i) multi-donor support for marketing and agro-processing; (ii) UWESO – orphans; (iii) community-based support for northern and eastern Uganda	(i) South-West Rural Development, (ii) research-extension pilot; (iii) rural finance: (iv) community based integrated support for northern region
Aid Modalities	Join SWAp and provide assistance within SWAps	Support in "limited contexts" (i.e. project contexts)
Policy Dialogue	Question the abolition of cost-sharing in health services and the graduated tax, and against the re-introduction of free hand-outs of planting material. Participate in development of agricultural SWAp. Address the land issue jointly with ILC	(i) development of sustainable research-extension system; (ii) development of rural financial system; (iii) use of CSOs, NGOs, PSOs and LGs as implementers
Country Programme Management	Full time country representative to participate in PMA related policy dialogue and development partner coordination	Not available

[31] The 2006 Guidelines for RB-COSOPs were revised in 2010. The new version places more emphasis on a COSOP baseline and quantification of COSOP targets "to show exactly what is going to be delivered over the 5 year COSOP period". It also introduces a new appendix providing a detailed description of the project pipeline.

85. As seen in the following sections, the strategic objectives defined in the 1998 COSOP have generally guided the cooperation till date. However, smallholder livestock development (including support for the pastoralists in Karamoja) has not been pursued as a separate intervention while "improvement of market access" (through investments in Community Access and district roads of AAMP, DDSP, DLSP and CAIIP) has become a more pronounced priority in the commercialisation strategy. The strategic objectives, also for the 1998 COSOP, are well aligned to the principles and strategies of the PMA. Three years before launching PMA[32] and NAADS, the 1998 COSOP states that the focus is to enable smallholders to increase the quality and quantity of marketable crops and that "technology dissemination would be group-based and built on the existing experience gained for the privatisation of knowledge transfer". In fact, the 1998 COSOP builds the case for the later IFAD support for NAADS approved in 2001.

86. With respect to the new strategic priority of addressing the issue of smallholder access to land and land rights, the 2004 COSOP stated that this would be done in collaboration with the IFAD-hosted International Land Coalition.

87. **Targeting.** The 1998 COSOP focuses on smallholders without defining specific differentiated strategies for different socio-economic categories of smallholders. However it does include a geographical targeting strategy by stating that IFAD would consider a Government request to finance an area-based project in the South-West (AAMP). And within this potential intervention, the COSOP states that "activities would be tailored to reflect the potentiality of each category of smallholder". The 1998 COSOP also states the Fund would consider support for the northern region, and "development support would be targeted at communities in the Karamoja area comprising the two poorest districts in the country: Kotido and Moroto". These are traditional pastoralist areas and would thus fit with the strategic thrust of promoting smallholder livestock development.

88. The 2004 COSOP was not specific on socio-economic targeting but stated that "the Fund will place its assistance under the PMA umbrella" which did specify a targeting strategy, giving preference to poor subsistence farmers when allocating public resources (Box 2).

Box 2
PMA targeting strategy

"PMA will benefit all categories of farmers. subsistence farmers (the majority), semi-commercial farmers, and commercial farmers. All farmer categories will benefit from an enabling environment and agricultural research. The main target beneficiaries of the PMA interventions are the subsistence farmers and most of public resources will be allocated to interventions that directly reach them. These include agricultural advisory services, agricultural education, access to markets for inputs and outputs and capacity building for rural micro-finance institutions."

Source: MAAIF & MoFPED, August 2000: Plan for Modernisation of Agriculture (pages 32-33).

89. While the 2004 COSOP did not present an elaborate socio-economic targeting strategy, it did define a focus on remote areas: "deliberate focus on rural areas in general, and more remote communities in particular". The 2004 COSOP also singles out the north and the north-east as a priority, but makes future support subject to improved security. Again the Karamoja area is highlighted, now including three districts (Kotido, Moroto and Nakapiripirit).

90. **Crosscutting issues.** The 1998 COSOP emphasises that issues of particular importance to poor rural women should be articulated and addressed within the support for planting materials, rural finance, agro-processing and trade, nutrition training and health and potable water. The COSOP defines a number of interventions for women, including grants that specifically target women:

[32] Already in 1997-1998, versions of a modernisation plan for agriculture were being discussed.

(i) US$56,500 for capacity building for women financial intermediaries, coordinated by the Women Desk of the Development Finance Department of the Bank of Uganda; and (ii) US$75,000 supporting (within the context of VODP) income-generating activities of women groups in Bugala island; and (iii).capacity development of financial intermediaries focusing on women, including institutional development support for the Uganda Women's Finance Trust.

91. The 2004 COSOP makes similar statements: "the Fund will promote the capacity to target women and to address their priority issues – rural product marketing/trading, rural financial services, potable water, health, nutrition, sanitation and higher farm productivity". A large part of the pipeline is in particular of benefit to women, such as grant support for UWESO and an integrated community development intervention in the north and east.

92. The issue of the high HIV/AIDS prevalence is first given serious attention in the 2004 COSOP: "future support will necessarily include appropriate mitigation measures against the effects of the pandemic".

93. **Aid modalities.** While the 1998 COSOP did build a case for aligning to a future PMA, it was cautious about IFAD joining national sector/sub-sector or thematic programmes. It advocates for testing support within limited contexts: "at present the ineffective state of public sector extension as well as rural finance, for example, suggest that broad themes be addressed in limited contexts, with experience gained in these "bounded" contexts providing the basis for the eventual development of broader programmes.." and that IFAD "should pursue its strategy within regional rather than national projects".

94. In contrast, the 2004 COSOP introduced a much more positive position to joining the PMA and applying a sector-wide approach: "Recognizing the Government's priorities and preferences, IFAD will provide assistance within the framework of sector-wide approaches and established national mechanisms of programme development and coordination, while ensuring conformity and consistence with the PEAP, MTEF and partnership principles". And furthermore, "in order to enhance IFAD's input into plans for further policy and institutional development in PMA-related areas – the Fund will mobilize a full-time local representative in Kampala".

95. **Pipeline development.** The 1998 COSOP refers to a 3-year rolling programme of work where IFAD will prepare three projects for approval by the Executive Board (EB): (i) a South-west Region Support Project led by IFAD and co-financed by the World Bank for EB approval in December 1999; (ii) a pilot programme for focusing on research-extension services (the later NAADS, thus without research) with the World Bank leading the preparation and IFAD providing co-financing; and (iii) support for the Rural Financial System, spearheaded by the World Bank, for EB approval not earlier than December 2001. The COSOP is clear on the partnership with the World Bank: "For strategic and technical reasons, any major IFAD involvement in support of Uganda's rural financial system would necessarily be in partnership with the Bank". Though the concrete plan for pipeline development did not include the support for the northern region as suggested in the geographical targeting strategy, the COSOP does mention under Conclusions and Recommendations: "a community-based integrated development intervention for the northern region in 2001-2002.

96. Without specifying the assumptions of different scenarios[33], the 2004 COSOP broadly outlined IFAD's support under three scenarios: "(a) IFAD's immediate and base-case scenario will be in favour of extended support to the development and financing of a multi-donor marketing and agroprocessing intervention with national coverage (assuming continued good performance as assessed under, inter alia the

[33] From the ESA self-assessment it is understood that the lending frame for 2004–2006 eventually was defined as US$27.44 million, used for the District Livelihoods Support Project (DLSP), which was not an apparent part of the pipeline.

Performance Based Allocation System (of IFAD), thus leading to broad programme support); (b) as a low-case scenario, IFAD will also support the consolidation of the UWESO Development Programme [orphans of the HIV/AIDS pandemic], depending on the availability of BSF grant financing...; and (c) assuming outstanding Performance Based Allocation System performance and significant improvement in civil disorder and resulting security concerns to life and property, IFAD will be further committed, as a high-case scenario, to also support an integrated, community-based, demand-driven intervention covering parts of northern and eastern Uganda."

97. The plan for pipeline development in the 2004 COSOP was based on the just introduced Performance Based Allocation System and indicates (in the logical framework in an appendix) a total investment of US$50 million over four years and comprised of: (i) US$18 million for marketing and processing; (ii) US$25 million for integrated community development (in the north); (iii) a grant of US$3 million for consolidation of UWESO development programme (HIV/AIDS orphans) and a grant of US$4 million for country presence and policy dialogue.

98. **Non-lending activities.** Non-lending activities are by IFAD defined as activities related to policy dialogue, partnership development and knowledge management which are not taking place within the context of a project supported by an IFAD loan. In reality, however, most of such activities are directly or indirectly related to the areas for which IFAD is lending.

99. **Policy dialogue.** The 1998 COSOP highlighted three issues which are related to the portfolio development: (i) design of the research-extension-farmer system introducing methods of cost-recovery where IFAD emphasise cost-recovery and sustainability; (ii) development of the rural financial system through dialogue with Government and development partners; and (iii) use of NGOs and Private Sector Organization (PSOs) and district governments in project implementation where the issue is to deepen and widen the understanding, in particular developing the understanding of parliamentarians approving new projects, of the importance of involving NGOs and PSOs in project implementation.

100. In addition to including the land issue under the strategic thrusts, the 2004 COSOP defined three issues where IFAD had a highly critical view of Government policy decisions: (i) Government's removal in 2001 of the cost-sharing obligation in basic health care services which according to IFAD "continues to impact negatively upon and diminish the level of community commitment, participation and material contribution in support of development activities"; (ii) the reduction in 2001 of the minimum graduated tax and plans for its complete suspension which according to IFAD would significantly reduce district revenue and "impact negatively on the effort to reduce income inequality and achieve sustainability of established physical facilities and services"; and (iii) "the apparent revival, under the Government's so-called Strategic Crops Development Initiative, of supply-driven, free and unsustainable hand-outs for the supply of crop planting materials and improved livestock breeds – an initiative that is not only in direct contradiction to the objectives and approaches of the PEAP and PMA, but also undermines the effort for smallholder commercialization". Finally, on a more positive note, the 2004 COSOP stressed the need for maintaining a positive investment climate in the long term, particularly important for the public-private partnership (PPP) in palm oil processing.

101. **Partnership development.** The 1998 COSOP singles out the World Bank as IFAD's most important partner, building on the cooperation during 1981-1998 where the Bank had led and supervised the IFAD-funded portfolio. The COSOP states that the Bank will be retained as cooperating institution in the Vegetable Oil Development Project and that the Bank will lead the preparation of support for the research and extension system which IFAD may co-finance. In the area of rural

finance, the COSOP clarifies: "For strategic and technical reasons, any major IFAD involvement in support of Uganda's rural financial system would necessarily be in partnership with the Bank". Nevertheless, the COSOP does identify an opportunity for IFAD leading the Bank, stating that "the World Bank is by no means the sector leader in smallholder agriculture" and that given the Bank's interest in poverty alleviation, IFAD will explore the possibility of World Bank co-financing of IFAD-financed projects (not least in the south-west).

102. The 1998 COSOP also mentions the potential for partnerships with other multilateral agencies: FAO for farmer field schools, AfDB and the OPEC Fund for infrastructure development, and various UN agencies for health, water and social issues. Among the bilateral agencies, the BFS and Irish Aid are highlighted as partners in community development and integrated area-based support for selected districts. Finally, a number of bilateral partners are mentioned in area of microfinance.

103. With respect to working with the non-government sector, the 1998 COSOP makes a clear statement: "The design of future projects and programmes would increasingly seek to utilise the services of organised private sector and civil society institutions as well as other NGOs in project implementation". And reference is made to some NGOs with whom IFAD has established cooperation such as the Uganda Women's Effort to Save Orphans (UWESO).

104. The 2004 COSOP reiterates the strong partnership with the World Bank but with IFAD having a more leading role: "IFAD will continue to solicit the involvement of the Bank in all major future interventions initiated/led by the Fund, including the possibility of participation in the design process, cofinancing arrangements and/or implementation oversight".

105. In 2004, the AfDB had become a project partner, and the COSOP highlights the problems of coordinating supervision, which is still, in 2011, an issue in CAIIP: "IFAD's experience with AfDB is limited to the ongoing Area-Based Agricultural Modernization Programme, whose feeder-roads component the Bank finances under a parallel arrangement. The experience relating to parallel financing and separate supervision arrangements is, thus far, challenging and difficult". However, in spite of these problems, the COSOP promises that "IFAD will continue to explore the forging of a closer working relationship with AfDB".

106. The on-going partnership with BSF and Irish Aid is again highlighted and as a new strategy, it is stated: "IFAD will continue to explore the possibility of cofinancing arrangements (when not otherwise covered under basket and sector wide joint financing) with other key bilateral agencies: DANIDA, DFID, the European Union, GTZ, The Netherlands, the Swedish International Development Agency and USAID". Thus, basket funding and sector budget support are considered as options for IFAD.

107. **Knowledge management.** The 1998 and 2004 COSOPs do not include a specific section on knowledge management which is dealt with under Actions for Improving Portfolio Performance. Surprisingly, the 1998 COSOP states that procurement "is no longer considered a problem area". Instead it highlights the problems of project evaluation and impact assessment which will be addressed by training and re-training staff and separating monitoring from evaluation functions, assigning monitoring to project management/districts while developing the evaluation capacity of central ministries such as MOLG and MoFPED. Training and re-training of project staff will also be provided in areas such as use of the logical framework, and preparation of annual work plans and budgets. The 2004 COSOP also mentions the M&E functions. As a new issue, it highlights "the need to reduce, significantly, the period it takes for a programme loan to be ratified through the Ugandan system". However, it does not indicate how this could be achieved.

108. **Country programme management.** In 1998, IFAD's country programme was managed from Rome and the 1998 COSOP is silent on arrangements for country programme management, except for the above-mention actions to improve portfolio performance. In contrast, the 2004 COSOP proposes a full-time local representative in Kampala as one of the 15 local representatives in the worldwide Field-Presence Pilot Programme approved by the Executive Board at its Eightieth Session in December 2003. The COSOP states that this is done "in order to enhance IFAD's input into plans for further policy and institutional development in PMA-related areas" and that "the Fund will make a significant contribution towards enhancing the coordination and facilitation capacity of the PMA Secretariat, especially in relation to the process of advancing PMA objectives, including broad sector planning, programme development, progress monitoring and impact assessment".

B. Strategic decisions and evolution in the cooperation

109. Strategic decisions are not only taken in connection with formulation of COSOPs, and the strategic direction for the cooperation is not only provided by the approved COSOPs. This is in particular so for the 7-year period following the 2004 COSOP where IFAD had to decide on a number of strategic issues that emerged, following changes in the context. Indeed, the 2004 COSOP recognised that a COSOP cannot be "a manual" for the future cooperation: "the design of future collaboration must continue to be sufficiently flexible to accommodate changing circumstances. including decisions that are political in nature". A brief overview of some of the most important contextual changes and related strategic decisions or actions is presented in the following.

110. **Towards division of labour and a sector approach.** In the Division of Labour exercise (2006-2007) Government asked the development partners to be more selective and focus their support on fewer areas of the PEAP. Development partners were also asked to assist Government with reducing transaction costs by assigning lead partners with responsibility for dialogue and/or financial management. Development partners could choose between a leading role, active engagement or delegation to another development partner. As a result of the exercise, development partners on average planned to remain engaged in 22 PEAP areas, down from 25 areas.[34] Some development partners, e.g. UK, UNDP and EC, planned to leave more than five areas.

111. According to the ODI Report (Figure 31), IFAD did not apply for any future lead role but wished to continue active engagement in five PEAP areas: (i) trade policy; (ii) NARS; (iii) NAADS; (iv) microfinance; and (v) decentralization. In addition, IFAD planned to engage in two new areas: (a) agricultural policy and coordination; and (b) land policy and implementation. This is a somewhat different interpretation from the one presented by ESA in the self-assessment which states that IFAD agreed to concentrate on three sectors/areas: Agriculture, Decentralization and Rural/Micro Finance. While the self-assessment cannot be disputed, it does not follow the PEAP-based methodology reviewing the five main PEAP pillars and the areas within each pillar. In fact, all PEAP areas prioritised by IFAD are under Pillar 2: Enhancing Production, Competitiveness and Incomes, with the exception of Decentralization which is under Pillar 4: Good Governance.

112. As one measure to improve alignment to national sector policies and strategies, Government encouraged development partners to move away from multi-sector integrated development projects and instead support sector strategies and programmes. As a consequence, IFAD programmes had to be restructured, for example IFAD and Government agreed to remove the components of the District Livelihoods Support Project (DLSP) that supported rural finance, and water and sanitation. An agreement on restructuring DLSP was reached in 2008.

[34] ODI, March 2007: Interim Report of the Uganda Donor Division of Labour Exercise.

113. **Government priority for hardware.** In 2006, according the ESA self-assessment, "Government started taking an extremely critical view of all loan assistance in order to contain its future debt burden, and informed development partners and IFAD that loan assistance should be focused on infrastructure (roads and electrical power) and productive investments (value addition), while "soft" activities like farmer training and community development would now only be financed by grant assistance". This Government policy influenced implementation of ongoing programmes as well as development of new lending which became more concentrated on infrastructure (primarily roads in DLSP and CAIIP) and value addition (VODP 2). However, Government's new partnership policy related to development partner support for the NDP appears only to apply this policy to non-concessional financing, see below. Thus, there should now be a possibility for IFAD to support "soft" areas in the future with lending on highly concessional terms.

Box 3
Non-concessional financing

The Government will seek non-concessional financing only for projects with very high economic returns, and will conduct annual debt sustainability analyses to ensure its debt remains sustainable.

In addition, the Government will limit Public-Private Partnership financing arrangements and guarantees of private sector borrowing to only the most vital and high-return infrastructure projects. The Government will continuously monitor and analyse the impact of contingent liabilities arising from such arrangements for debt management and fiscal sustainability.

Source: Republic of Uganda, December 2010: Uganda Partnership Policy.

114. **Lending frames and disbursements.** A couple of years after the 2004 COSOP, the lending frame, provided by the new Performance Based Allocation System (of IFAD), almost doubled to US$50 million for 2007-2009, further increasing to US$66 million for 2010 – 2012. This development, combined with slow and modest disbursements (US$6.8 million in 2006), influenced IFAD's strategic directions and priorities. Since 2007, a key priority for IFAD's country programme management has been to facilitate an acceleration of disbursements by investing in improving the capacity for financial management and procurement management within the projects and in IFAD's country programme management team. In contrast to the positive assessment of the 1998 COSOP, the ESA self-assessment highlights a number of problems and delays in managing procurement. The investments in capacity development did have positive results, almost tripling the disbursement level from 2006 to 2010.

115. The increase in lending frames also increased loan sizes and combined with the Government preference for hardware, the focus became increasingly on financing more rapidly disbursing infrastructure investments (DLSP and CAIIP) as well as value-addition (VODP 2). While only four loan projects were approved over the 9-year period 2003-2011, IFAD managed to utilise the lending frames, in particular through supplementary loans for the road investments in DLSP and CAIIP.

116. **Deviations for the PMA.** The 2004 COSOP reflected IFAD's confidence and optimism at the time with respect to the Plan for Modernisation of Agriculture while also being cautious about the risks. According to the COSOP, IFAD would actively engage in policy dialogue around the PMA and consider basket funding and joined sector budget funding. However, the positive intentions of the 2004 COSOP were not fully followed, probably because IFAD's enthusiasm was moderated by a number of developments, including: the change of NAADS around 2007 into a programme increasingly driven by supply of subsidised inputs; the replacement of MOP with RFSS; and the extended period of developing and agreeing on the new Agricultural Technology and Agribusiness Services (ATAAS) programme, for which

IFAD eventually approved US$14 million (against the original commitment of US$25 million).

117. **Pipeline development.** As a follow-up on the 2004 COSOP, IFAD fielded in 2005 a mission to prepare the multi-donor marketing and agro-processing intervention which had the working title Agricultural Marketing and Agro-Processing Support Programme. According to the ESA self-assessment, the mission and IFAD assessed that the capacity of the Ministry of Trade, Tourism and Industry, which would be the national implementing partner, was "extremely weak". Furthermore, it was found that lack of rural roads for market access and energy for primary processing were the key constraints. Following discussions with Government, MoFPED requested in 2007 IFAD to withdraw Agricultural Marketing and Agro-processing Support Programme from the pipeline.

118. With respect to the proposed support for the northern region, IFAD also decided to withdraw the proposal of the 2004 (and 1998) COSOP pipeline. Following the 2004 COSOP, Government and several development partners joined to formulate a large (US$400 million) Peace, Recovery and Development Plan for northern Uganda. While IFAD attended some of the related LDPG discussions, the ESA self-assessment states that IFAD's participation "provided little scope to ensure IFAD visibility" and that "support of emergency and rehabilitation no longer made sense for IFAD" (considering the above-mentioned agreement to concentrate IFAD assistance in three areas). Thus, the pipeline outlined in the 2004 was not realised except for the grant support for UWESO (HIV/AIDS orphans).

119. **Country programme management and transition to direct supervision.** Already before establishment of the country office in 2006, IFAD was actively engaged in policy dialogue and donor coordination around the PMA, rural finance and the decentralization process, through the participation of the Country Programme Manager and contracted consultants. While the establishment of the country office was supposed to improve the capacity for participation, the transition to direct supervision as from 2007 demanded an increasing share of the available resources, leaving fewer resources for following up on the COSOP commitment to participate in policy dialogue. However, delayed plans for strengthening the country office with an Associate Country Programme Manager are being realised in 2011 which is expected to "restore" the capacity for a more active participation in dialogue and coordination.

120. **Increased priority to knowledge management.** As compared to the modest attention given in the 2004 COSOP to knowledge management, IFAD increased, as from 2007, its investments in knowledge management, in particular with respect to raising the awareness within Uganda of IFAD and its programmes. A COSOP survey[35] undertaken in Uganda in 2007 showed that partners and stakeholders generally had very limited knowledge about the 2004 COSOP and IFAD and its programmes of support. Since 2007, the COSOP has been distributed to implementing partners and a number of topic specific factsheets, slide shows, and oral presentations have been developed and used. This was also done in response to a debate that was raised by some NGOs and development partners about environmental issues in IFAD's support for oil palm development. In order to ensure an evidence-based debate, IFAD organised visits to the project site and distribution of facts and data. Since 2010, in-country communication support has been strengthened by the contracting of a communication consultant working in the IFAD country office.

[35] COSOP surveys were undertaken as part of the process of introducing Results-Based COSOPs (RB-COSOPs).

Key points

- Cooperation has been guided by two Country Strategic Opportunities Papers (COSOPs), issued in 1998 and 2004, as well as strategic decisions taken during 2006-2008 in response to policy revisions that changed some of the assumptions of the 2004 COSOP.
- IFAD was a follower of the World Bank in its first five projects (1981-94), but 1997-98 represented a turning point where IFAD developed the Vegetable Oil Development Project and the 1998 COSOP and started to become a more active partner.
- IFAD's overall strategy has in line with the PMA and the PEAP been to integrate smallholders in the market, moving them from subsistence to commercial production by giving them better production technologies and improving their access to processing and markets. Key elements in this strategy have been agricultural advisory services, rural finance and decentralization. Both COSOPs also emphasised cooperation with private sector and civil society organizations.
- The 2004 COSOP committed IFAD to join multi-donor sector-wide frameworks.
- Pipelines of both COSOPs included an integrated intervention in northern Uganda.
- The COSOPs had an ambitious agenda for policy dialogue and partnership development but neglected knowledge management which however received attention after 2007.
- Thanks to its evolving operating model, in particular the undertaking of direct supervision and establishment of country presence, disbursements in the Uganda portfolio doubled from US$6.7 million in 2006 to US$11.7 million in 2007, and have stabilised at US$17-19 million in 2008-11.

IV. Portfolio performance

121. In line with the IFAD Evaluation Manual, this chapter assesses the portfolio of IFAD-supported projects, using internationally recognised evaluation criteria, namely relevance, effectiveness, efficiency, rural poverty impact, sustainability, innovation and scaling up, and gender equality and women's empowerment (Appendix 2 for a definition of the criteria). A composite assessment of the project portfolio's overall achievement is also presented and benchmarked with the performance of IFAD's portfolio in the region.

122. Figure 1 and Table 2 in Appendix 4 provide a time line of the portfolio and an overview of the documentary sources used. In different ways, these nine projects cover the major part of the PMA agenda; the area of "agricultural education" is the only major PMA area that is not covered by the portfolio. For four completed projects (VODP 1, DDSP, NAADS and AAMP), this CPE makes use of independent evaluations.[36] In the case of NAADS, evaluations are available for the initial period up to 2007 while this CPE assesses the performance after 2007 following the changes made to NAADS. For two recently approved projects, VODP 2 and ATAAS, only the relevance of design is assessed while all evaluation criteria are considered for three projects (RFSP, DSLP, CAIIP), which are at an advanced stage of implementation, however allowing only a tentative assessment of emerging impact and the prospects of sustainability

A. Project performance

Relevance

123. A detailed analysis of each of the nine projects reveals a clear alignment of the portfolio with the Uganda's development priorities. The objectives of all projects are

[36] In the case of AAMP, it is not a completely independent evaluation but a Project Completion Report Validation and a subsequent Project Performance Assessment.

consistent with Government's stated policies on poverty alleviation (PEAP) and agriculture modernization (PMA), the two COSOPs, and more importantly the needs of the poor. They also are consistent with the main directions contained in IFAD's programme priorities for East and Southern Africa[37] that identified the factors contributing to persistent rural poverty, i.e. inadequate infrastructure, lack of financial and non-financial services, and capacity gaps at several levels.

124. IFAD's strategy and the focus of the portfolio maintained a noticeable balance between consolidating lessons derived from successful experiences and addressing the evolving needs of a country emerging from a post-civil war and moving to a more stable, politically committed, economic development regime. The required balancing of consolidation and expansion was managed well through periodic programme reviews, project evaluations and the process of COSOP formulation. The overall coherence and connectivity between the different elements of the portfolio is discussed in Chapter VII on COSOP performance.

125. The area-based integrated multi-component community development project designed in the late 1990s (DDSP) and the follow-on project, the later DLSP (2007-2013), both address basic issues facing the rural poor. DDSP's relevance received a highly satisfactory rating in the interim project evaluation of 2005[38], motivated by the completeness of poverty relevant components. Overall, this type of IFAD support is well aligned to the Local Government Sector Investment Plan 2006-2016, with a focus on local economic development and service delivery by local governments.

126. In 2006 however, Government informed development partners and IFAD that loan assistance should be focused mainly on infrastructure (roads and electrical power) and productive investments (value-addition), while "soft" activities like farmer training and community development would now only be financed by grant assistance. This policy constituted a dilemma for IFAD, which works with rural poor households and their organizations whose constraints are not only physical but also related to low capacity, including illiteracy, lack of management skills, etc.

127. The Poverty Eradication Action Plan (PEAP) and the Plan for Modernisation of Agriculture (PMA) focused on modernising and commercialising agricultural production. Fully aligned to this strategy, the Area-Based Agricultural Modernisation Programme (AAMP) was designed to promote increased smallholder participation in the market economy and to improve their opportunities for income generation. A number of initiatives related to rural infrastructure development and measures to stimulate the provision of private sector services to smallholders were also instrumental. The PPA[39] conducted in June 2011, building on a PCRV[40] prepared in March 2011, underlined that the parallel financing arrangements with AfDB for feeder road improvement was also relevant because with this, the IFAD loan could focus on community roads that link farms and communities to towns and markets, often via the feeder roads.

128. The Community Agricultural Infrastructure Improvement Programme (CAIIP) was formulated as a follow-up of AAMP. The overall goal of CAIIP is to contribute to poverty reduction and economic growth in Uganda through enhanced agricultural commercialization. Its specific objectives are to strengthen farmers' access to markets, improve produce prices and increase incomes through investments in rural infrastructure and its sustainable management by well-mobilized communities.

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[37] IFAD, Ides de Willebois: Programme Priorities for East and Southern Africa, 8th Replenishment, 22-23 April 2008.
[38] IFAD, Republic of Uganda, District Development Support Programme, Completion Evaluation, Report No. 1637-UG, July 2005.
[39] IFAD, Uganda, Area-based Agricultural Modernization Programme, PPA, June 2011.
[40] IFAD, Uganda, Area-based Agricultural Modernization Programme, PCRV, March 2011.

129. Because of the infrastructure development components like rural roads and market places, the project's direct relevance to the people transcended much beyond its core focus on agriculture. On the other hand, the CPE team observed approaches and strategies in CAIIP, but also in DLSP, that negatively affect genuine ownership by the project stakeholders and sustainability (Box 4).

130. NAADS[41] was established to provide farmer-group-led and contract-based agricultural advisory services to the active poor and in this way increase their access to information, knowledge and technology, thereby enhancing productivity and profitability. The successor to NAADS, the Agricultural Technology and Agribusiness Advisory Services Project (ATAAS) brings together support for agricultural research through the National Agricultural Research Organization (NARO) and National Agricultural Research Systems (NARS) with the provision of advisory services through NAADS. The purpose is to improve the performance of the two systems as well as the linkages and cooperation between them.

Box 4
Handing out free assets raises issues of relevance

The widespread practice, as observed in DLSP and CAIIP, of distributing free or heavily subsidised assets is not helpful. Most of these distributions are wide-open to elite capture. The examples seen by the CPE team had problems of one kind or another:

- The maize mill in Kasanda Sub-county and the coffee huller at Kalangalo are assets handed over for free to the operating farmer groups. They have been built without a business plan and are both located in buildings purpose-built for the equipment but of quite unsuitable specifications (no physical separation of raw material inflows from finished products outflows, inter alia).
- The committees running the markets at Bulera and Kasanda in Mityana District are not collecting adequate fees to maintain the building. GoU response to this observation makes the case that occupancy rates have been low, which then prompts the question of the need of such markets.
- The farmer in Kamira sub-county who had received 12,000 pineapple suckers was a 'model farmer' who extended his pineapple plantation to 30 ha but had 300 ha of land elsewhere.

Such experiences do not empower rural households and also tend to compromise sustainability.

131. The external evaluation of NAADS carried out in 2007[42] states that "*NAADS is a radical departure from earlier interventions. A fundamental principle of the programme (...) is that approaches using public sector staff to manage and deliver the advisory services do not, and will not work. NAADS has taken a leap of faith and (...) embarked on the transformation of small-scale semi-subsistence agricultural sector, to a more commercially oriented agricultural industry, through the empowerment of farmers, farmer organisations and the use of the private sector to provide the expertise, advice and technology on a flexible, results-based system of short-term service provider contracts*". In the context of Government's policy on poverty eradication and transforming agriculture through the development of profitable agricultural and agro-industrial sectors, NAADS is considered by the evaluation to be "highly relevant".

132. Despite the above, NAADS began to experience serious problems of acceptance by the highest levels of Government. GoU suspended funding in late 2007, while a second suspension of NAADS came between June and October 2010. The unease of Government with the programme seems to revolve around two issues: (i) the

[41] Though we refer to the IFAD project supporting NAADS as "NAADS", it is not an IFAD project but a government programme.
[42] MAAIF, EC Delegation Uganda, ITAD, Performance Evaluation of the National Agricultural Advisory Services (NAADS), Draft Report, 21 December 2007.

empowerment of farmer groups as a key principle of NAADS versus the selection of a few model farmers receiving either free or subsidized implements, inputs and advice, the solution preferred by Government and politicians, and (ii) the use of private sector service providers instead of public sector employees. These issues are of a fundamental nature and seriously question the relevance of NAADS. They have compromised the start-up of the successor programme ATAAS to date.

133. In the vegetable oil subsector both projects, VODP and VODP2, performed well in terms of alignment to national policies. They have high policy relevance, to IFAD by virtue of both COSOPs 1998 and 2004, and respond to the needs of the rural poor, in both subproject areas, i.e. the oil palms and traditional oilseeds components. The below assessment builds on the recent VODP interim project evaluation of March 2011.[43] Targeting was largely based on geographic and agro-ecological considerations, but the project has generally reached poor and disadvantaged groups, including women, in all subproject areas. The design was relevant to the project objectives, and the broad sub-sector approach was appropriate. With their focus on private sector linkages both projects are in line with the Uganda National Development Plan, which places the private sector as the main driver of economic growth.

134. RFSP, in its original design, was consistent with the key thrusts of the 1998 and 2004 COSOPs, which support the strategy of increasing capitalization at farm and household level through deepening smallholder access to capital and rural financial services. The project was also relevant and in line with PMA, which focuses on rural finance as one of the seven main areas for public expenditure interventions. In order to operationalize this element of the PMA, Government, with support of IFAD/RFSP and others, developed the Microfinance Outreach Plan (MOP) in 2003. There was full alignment between the MOP and the original design of RFSP around a strategy to develop a pluralistic market-based rural financial services industry.

135. In 2006 the Government of Uganda decided to replace the MOP with a new Rural Financial Services Strategy (RFSS), which changed the focus towards exclusively using Savings and Credit Cooperatives (SACCOs) as the vehicle for delivering rural financial services. Government's new ambition was to have one SACCO operating in each sub-county. Thus, the primary focus of the restructured programme is on the establishment, strengthening and outreach of SACCOs to serve more clients at each sub-county. The secondary focus is to strengthen the Apex organization/networks, the Uganda Cooperatives Savings and Credit Union (UCSCU), link SACCOs to commercial financial institutions, and ensure a regulatory/supervisory environment. The CPE Mission finds that this new government policy (RFSS) of "one SACCO per sub-county", using a variety of subsidies, is against good international practice. Issues of voluntary formations based on commercial considerations (rather than administrative boundaries) and economies of scale have consequently been neglected. As Paragraph 43 notes, these SACCOs are small, under the influence of the local elites and politicians, and dependent on public subsidies. This new focus has entailed a loss of relevance. GoU concurs while contending that political influence on SACCOs may have been reduced recently.

136. **Overall relevance of the portfolio.** It follows from above that there is a high generic relevance of all projects in the Uganda portfolio that would as such warrant a highly satisfactory rating. However, some project features and policies, or politically motivated shifts since 2006, have diluted the overall relevance of IFAD's project portfolio since then. Local governments have lost fiscal autonomy due to the abolition of the graduated tax, which would be a re-requisite for successful decentralization (Paragraph 19). Handing out free assets in the form of agricultural processing units depresses ownership by the concerned stakeholders

[43] IFAD, Republic of Uganda, Vegetable Oil Development Project, Interim Evaluation, March 2011.

(Paragraph 134). The previously strong convergence in terms of farmer empowerment and capacity building strategies has weakened in the wake of disagreements over NAADS (Paragraph 137). Finally, the top-down approach to form and support SACCOs within administrative boundaries does not respond to genuine business opportunities for rural finance institutions (Paragraph 140). Considering these strengths and weaknesses, the overall relevance of IFAD's project portfolio (1998–2011) is rated satisfactory (5).

Effectiveness

137. A first question regarding effectiveness is whether the envisaged target populations have been reached (in ongoing projects, progress towards the targets). Table 10 below attempts to highlight the current status, at least in orders of magnitude. In the case of CAIIP, the number of attended households is not reported in the output versus expenditure matrix presented to the CPE mission.[44] DLSP[45] reports no aggregate number of attended households, but has captured some measure of trained farmers, poor households identified or functional adult literacy learners. Summarizing, it is fair to say that the nine IFAD operations under review must have had some form of direct interaction with about 1.5 to 2 million rural households over the last decade.

Table 10
Households Targeted at Appraisal and Effectively Attended

Project	*Households targeted at appraisal*	*Households effectively attended*	*Remarks*
DDSP	45,000	200,000	
DLSP	100,000 (200,000)	n/a	200,000 target with supplemental loan
AAMP	312,500	400,000	
CAIIP	1,800,000	n/a	The latest monitoring reports indicate a number of 470,592 households to be reached by the project.
NAADS	3,000,000	715,000	3 million was the estimated national total of agricultural households
ATAAS	1,700,000	Not yet started	
VODP	67,500	200,000	
VODP2	139,000	Not yet available	Operations yet to be fielded
RFSP	n/a	800,000	Account holders, including dormant accounts

138. The earlier DDSP (2000 - 2006) was effective in achieving its stated goals and objectives with successful implementation of infrastructural improvements, provision of credits, adult literacy programmes and improvement in servicing capacity of district authorities. However, the interim evaluation of DDSP[46] noted that the project failed to attend the very poor while these were the primary target group of DDSP. The more recent DLSP has a mixed effectiveness record so far. At half of its (extended) project life, the construction of water points and schemes is on track, with the exception of the formation of water user committees. However, community access roads have reached only 13 per cent of the revised target, and the formation of road committees 15 per cent, calling for fast track measures to make good these backlogs. These details infer that not more than

[44] CAIIP, Project Output and Financial Data, Matrix submitted to the CPE Mission, July 2011.
[45] DLSP, Project Output and Financial Data, Matrix submitted to the CPE Mission, July 2011.
[46] IFAD, Republic of Uganda, District Development Support Programme, Completion Evaluation, Report No. 1637-UG, July 2005.

30,000 households may be within the direct reach of DLSP by July 2011, against a revised target of 200,000, which is not impossible to reach until 2015, though.

139. Area-based support to agricultural development projects exhibit a satisfactory achievement of the project objectives. AAMP received an excellent review by the PCRV plus PPA, which both note increased involvement of private sector in support of value chains and improving capacity of economically active farmers to gain better access to services. The follow-up project CAIIP focusing mainly on rural infrastructure shows progress in the areas of intervention such as increasing access to markets via building community access and feeder roads, with a present accomplishment rate, in km, of 57 per cent, and building and equipping physical market structures (51 per cent of target)**.** Most of the agricultural processing equipment is still under procurement. However, the fact that the related agro-industrial ventures are donated and devoid of business plans may prove a liability for project effectiveness (Box 4). The Government of Uganda response to such reservations is that agro-processing facilities and market structures were very scarce at the time of project design and that it has developed management guidelines and shared them with local governments.

140. The support to commercialization of agriculture through the NAADS was considered effective by independent evaluation studies of EC/ITAD[47] and IFPRI.[48] Both references will be revisited in section E on rural poverty impact. ATAAS, which is yet to start implementation, is expected to build on the achievements of NAADS, plus to strengthen the research-extension linkages. However, the deadlock on the future orientation of ATAAS appears to question this working hypothesis (Paragraph 131).

141. The Interim Evaluation of VODP concludes that the project has had a moderately satisfactory effectiveness in terms of achieving its overall objective of increasing cash income among smallholders.[49] The effectiveness of the oil palm component was mixed, very effective in areas under the control of the private sector partner, i.e. on the nucleus estate and the refinery, but the targets for the plantings of smallholders and outgrowers were met with delay. The traditional oilseeds subproject has been effective despite intermittent problems of insurgency and bad weather. The number of beneficiaries far exceeded the original target of 60,000 households and the increase in the area planted with sunflower has been spectacular, despite fluctuations during some years.

142. Due to the fact that the RFSP logframe did not include time-bound indicators with set magnitudes, the output versus expenditure matrix submitted to the CPE team did not contain any output tracking. Thus, the CPE has to fall back on proxies, such as the trends in numbers of SACCO clients. The number of clients has reportedly grown from 250,000 to 800,000 over the last four years. However, it is uncertain if all these account holders are active members utilizing financial services of the SACCOs. In many cases, they were mobilized, opened accounts and waited for credit from the SACCOs. RFSP makes the case, however, that with its restructuring in 2006, a focus on savings was established and a monitoring method developed that could evolve into a SACCO supervision tool.

143. Another way of looking at the effectiveness of RFSP is to record changes in share capital, savings and loans, in nominal UGX and between FY 2008 - 2009 and 2009 - 2010. According to the data received from RFSP, there was, among the RFSP-supported SACCOs, a 589 per cent growth in share capital, 150 per cent growth in savings, and 155 per cent growth in loan portfolio. This represents a still perceptible growth in real terms as the annual inflation rates in the reference years

[47] MAAIF, EC Delegation Uganda, ITAD, Performance Evaluation of the National Agricultural Advisory Services (NAADS), Draft Report, 21 December 2007.
[48] IFPRI, NAADS Secretariat et al, Impact Evaluation and Returns to Investment of the National Agricultural Advisory Services (NAADS) Program of Uganda, 27 October 2008.
[49] IFAD, Republic of Uganda, Vegetable Oil Development Project, Interim Evaluation, March 2011.

were around 12 per cent[50]. However, pending the final design of a SACCO supervision tool, these figures cannot be taken as authoritative.

144. **Overall portfolio effectiveness.** While the effectiveness of DLSP, CAIIP and RFSP cannot be accurately determined at this stage as they are still under implementation, VODP, DDSP, AAMP and NAADS have been rated in the satisfactory range by the respective independent evaluations and the PPA of AAMP, with special regards to the criteria highlighted in Paragraph 142. Taken together, portfolio effectiveness is rated as *moderately satisfactory (4)*.

Efficiency

145. The economic internal rate of return (EIRR) is sometimes used as an indicator, comparing its estimated value at the design, and at completion or post-project stages. Only AAMP presented a summary financial IRR calculation at completion,[51] suggesting a rate of 42 per cent. The IFPRI-led impact evaluation of 2008[52] concluded that farmers' net margins generated by NAADS against its total cost resulted in a benefit-cost ratio of 2.5. Project costs per beneficiary calculated based on design estimates are shown in Table 2 in Appendix 5. Generally, the figures are within the normal range for IFAD projects (less than US$100 per beneficiary), except for VODP where the average is skewed because of the high cost of the oil palm component[53] (US$7,923, and VODP average of US$442) The DDSP completion evaluation[54] also infers reasonable per beneficiary costs but without presenting precise figures.

146. Most projects had delays in their start-up, comprising the period from approval by IFAD's Executive Board to the signing of the Loan Agreement, and the period from signing till the loan becomes effective as the conditions for effectiveness have been met (please refer to Table 1 in Appendix 5). The total delay from approval till start ranges from 29 months for AAMP to six and four months in the case of VODP2 and CAIIP, respectively. Disregarding the special case of ATAAS, recently initiated projects have tended to reach effectiveness sooner than the ones approved earlier.

147. Disbursements represent an important efficiency parameter and here, a significant improvement has been achieved, from US$6.7 million in 2006 to US$19.3 million in 2010. This tripling is partly explained by the entrance of DSLP and CAIIP, which combined accounted for about half the disbursement in 2010, but also by accelerating disbursement in the older on-going projects, NAADS, VODP and RFSP. This can reasonably also be attributed to direct supervision of the IFAD portfolio by ESA.

148. A considerable problem in using "unit cost" as an efficiency indicator is the absence in Uganda of generally accepted unit costs for specific construction categories, such as roads and water works. These categories amount to 29 per cent of total project cost in DLSP, and 78 per cent in CAIIP, and thus a substantial part of IFAD's current lending. GoU confirms the absence of established unit costs, but contends that "acceptable unit rates" are applied. The CPE team has sampled unit costs from six community access roads visited, ranging from UGX10 million to UGX39 million per km. Despite these differences, the quality of the visited community access and feeder roads was generally satisfactory. Issues of road and water point maintenance present a different picture, however, and are addressed in the section on sustainability.

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[50] Available at: http://www.indexmundi.com/de/uganda/.
[51] IFAD, Uganda, Area-based Agricultural Modernization Programme, PPA, June 2011.
[52] IFPRI, NAADS Secretariat et al, Impact Evaluation and Returns to Investment of the National Agricultural Advisory Services (NAADS) Program of Uganda, 27 October 2008.
[53] It is to be noted that part of these costs must be repaid by the oil palm farmers.
[54] IFAD, Republic of Uganda, District Development Support Programme, Completion Evaluation, Report No. 1637-UG, July 2005.

149. **Overall efficiency of the portfolio.** Assessment of the overall efficiency of the portfolio is constrained by deficiencies in the monitoring systems and the absence of accepted unit cost standards. Weighing the positive and negative indications above, the overall efficiency of the project portfolio is assessed as *moderately satisfactory (4).*

B. Rural poverty impact

Methodological issues

150. In principle, it is possible to assess impact of the completed projects (DDSP, AAMP, NAADS, VODP) using existing evaluations while it is only possible to estimate emerging impact of the on-going projects which are well advanced in their implementation phase (RFSP, DLSP, CAIIP). Impact is arguably the most daunting criterion to assess for an evaluation as the analysis is typically constrained by the paucity of data. In addition there are methodological issues such as attribution, inferring that certain results are (at least in part) due to the IFAD-supported development intervention. In this context, it should be highlighted that Uganda's national context over the evaluated period is characterised by significant economic growth and reduction of poverty, including rural poverty, while official data, which may be challenged, indicate only modest improvements in agricultural GDP and agricultural productivity. Overall, the country has seen a notable decline in poverty and is on track to meet MDG 1.[55]

Household income and assets

151. The AAMP PPA reports a 15 per cent increase in real household income while the VODP interim evaluation attributes major income impacts due to the employment of 1,600 persons at the oil palm nucleus farm, and to more modest income increases of oil seed producers. In terms of assets, oil palm outgrowers, all of them smallholders, have benefitted from improved land rights (certificates of occupancy) and access to financial services. The DDSP completion evaluation infers substantial household income increases, mainly for the "not so poor", from two sources, i.e. the introduction of small livestock activities and the significant price increase for farm products thanks to the construction/rehabilitation of 1,200 km of community access roads.

152. The NAADS impact assessment carried out in 2008 is without doubt the most compelling document as it systematically compares impact to counterfactuals, i.e. households not participating in the programme. Between 2004 and 2007, NAADS was associated with an average of 42-53 per cent greater increase in the per capita agricultural income of the programme's direct participants compared to their non-participant counterparts, and significantly larger proportions of NAADS participants than non-participants perceived that their standard of living had improved compared to what it was in 2000. The increased income is accompanied by improvements/increases in livestock ownership, value added in related enterprises, and creditworthiness**.**

153. This CPE finds that it is not possible to apply this positive assessment of NAADS during 2004–2007 to the period 2008-2010 where the focus changed towards supporting model farmers and distributing subsidised inputs, which raised issues of targeting, elite capture and accountability. For the four completed projects where this impact domain provides insight (i.e. only NAADS 2004-2007), it is rated as *satisfactory (5).*

Human and social capital and empowerment

154. Almost all projects had or have specific components for empowerment and social capital formation. Support has been provided for the formation and capacity development of associations, community groups to leverage their collective

55 Republic of Uganda. Millennium Development Goals Report for Uganda 2010, Ministry of Finance, Planning and Economic Development, September 2010.

empowerment on accessing services from public sector extension agencies, and of private sector providers. The impact assessment of NAADS (2004-2007) reveals that the majority (about 90 per cent) of the farmer groups found the various areas of training to be very useful or useful.

155. Strengthening of human capital was also a prime focus, particularly in the early local government projects. The health, education, and adult literacy components of projects clearly contributed in changing values toward personal and family hygiene, preventive health measures, educating children and women. However, there are also areas where investments in user groups have been inadequate. For example, water user committees frequently are informal entities without a clearly defined membership. Government's directive to use loan money primarily for hardware and commercial value addition investments clearly constrains work in this impact domain. On this background and weighing the positive and negative impacts for the entire period 1998 – 2011, the aggregate rating for this impact domain is *moderately satisfactory (4).*

Food security and agricultural productivity

156. All evaluated projects (DDSP, AAMP, NAADS and VODP) report gains in food security and agricultural productivity. This generally positive achievement is attributed to productivity gains from better access to extension and advisory support services, crop diversification and the move to higher value cash crops, value-added gains, increase in livestock rearing as a primary or supplementary vocation, and better prices for products due to better market access For the poorest households, DLSP has devised food security grants combined with household mentoring.

157. The AAMP Impact Assessment cited that 90 per cent of the households interviewed reported that food availability had improved considerably during the programme's implementation period. The study also revealed that 78 per cent of the interviewed households had adequate food throughout the year, compared with 22 per cent before the AAMP. There is evidence from the DLSP that households are gradually transforming from purely subsistence producers to market-oriented farmers, thanks to improved crop varieties resistant to common diseases and pests. This impact domain is rated *satisfactory (5)*.

Natural resources, the environment and climate change

158. The interventions in AAMP and NAADS showed ample alertness from the design stage to identify, analyse and monitor the negative consequences for natural resources and environment, e.g. AAMP had an environmental impact assessment at the design stage. NAADS adopted the resource-base-sustainability approach as a guiding principle in its design and included environmental contents in the training and advisory services. The VODP interim evaluation demonstrates that the 10,000 ha of oil palm of the nucleus farm did not encroach on forest reserves and wetlands.

159. However, during the fieldwork, the mission was struck by the large numbers of bags of charcoal being collected along the district and community access roads. It was hard to avoid the conclusion that the new roads had opened up the area for the charcoal business with all of its costs and benefits, as a typically unintended impact. According to the National Environment Management Agency (NEMA),[56] charcoal consumption over the recent past has been increasing at a rate close to the rate of urban growth of 6 per cent per annum. In view of these and the former considerations, the domain of natural resources, environment and climate change is rated as moderately satisfactory (4).

[56] Republic of Uganda, National Environment Management Authority, State of the Environment Report for Uganda 2008, Kampala, 2008.

Institutions and policies

160. All projects in the portfolio interact and cooperate with local governments in different ways but mainly as "project implementation partners". Though there have been elements of support for strengthening the general capacity of local governments, at sub-county and parish level in VODP, RFSP and NAADS in particular, the efforts have not been systematic or comprehensive. It is therefore not possible to attribute any major improvements in local government capacity to the portfolio.

161. Not all changes in the policy context have been conducive to promoting the capacity and autonomy of local governments, e.g. the abolition of the graduated tax. The DDSP Completion Evaluation is also putting clear caveats regarding the limits of planning in the context of decentralized rural institutions. It makes the case that "the devolution of responsibility without the devolution of financial resources is meaningless. In other words, the level at which the necessary resources exist is the level at which the ultimate planning decisions will be made. What the DDSP actually supported was not a system of bottom-up planning but bottom-up requesting."

162. At central government level, the portfolio has not contained any significant elements of strengthening the general capacity of the partner ministries. The Project Management Units in the partner ministries obviously help the ministries with managing project implementation, but they are of a temporary nature, and may in some cases be considered as "islands of relative efficiency". Thus, they disregard core principles of the Paris Declaration and have left related good intentions of the 2004 COSOP unfulfilled (Paragraph 242). Government of Uganda acknowledges this dilemma. IFAD's portfolio's direct influence on national and sector policies has been less than expected in terms of changing a specific national or sector policy, though substantial efforts have been made for example in the context of NAADS and rural finance, both of which have suffered serious reversals (Paragraphs 131 and 134). Weighing both the positive (initial) contributions of the IFAD project portfolio to institutions and policies against unfulfilled expectations and hitherto unsolved institutional and policy impasses in this domain, it is rated as moderately satisfactory (4).

C. Other evaluation criteria

Sustainability

163. In the 1950s and 1960s, Ugandans took community work (commonly known as "Bulungi Bwansi") as a duty. It was used for construction and maintenance of wells, foot paths and other infrastructure. In the meantime, this "traditional obligation" for community work has gradually disappeared. The monetisation of the economy and political directives have changed attitudes towards perceiving community work as "forced labour". This has reduced the sustainability prospects for local infrastructure investments and some services.

164. Community Access Roads is the single item that over the evaluated period has received most of IFAD's loan financing. With the erosion of the spirit for community work, the District Councils were expected to allocate funds to Community Access Road maintenance, using district revenues formerly collected from the graduated tax, which are no more available now. The Community Access Roads visited by the CPE team were well constructed, but only one such road visited was benefitting from routine maintenance, evidenced by the fact that the required road maintenance committees were not yet established. The road maintenance fund established by Government of Uganda is inadequate to assure adequate maintenance. Without such regular maintenance, the roads will become impassable in 2-4 years, thereby significantly reducing the economic return on the investment.

165. Sustainability prospects for NAADS are impaired by the current apparent lack of consensus on how to shape the national agricultural advisory services in the future.

If NAADS becomes primarily driven by distribution of subsidised inputs, government's capacity to continue funding subsidies may be constrained even though future oil revenue may somehow mitigate this risk. A subsidy-driven programme could also negatively impact on the strength and sustainability of farmer groups, if farmers join groups mainly to get their share of the subsidy.

166. **Agro-processing equipment.** The local government projects have distributed agro-processing equipment such as milk coolers, hullers, and grinding mills to selected farmer groups, for "demonstration purposes" in order to kick-start investments in value addition. In the on-going projects, DSLP and CAIIP, this is done on the basis of needs assessments, but without proper feasibility studies, business plans, and insufficient investments in developing business entities that have capacity to manage the investments. This reduces impact, economic returns and sustainability of the investments.

167. Sustainability is a critical issue in rural finance as more than 70 per cent of the sampled SACCOs are assessed as weak. The CPE team and the Project Administration Unit of RFSP sampled 50 Government/IFAD supported SACCOs from Eastern, Central and Northern Regions[57]. In particular, Portfolio at Risk (PAR) for the supported SACCOs has increased between 2008 and 2010. UCSCU, to which implementation has been delegated, has moved from an apex organization of SACCOs with 100 per cent of its budget covered by its own generated funds to becoming a "project implementer" with only 13 per cent of its budget covered by own generated funds. When RFSP comes to an end in 2013, it is highly unlikely that UCSCU will be able to continue the current services.

168. In contrast to RFSP, the VODP supported value chains in traditional oilseeds, sunflower in particular, and oil palm have relatively good sustainability prospects. Primary production and the processing/marketing stages indicate good commercial viability, attracting private investors, and having spill-over effects to the transport and other businesses A main sustainability challenge, being addressed in the second phase, is to bring the Kalangala Oil Palm Growers Trust to a stage of self-reliance and sustainability.

169. **Overall portfolio sustainability.** IFAD's project portfolio in Uganda has some of the right elements and strategic thrusts for ensuring sustainability, including market-orientation, partnerships with the private sector, decentralization and community development. However, project strategies have frequently been overshadowed by developments that rather follow political and administrative logic, for instance by depriving local governments from having a minimal fiscal autonomy or imposing one SACCO per sub-county. DLSP and CAIIP seem to instil a philosophy of "kick-starting value addition and show the private sector the way". Handing out free commercial assets to selected beneficiaries is not a good starting point for promoting sustainability. GoU concedes this but asserts that management arrangements would assure sustainable management. Ownership of and responsibility for "community" infrastructure is no longer firmly with the community but rather with central or local government which provide insufficient budget for its maintenance. Though the support in the oilseed sub-sector has relatively good sustainability prospects, the portfolio overall has several sustainability threats and is therefore rated as *moderately unsatisfactory (3)*.

Innovation and scaling up

170. The IFAD-supported projects have introduced innovative practices and modalities of which some are adopted from global best practices but can be considered innovative in the Ugandan context. Some innovative pilot innovations are on-going and still have to make the case that they are successful and worthwhile replicating. VODP's oil palm component is the first successful example of a major Public Private

[57] This proxy approach had to be chosen because an overall SACCO tracking system is not yet operational.

Partnership (PPP) in Uganda's agricultural sector. Besides introducing a new cash crop to the country, VODP's operational model is assessed as a pro-poor innovation because of its built-in mechanisms of protecting farmers' interests and supporting an equitable relationship between the smallholders and private companies. The Oilseed Subsector Platform, an innovation put in place by SNV and supported by IFAD, should also be mentioned as a promising approach to promoting cooperation between stakeholders in a value chain or sub-sector.

171. AAMP introduced a new quality standard for rural roads (making them all-weather with multilayer gravels and compaction) which is having an influence on how rural roads are constructed in other areas. DLSP introduced piloting of approaches to target transitory poor farmers who do not yet have the skills to participate in market-oriented wealth creation. It also introduced the individual household mentoring approach for the poorest and very vulnerable households. This pilot programme is a truly pro-poor innovation and has potential for replication and up-scaling. NAADS has devised an innovative extension service delivery approach that targets the development and use of farmer institutions and in the process empowers them to procure private advisory services, manage linkage with marketing partners and conduct demand-driven monitoring and evaluations of the advisory services and their impacts.

172. Overall, the portfolio has included several elements that may be considered as innovative in the local contexts and some are assessed as pro-poor. However, there are only a few cases of replication and up-scaling, perhaps because of lack of independent and convincing evidence that the innovation is truly successful from different perspectives. All in all, this criteria is rated moderately satisfactory (4).

Gender equality and women's empowerment

173. The evaluations of completed projects suggest significant positive impacts on gender equality and women's empowerment. In the local government projects, half or more of beneficiaries and the members in various beneficiary groups are women while it may be somewhat less in other projects, though generally more than 30 per cent. DDSP addressed women's practical needs for access to markets, health services, water supplies, adult education and credit. AAMP had high participation of women in economic interest groups (55 per cent or more) and also facilitated women's access to financial services. In VODP, women constituted 32 per cent of the smallholders, 26 per cent of the outgrowers, 28 per cent of the farmer groups which benefitted from the agricultural extension support, and 40 per cent of the participants of the farmer training workshops.

174. NAADS has reached out to some 40,000 groups where women constitute 55-59 per cent of the membership but, according to the IFPRI evaluation report, the programme benefitted men more directly than the women who had less access to NAADS grants for acquisition of technologies and related services. The on-going RFSP has recently stepped up its focus on gender by including a specialist consultant in project supervision. Prior, there was no specific overall strategy for promoting gender equality and women's empowerment, with only generic gender indicators for higher level goals, such as "reduction in the percentage of rural women considered poor" though no data are available for monitoring this indicator. DLSP and CAIIP are well designed with relevant gender strategies and approaches, as well as with gender disaggregated indicators. However, adequate gender disaggregation is missing in the M&E systems and in baseline surveys. Overall, the performance of the loan portfolio in this critical criteria is assessed as satisfactory (5) but with some concerns regarding the recent period and the future due to Government's declared reluctance to use loan money for capacity development and empowerment.

Overall project portfolio achievement

175. It is always a challenge to rate a country portfolio and an individual project.[58] Table 11 provides ratings for the overall portfolio of projects considered in this CPE. The overall portfolio ratings presented are considering the aggregate contributions of the entire portfolio to the various domains as well as individual project ratings. It should be noted that the Ministry of Finance, Planning and Economic Development (MoFPED) also has rated the individual projects. In its ratings, VODP comes out on the top as highly satisfactory (6) while the IOE interim evaluation assessed it as moderately satisfactory (4). On the other hand, MoFPED finds DDSP to be moderately unsatisfactory (3) while the Completion Evaluation assessed it more positively. MoFPED and this CPE are in line on the preliminary assessment of on-going projects, in particular a moderately unsatisfactory rating for RFSP (implemented by MoFPED) while this CPE has less optimistic expectations than MoFPED regarding sustainability across the portfolio.

176. Following standard CPE format, the averages for the Uganda portfolio are compared with the averages for IFAD projects in East and Southern Africa (ESA) evaluated during 2002-2010 and presented in IFAD's Annual Report on Results and Impact (ARRI). This comparison suggests that the Uganda ratings, arrived at in this CPE, are very similar to the ESA averages. Another type of benchmarking is presented in the two last columns comparing the percentages of projects with a rating of moderately satisfactory or higher for Uganda with the percentages for all IFAD projects in the ESA region evaluated between 2002 and 2010 and presented in the ARRI. For Uganda, ratings for 10 projects are used as NAADS is split into two, NAADS till 2007 and NAADS from 2008. And among these projects, two are only rated for relevance. Thus, this is still a small population of projects compared to the comparator group and should therefore be taken with a grain of salt, as the underperformance of just two projects (mainly RFSP and NAADS 2008 -) reduces the percentage with moderately satisfactory or higher ratings to 75 per cent.

177. Table 11 points to an overall moderately satisfactory performance of the Uganda portfolio, very much at the level of the average for IFAD projects in the ESA region though with a slightly better performance of the Uganda portfolio in the efficiency domain. The key issue in Uganda, as elsewhere, is sustainability.

[58] IFAD applies a 6-point rating scale: 6=highly satisfactory; 5=satisfactory; 4=moderately satisfactory; 3=moderately unsatisfactory; 2=unsatisfactory; 1=highly unsatisfactory.

Table 11
CPE ratings of the Uganda project portfolio

Evaluation Criteria	*Uganda Portfolio CPE Assessment*	*ESA Average ARRI 2002- 2010*
Core performance criteria		
Relevance	5	5
Effectiveness	4	4.1
Efficiency	4	3.5
Project Performance	**4.3**	**4.2**
Rural poverty impact	**4**	**4.1**
Other performance criteria		
Sustainability	3	3.5
Innovation and scaling up	4	4.0
Gender equality and women's empowerment	5	4.4
Overall portfolio achievement	**4**	**4**

Key points

- Assessment of portfolio performance covers nine projects but NAADS is separated into two phases, the period before 2007 covered by independent evaluations and the period after assessed by this CPE.
- Overall project designs are assessed as highly relevant to the rural poverty context and well aligned to IFAD and Government policies. However, since 2006 some project designs have been modified to adapt to Government policy changes and these modifications are not all according to best practice or helpful to achieving the objectives.
- While some of the completed and evaluated projects have been effective or moderately effective in contributing to their immediate objectives and outcomes, the portfolio has in recent years faced challenges. Overall effectiveness is therefore moderately satisfactory.
- A number of efficiency indicators have improved over the period, but a systematic assessment of cost-benefit has not been possible due to lack of data and of accepted average unit costs.
- Rural poverty impact is moderately satisfactory with better achievements in the domain of "household income and assets" than in the other domains. In recent years, achievements in the domain of "human and social capital" have been constrained by government's policy to avoid using loan money for "soft" capacity development. Similarly, issues and constraints in the domain of "policies and institutions" have emerged.
- There are serious issues in the sustainability domain, including: weak SACCOs supported under the rural finance programme, inadequate maintenance of rural infrastructure and uncertain commercial viability of some agro-processing investments where equipment is provided as free hand-outs.
- Some initiatives are innovative in the local context but replication and scaling up has been limited.
- In spite of inadequate gender-disaggregated monitoring, the contribution of the portfolio to the domain of gender equality and women's empowerment is found satisfactory.
- Overall portfolio performance in Uganda is moderately satisfactory and similar to the average of IFAD's East and Southern Africa Region. Problem areas include rural finance and agricultural advisory services since 2007 as well as the overall sustainability.

V. Performance of partners

178. This chapter assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. The performance of partners in fulfilling their expected roles and responsibilities during the project life cycle is also assessed.

A. IFAD

179. The 2004 COSOP emphasised the need for flexibility to address unforeseen policy changes and indeed, IFAD has demonstrated capacity to adapt to major changes in the country context, changing project design in ongoing projects (e.g. RFSP), and developing the pipeline according to new government policies and directions. In its assessment of the partnership, MoFPED gives IFAD high marks for this flexibility. When government and IFAD policies diverged, IFAD has faced the difficult choice between "breaking the marriage or trying to influence and mend it". IFAD has opted for the latter, demonstrating flexibility and endurance. However, with hindsight IFAD engaged in activities, e.g. in RFSP, that are out of line with best practices and IFAD policies.

180. As mentioned, IFAD started during 1997-1998 to move from being a follower of the World Bank to becoming a more directly engaged and active partner. As a pilot, IFAD gained experience with direct supervision of DDSP already from 1998 and today IFAD is directly supervising all ongoing loan projects except for ATAAS where IFAD, however, participates in the donor-government dialogue. IFAD's direct engagement was further enhanced with establishment of the country office in 2006

and the general transition to direct supervision as from 2007. IFAD's supervision and implementation support is generally appreciated and its investments in developing the capacity for financial management and procurement have yielded results, not least in terms of a tripling of disbursements. While direction supervision has had many positive effects on portfolio performance and the overall partnership, it has also raised new challenges, in particular related to finding time and resources for engaging in non-lending activities and promotion of innovations.

181. Though IFAD and the Government of Uganda cooperates on portfolio development and implementation, it appears that IFAD has a leading role during the project design phase, while the partner ministries lead the implementation since IFAD's loan support per definition is government-executed. While government officers are consulted and review design documents, suggestions were made from government partners that IFAD could and should make the design phase more inclusive, giving national implementers an enhanced role, while relying less on short-term international consultants, who should rather have the role of being "process facilitators".

182. The Government of Uganda is responsible for implementation but IFAD plays a "supervising role". The government-contracted PMUs therefore to some extent have "two masters", working under their manager in the ministry while also receiving advice and recommendations directly from IFAD's country programme management staff. The system of double control, requiring IFAD's "no objection" on a number of implementation issues, may be cumbersome and reduce implementation speed but it also has some advantages, as MoFPED appreciates in its assessment: "Two stage approvals cause delays in procurement. However once resolved, the process works with clarity of checks and balances".

183. The CPE notes that IFAD/ESA intends to explore if project procurement procedures can be further harmonised with Government procedures. Furthermore, a clarification of the role of government vis and vis the role of IFAD in overseeing procurement and financial management may provide for a better division of labour, thus cost-savings. This would also involve a clear and realistic definition of the role and responsibility of IFAD staff in controlling and reporting cases of corruption. The IFAD staff based in Uganda demanded better guidance from Headquarters on this issue but guidance that considered the complexity and challenges and the limited human resources available.

184. For the projects directly supervised, IFAD fields regular missions for each project (about 2 missions annually per project). In the case of the two similar projects implemented by MoLG (DLSP and CAIIP), there could be options for cost-savings, either by fielding one joint IFAD mission for both projects or having one joint mission with AfDB for CAIIP.

185. Direct supervision as well as day-to-day implementation support is undertaken by IFAD's country office and the country programme management staff in Rome who is supported, particularly on financial management and procurement issues, by IFAD's regional hub in Nairobi which has specialised staff (some former UNOPS staff) in these areas. However, they cover the entire ESA region and are not close-by to provide immediate support on daily issues related to procurement and financial management that may arise.

186. This CPE commends the country programme management for introducing some degree of division of labour, distributing the lead responsibility for the different projects between the staff. However, the challenge for IFAD in Uganda as well as globally is to have a balanced mix in the management team of development professionals and experts in procurement and financial management. With direct supervision, procurement and financial management is having increased weight while the human resources for country programme management are not necessarily specialised in this area. In Uganda, IFAD has invested in developing the

capacity of staff members to deal with procurement and financial management, and has been fortunate to have a CPM with a professional background in this area. However, converting a rural sociologist into an expert in financial management and procurement may not be an efficient use of resources. A functional division of labour rather than a project-based division may therefore have more merit but it may also require changes to the staff profile mix, ensuring adequate balance between developmental and financial management expertise while avoiding that IFAD is transformed into "a new UNOPS".

187. IFAD's overall performance is assessed as satisfactory (5) which is also the rating given to IFAD in the evaluations of VODP, DDSP and AAMP. During the evaluated period IFAD has become an actively engaged partner and IFAD is appreciated by Government for its flexibility. IFAD has influenced targeting within projects towards a more inclusive approach, for example introducing innovations such as the mentorship programme (in DLSP) which has potential of including poor and destitute households in the mainstream commercialisation process. IFAD has also played an important facilitating and catalytic role in developing PPPs (VODP) and partnerships with PSOs and CSOs (VODP and RFSP).

B. Government

188. The performance of the Government of Uganda is overall assessed as moderately satisfactory (4). Overall (with the exception of DDSP), Government has committed and delivered a reasonable counterpart contribution which for most of the projects has constituted around 5-15 per cent of total project costs. However, where IFAD is supporting Government-defined programmes, Government is providing a more substantial part of the financing. This is most significant in ATAAS but also in RFSP and NAADS. Government's compliance with loan covenants is generally satisfactory but it should be noted that the approval process involving parliament takes time and that there have been substantial delays (17-29 months) from loan signature to loan effectiveness. However, disregarding ATAAS as being special case, the time from loan signature to effectiveness has in recent projects been reduced, e.g. four months for CAIIP and six months for the second phase of VODP.

Table 12
Financing

% share of financing	*IFAD*	*Government*	*Other DPs*	*Beneficiaries*	*Total*
RFSP	58	25	14	3	100
NAADS	16	18	64	2	100
ATAAS	2	75	23	-	100

189. Within government's overall performance there are significant variations between implementing ministries, between local governments, and between the technical/professional segments of the administration and the political level where there occasionally are different views on strategic approaches. Differences in institutional capacity and efficiency have to some degree been cancelled out by the Project Management Units. ESA's Project Status Reports (PSRs) rate the quality of project management in the satisfactory range for all projects covered by this CPE. However, VODP and NAADS, both implemented by MAAIF, have received extensions of 72 and 18 months respectively and the PSRs rate VODP's disbursement performance and NAADS's compliance with procurement regulations as moderately unsatisfactory. RFSP, implemented by MoFPED, has received an extension of 26 months and is assessed as having an unsatisfactory disbursement performance as well as moderately unsatisfactory compliance with procurement regulations.

190. Government's implementation performance is generally better in the MoLG-implemented projects, in particular CAIIP and AAMP, which the PSRs give "highly

satisfactory" ratings for a number of implementation-performance indicators. Many factors may explain this, including: a more result-oriented corporate culture in MoLG, and the predominance of infrastructure investments which may be easier to manage than "social engineering" activities. On the whole, the CPE found that the overall capacity and performance of MAAIF to be generally wanting, which is an area of concern also shared by other development partners working in Uganda. In fact, given the weak performance and capacity of MAAIF, many bi-lateral and multilateral donors have re-directed their assistance in support of agribusiness development through the private sector.

191. Two factors have had negative impact on portfolio performance. First, sudden and unforeseen interference by the political leadership has in some cases changed the project assumptions regarding strategy and approach, e.g. for RFSP and NAADS. Also the government directive limiting the use of loan proceeds to infrastructure and commercial investments impacted negatively on IFAD's project support for development activities that do require accompanying investments in soft aspects such as capacity development (e.g. DLSP and CAIIP). Second, weak capacity, e.g. among some newly created local governments, for financial management/ procurement, combined with general deficiencies in the governance culture, has in some cases had negative impact on project performance (e.g. NAADS).

Table 13
Assessment of performance of partners in project portfolio delivery

Partner	*Rating*
IFAD	5
Government	**4**

Key points

- IFAD has been a flexible partner, adjusting project designs according to government policies.
- IFAD piloted direct supervision in one project already from 1998 and from 2007 IFAD transitioned to direct supervision for all projects except one (ATAAS). Implementation support has improved financial management and procurement, increasing the disbursements.
- In project design processes there are issues of too little participation of national implementing staff. In implementation, there are issues of double controls and division of responsibilities and tasks between IFAD and Government, in particular related to ensuring accountability.
- Government's performance is overall moderately satisfactory, but there are variations over time and between different implementing government institutions. The capacity and performance of the Ministry of Agriculture is cause for recognised concern.

VI. Assessment of non-lending activities

192. The concept "non-lending activities" refers to IFAD's engagement in policy dialogue, knowledge management, and partnership building. Before IFAD's introduction of Results-Based COSOPs, non-lending activities were often neglected and if they were included in the COSOPs, no funds or human resources were allocated for their implementation. In this context, the 2004 COSOP stands out by recommending funds (US$4 million) for policy dialogue, partnership development and establishment of country presence. However, knowledge management was not given priority and was only given attention after 2006.

193. In Uganda, the efficiency of IFAD's engagement in non-lending activities has been enhanced by a division of labour where the CPM has had lead responsibility for

agriculture, the ACPM for rural finance, and the CPO for decentralization and community development. However, it is not a complete division of labour as there necessarily needs to be overlaps. While such division of labour is commendable, it cannot ensure that IFAD participates in dialogue with professionals who have expertise and experience within the theme of the dialogue, as solicited by MoFPED in its assessment.

194. The transition to direct supervision and implementation support has since 2007 significantly reduced the time available for non-lending activities and MoFPED highlights the dilemma. While appreciating IFAD's engagement in direct supervision, MoFPED states: "without a fully staffed field office, compromising either dialogue or supervision will come to play". In this dilemma, non-lending activities are likely to be compromised given that IFAD's key criteria for assessing the performance of the country programme management staff are related to having a well-functioning loan portfolio that utilises the commitment frames and delivers results and impact. Though non-lending activities may contribute to a better portfolio, the link is not direct and measurable.

195. In the following sections we discuss relevance and effectiveness under each of the three areas of non-lending activities. This is followed by a brief assessment of grants provided by IFAD to Uganda. The assessment is done for the period covered by this CPE (1997-2011) and it therefore attempts to make an aggregate assessment of IFAD's varying investments and performance in non-lending activities over this period. For example, investments in knowledge management were modest until a few years ago where this area started to receive increased attention.

A. Policy dialogue

196. Uganda has a well-developed structure for Government-development partner dialogue suggesting that the Government of Uganda wishes to engage the development partners in policy dialogue. However, in Uganda as in any country, there is also some resistance to foreign interference in national policies. Furthermore, with the change to a multi-party system, the policy advocacy of development partners in Uganda has to be more cautious and avoid being seen as supporting one political party against the other. Nevertheless, frank discussions are taking place in particular with the professionals and technicians in the administration who often are IFAD's direct dialogue partners rather than the political leadership.

197. IFAD has in Uganda invested considerable human and financial resources in policy dialogue, e.g. the 2004 COSOP recommended US$4 million specifically for policy dialogue and country presence. IFAD's participation in dialogue on national and sector policy issues is generally through participation in the Local Development Partners Group and in the donor and Sector Working Groups related to agriculture and decentralization. However, bilateral policy dialogue also takes place on practical issues related to the lending programme. As stated by the ESA self-assessment: "the more specific the issue and the more it is directly linked to the implementation of specific activities, the higher the willingness of the Government to discuss the issue".

198. IFAD's participation was more intensive during the PEAP and early part of the PMA period, where Government appeared more open to policy dialogue. However, since 2006 Government has in some cases launched new policies without prior consultations with development partners, who therefore may have doubts about the returns on investing in general policy dialogue. Combined with fewer human resources for policy dialogue following transition to direct supervision, this has moderated IFAD's investment and participation in policy dialogue as a non-lending activity. Having said that, the CPE concludes that involvement in direct supervision provides an excellent opportunity for IFAD staff to enhance their knowledge and

experience of ground realities, which can strengthen their role in promoting evidence-based policy dialogue. For the latter to happen effectively, however, more space and time will need to be formally devoted in the future in individual staff annual work plans.

199. The 1998 COSOP listed three relevant areas for policy dialogue: technology dissemination, rural finance, and involvement of NGOs, PSOs and local governments in project implementation. All three areas were highly relevant to the on-going portfolio and the pipeline at the time, as well as the needs of the Government. The agenda for policy dialogue in the 2004 COSOP consisted of three areas of disagreements where IFAD argued against Government's decisions or policies to (i) abolish cost-sharing in primary health care, (ii) reduce the graduated tax (a revenue source for local governments), and (iii) provide free hand-outs of planting materials and livestock breeds. In addition, access to land was raised as a policy issue but without any details. This CPE finds that it may not be productive or relevant for IFAD to actively engage in opposing established national policies, even if IFAD has valid arguments, in particular when the policy area is on the border line of IFAD's expertise, e.g. primary health care and fiscal policies.

200. Since 2006, IFAD has been actively engaged in dialogue on the policy changes in rural finance and NAADS. Such engagement was relevant because the policy changes had significant direct influence on IFAD-funded projects, changing the design assumptions.

201. According to partners and stakeholders with a historical memory, IFAD played an active and appreciated role in the dialogue around the formulation of the PMA and during the first years of PMA implementation. More recently, IFAD also participated actively in the dialogue related to the formulation of the DSIP.

202. Though IFAD in Uganda has invested considerable resources in policy dialogue and is perceived as an active participant, the overall results are mixed. IFAD, as other development partners, has in recent years had only modest influence on fundamental national policy issues, prioritised by top levels of government, e.g. the rural finance policy and the overall policy in NAADS. However, within some lending activities, IFAD has had more influence on concrete and specific issues in project implementation (see Chapter VII).

203. From government's point view and according to the assessment of MoFPED, IFAD's influence on policy issues could be enhanced by strengthening the country office with professionals with adequate background and by delegating more authority to the country office.

B. Knowledge management

204. The COSOPs were silent on strategies for knowledge management as a non-lending activity but related to the loan portfolio, both COSOPs emphasised improvements in project systems for evaluation and impact assessment. Knowledge management was not prioritised until 2006 when it received increased attention, though in particular in relation to the portfolio. For example, a Country Programme Management Team has been established allowing the project teams to share experiences at regular meetings. Since 2006, major investments have also been undertaken in improving the capacity of project management units for financial management and procurement primarily in order to accelerate implementation and disbursements.

205. Knowledge management that is not directly related to the lending activities takes place primarily through IFAD's participation in donor and sector working groups where participants exchange information and lessons learnt. However, this is not done in any systematic way which may explain why the CPE mission encountered a situation where FAO and IFAD were unaware of the details of the other partner's support for the oilseed sub-sector. Since 2007, IFAD has started investing in non-

lending knowledge management but mainly to raise the awareness about IFAD and its programme in Uganda, and not in order to enable IFAD capture experiences of other development partners. Fact sheets about IFAD's Uganda programme have been developed and disseminated. In 2011, through an institutional contract with SNV's Uganda office, IFAD contracted a knowledge management and communications consultant to work with the Vegetable Oil Development Programme and the Country Office. The consultant's time was divided between IFAD and the SCAPEMA regional grant programme implemented by SNV. The consultant was later employed by IFAD to work on a full-time basis as KM Officer for the country programme.

206. Within the loan portfolio, improvements in the capacity of PMUs to manage finances and procurement have been achieved, and as a result, there has been a significant increase in annual disbursements since 2006. The establishment of the Country Programme Management Team and the participation of project staff in study tours and ESA's regional implementation and thematic workshops have no doubt contributed to enhancing the knowledge of administrative and technical/professional matters.

207. The improvements, as outlined in the COSOPs, of the M&E systems as a basis for evaluating impact have only partly been achieved. According to the ESA self-assessment: "An in-country M&E working group has been established by the Associate CPM and brought together all the M&E officers to exchange views and learn from each other". However, systematic baseline and repeat surveys are still an issue, and has been a constraint in this CPE when attempting to assess impact. While the projects appear to have adequate systems for monitoring activities and outputs, reliable impact assessment remains an issue. This is in particular unfortunate when a social experiment/pilot is undertaking. For example, the mentorship pilot programme under DLSP could potentially prove to be a viable approach for including very poor households in mainstream development but if government and other development partners shall be convinced and consider investing in scaling up this experiment, they would need reliable impact assessments, preferably by an independent body, such as a social research entity.

208. As mentioned earlier, knowledge management activities were limited before 2007 although it may be argued that the IFAD grant for a PMA targeting study can be counted as a non-lending knowledge management activity. The more recent investments in fact sheets and the contracting of a knowledge management and communications consultant have delivered results. For example, the dissemination of facts and evidence has ended (or reduced) the debate raised by some NGOs and development partners about environmental issues in the VODP-supported oil palm development.

209. Further, staff from the projects and IFAD Country office have taken part in a two-year initiative to build KM and learning into project management. Organized by the IFAD grant-funded regional knowledge network in ESA, IFADAfrica, the initiative has used KM as an entry point to build continuous learning for improved performance into IFAD-supported projects. Project Coordinators, M&E Officers and Communications and KM Officers have attended a series of workshops, followed up by in-country coaching on how to integrate information management, M&E, communication and innovation functions into one strategy and system, informing rapid learning and adaptation in projects. They have also been trained in the systematization methodology for documentation of lessons learned.

210. As a result, project staff demonstrate greater awareness of the importance of learning for improved performance, and the need to document lessons and focus on demonstrating results and impact.

C. Partnership building

211. At the start of the evaluated period, the World Bank was IFAD's most important partner in terms of initiating and supervising the loan projects. All projects approved during 1981-1994 were initiated and supervised by the Bank and the 1998 COSOP identified the Bank as an important partner. Though the Bank's role has declined over the period and the Bank today only has an initiating/supervising role in ATAAS, the ESA self-assessment still identifies the Bank as an important partner: "After the World Bank, the most important partner that IFAD is working with in Uganda is the private sector partner for oil palm." However, with respect to development of rural infrastructure, the CPE notes that the African Development Bank has become an important partner for IFAD. Furthermore, the BFS was a critically important partner during the 1990s and up till 2006 when BSF withdrew its support. BSF grants funded, during the 1990s, the Hoima-Kibale project which laid the foundation for the subsequent IFAD support for the four local government projects and BSF grants provided important financing of "soft services" and UWESO's work with orphans until 2006.

212. The major change in the structure of IFAD's partnerships has in line with the strategy of the 1998 COSOP been the development of partnerships with private sector companies and private sector and civil society organizations (PSOs and CSOs). The Public Private Partnership in VODP is today a determining feature of the Government-IFAD cooperation as is the involvement of PSOs and CSOs, e.g. SNV in facilitating the Oil Seed Sub-Sector Platform, and UCA, UCSCU and Association of Microfinance Institutions in Uganda in rural finance. These partnerships are highly relevant for development of private agriculture and agribusiness where private and civil society organizations often have a comparative advantage over public institutions in driving the development forward. There is in many governments some resistance to using public money for engaging PSOs and CSOs and investing in PPPs. Therefore, Government should be commended for its willingness to do so. There are however some unresolved issues related to the above-mentioned public-private partnership, for example, in terms of environmental safeguards, land tittles and adherence to labour issues that need to addressed in future partnerships with the private sector, in order to promote the interests of the rural poor as well as limit exposing IFAD to reputational risks.

213. This CPE finds that IFAD's current overall partnership structure is highly relevant. The World Bank is an appropriate lead partner in areas of agricultural policy and public sector roles in agriculture. The AfDB, being the major source of financing for rural infrastructure, is the lead partner in IFAD's support for rural infrastructure. And private companies, PSOs and CSOs are key partners in support for value chain development and rural finance. In the area of value chain development, it could be argued that IFAD has not sufficiently explored opportunities for developing partnerships with other development partners working on agricultural value chains, e.g. USAID, Danida (the agribusiness initiative (aBi trust) etc. However, the ESA self-assessment highlights the limited resources available for country programme management and the resource demands of partnership development: "Partnerships with bilateral donors seem to be particularly time consuming and risky". Finally, IFAD and FAO are both having assistance for the vegetable oilseed sub-sector (FAO in sunflower) without any cooperation.

214. IFAD's investments in partnership development have primarily focused on the project portfolio. Partnership development as a purely non-lending activity has been limited. As Uganda is not part of the One UN process, limited resources are invested in the cooperation with other UN agencies. In addition, other factors are highlighted in the ESA self-assessment: "Partnerships with other UN organisations can be difficult and risky .... IFAD has not participated in the United Nations Development Assistance Framework because of the Fund's different work modalities of providing loans to Government lack of clarity between IFAD being a

UN organisation and operating as an IFI [International Financial Institution] often causes confusion". However, more recently IFAD has participated in meetings of the UN Communications Group when relevant.

215. The overall partnership between government and IFAD is positive and the Government of Uganda appreciates IFAD for being a flexible partner which is willing to address Government's (changing) priorities (please refer to MoFPED's assessment in Table 19 in Chapter VIII). The partnership with the World Bank and the AfDB generally appears to function well but Government finds that IFAD in these partnerships has too much of a "backseat role". The project partnership with AfDB has challenges of coordinating supervision and implementation support, which is done separately and not jointly by the two institutions, thereby increasing government's transaction costs.

216. For partnership development with private companies, PSOs and CSOs in the context of loan-financed projects, IFAD has played a facilitating role between government and the private company etc. This process has involved many challenges which overall appear to have been successfully addressed. With grant-financing, IFAD has developed successful direct partnerships with SNV (for the Oilseed Sub-sector Platform) and UWESO helping orphans.

217. With respect to government partners, IFAD's partnerships with MAAIF, MOLG and MoFPED are relevant and given by its support for agriculture, decentralization and rural finance. However, given the focus on promoting gender equality and community development, IFAD could have developed a closer cooperation with the Ministry of Gender, Labour and Social Development (MoGLSD) which is responsible for community empowerment, promotion of the rights of the vulnerable, gender equality, adult education as well as labour rights. However, MoGLSD is member of the Steering Committee for DLSP. The MoGLSD, which is the national machinery for the advancement of women, is mandated to initiate, co-ordinate and monitor gender responsive development at national and local government levels. The ministry works in collaboration with gender focal point persons in all line ministries. At local government level, the MoGLSD works through gender and community development officers to promote equitable social transformation.

218. IFAD did not participate directly in the development of the Uganda Joint Assistance Strategy (UJAS). The self-assessment explains that this was because UJAS did not give priority to agriculture, which however is not correct. IFAD's collaboration with its Rome-based sisters, FAO and WFP, has been limited, both with respect to project development and general knowledge sharing.

219. Some of the partnerships targeted in the two COSOPs were implemented but did not last, e.g. the partnership with the World Bank in support for the vegetable oil sub-sector and rural finance. The Bank stopped using own funds for rural finance, ending the partnership with IFAD on rural finance, in spite of the 1998 COSOP statement that any IFAD support for rural finance "would necessarily be in partnership with the Bank". The partnership with BSF and Irish Aid has been discontinued and the envisaged partnerships with bilateral partners, identified in the 2004 COSOP, did not materialise.

D. Grants

Country-specific grants

220. **High relevance.** Since 1981, IFAD has approved country-specific grants for Uganda for an amount of US$21 million. About 73 per cent have directly supported implementation of the loan-supported projects or the thematic areas (e.g. PMA) supported by the lending, while about 20 per cent have supported a free-standing initiative for orphans of civil war and the HIV/AIDS pandemic, implemented by UWESO. Overall, the CPE assesses that the grants have been used for highly relevant purposes.

221. Following Government's policy to primarily use loan proceeds for investments in infrastructure and in economic activities with high returns, IFAD's country-specific grants have become increasingly important for addressing "soft constraints" in the lending programme and for introducing innovations, for example, the grant-supported Oilseed Sub-sector Platform is highly relevant to development of the oilseed sub-sector and the mentorship programme in DLSP may provide a viable approach for how to involve the poorest in mainstream development, highly relevant for developing inclusive approaches in NAADS, rural finance and value chain development. The grant for the PMA targeting study is also considered highly relevant though the prospects of influencing the targeting philosophy of the new NAADS are uncertain, given the involvement of the political leadership in this issue.

222. **Satisfactory effectiveness.** This CPE only had possibility of visiting and reviewing some of grant-financed activities but overall the grants appeared to deliver value for money. Where the grants are linked to a loan-financed project, they have contributed to improving project performance and impact. The Oil Seed Sub-sector Platform has facilitated stakeholder cooperation in the oilseed industry and helped to identify and remove constraints. The mentorship programme under DLSP can demonstrate results and emerging impact but prospects for scaling up would be enhanced if an independent social research entity could be contracted to evaluate impact.

223. **The grants for UWESO.** Uganda Women's Effort to Save Orphans (UWESO) is a national non-governmental organization established in 1986 to address the needs of children orphaned during the civil strife of the 1980s. Later on, orphans of the HIV/AIDS pandemic became part of the target group. Women constitute 85 per cent of its membership of 17,000. At least one third of the households in Uganda are involved in caring for orphans and vulnerable children (OVCs), and 70 per cent of these households are female headed. UWESO actively targets female caregivers who, besides being the majority caregivers, are disproportionately resource and time poor. The Ministry of Gender, Labour and Social Development (MoGLSD) recognizes UWESO as one of the leading NGOs addressing the needs of OVCs. UWESO is the only non-governmental agency which is represented on the MoGLSD technical resource committee and UWESO participated in the development of the national OVC policy. Besides, it is the only national NGO contracted by the Ministry to provide technical support to local governments in the operationalization of national OVC policies, strategies and standards.

224. IFAD has supported UWESO since 1994 with grant funding from the Belgian Survival Fund and from 2005 with grants from its own funds. In 2008, IFAD approved the third grant of US$680,000, with closing date in December 2011, bringing the total support to UWESO over the 15 years to US$4.1 million.

225. The "UWESO Model" offers services to households supporting orphans and vulnerable children (OVCs) under four programme areas: socio-economic empowerment; food security and nutrition; education and child protection; and health. The socio-economic empowerment programme is the cornerstone of the UWESO model and is fundamental to the success of all the other interventions. Under this programme, the key intervention, launched in July 2006, is the establishment of village savings and loans associations (VSLAs) to promote a culture of savings while addressing the issue of household cash flow during lean periods. The current IFAD support is intended to help UWESO inter alia to: i) scale up the VSLA programme in 17 districts; ii) pilot the technique of productive sanitation systems to improve agricultural productivity, sanitation and food security for households of OVCs; iii) strengthen UWESO's technical capacity to deliver an improved integrated package of services to its members and beneficiaries; and become self-sustaining. UWESO uses the VSLAs as a platform for mobilizing the communities, especially the women constituting 78 per cent of the VSLA members, for education on food security, nutrition, improved agricultural technologies.

226. By the end of March 2011, the VSLAs had a total savings of UGX1.6 billion shillings (US$666,666). The savings are lent out to the members who, prior to borrowing, undergo training in business management. At least 65 per cent of the loans are being used in productive activities. One of the concerns of the project is that more than 40 per cent of the savings is idle. The other is the potential risk of keeping relatively large sums of money without appropriate security. With support from CARE, UWESO is in the process of piloting a savings scheme with Barclays bank at no charge to address these challenges. At the end of each saving and lending cycle (9-12 months), the members share out the dividends. The returns on the shares are estimated at 40-65 per cent.

227. It was not possible to conduct a comprehensive assessment of the impact of the IFAD grants but available information suggests that the programme has had a substantial impact in its communities of operation. The reported impacts of the VSLAs include an increase in household income, more children being sent to and remaining in school, improved access to health services, and investment in livestock as well as better housing. Some of the groups have used their savings with the VSLAs as collateral for accessing bigger loans from formal financial institutions.

228. In addition to the VSLA programme, households are provided with livestock and seeds on a pay-back basis as well as training on the establishment of kitchen gardens. The programme also has a vocational and school sponsorship sub-component which promotes primary school education for OVCs and equips others with artisanal skills. The outcomes of these interventions are not clear.

229. Women's participation in the VSLAs and other programme activities has improved self-esteem amongst women and some of them have been elected into leadership positions at the local government level. The programme creates awareness about human and women's rights. It encourages the VSLAs to voice demands for the rights of the communities as well as good governance. Thus, the programme is promoting social accountability at the grassroots level. In recognition of this, the UK Department for International Development (DfID) funded UWESO to undertake a budget accountability/ tracking of the spending of the allocations to Government's universal primary education scheme.

230. Despite the benefits, replication of the VSLA approach is a challenge because both government and NGOs offer hand-outs to the communities and remunerate the community-based mobilizers. In spite of this, UWESO intends to further strengthen its VSLA programme by charging fees for services offered. It is already charging VSLAs to pay 80 per cent of the US$40 cost of the tool kit, and with a high level of success. The willingness of beneficiaries to pay for services indicates that the programme is responding to the felt needs of the community and that a basis for sustainability exists. If IFAD's grant-support for UWESO were to be evaluated and rated according the methodology of rating loan-supported projects, it would probably receive an overall rating in the area of *highly satisfactory* (6).

Regional grants covering Uganda

231. Regional grants are mostly developed and overseen by IFAD's Policy and Technical Division and therefore, Government and ESA/Uganda are not accountable for the design and performance of these grants. Uganda is among the beneficiary countries for eight regional grants, mostly related to research and implemented by international agricultural research institutions (IRRI, CIMMYT, ICRISAT), and in Uganda often in cooperation with the National Agricultural Research Organisation (NARO). Linkages to the Uganda country programme are generally weak but one grant for enhancing market access and knowledge management (SCAPEMA) has had direct relevance and benefit for the Uganda country programme by strengthening the communication and raising awareness about IFAD's activities in Uganda. The Africa Enterprise Challenge Fund, supported by an IFAD regional grant

and many other development partners, has so far (according to Africa Enterprise Challenge Fund website) not provided any matching grants for Uganda for agricultural/agribusiness development but could potentially be relevant to IFAD's and Government's investments in value chain development. The EU-IFAD support for the Eastern Africa Farmers Federation (EAFF), focusing on institutional development and policy processes, may potentially, directly or indirectly, benefit the Ugandan members of EAFF, i.e. the Uganda National Farmers' Federation, Uganda Co-operative Alliance, and NUCAFE. It was not part of the scope of work of the CPE team to assess this but reviews of the general EU-IFAD support for EAFF are generally positive.

E. Overall assessment

232. The overall rating for non-lending activities is *moderately satisfactory (4),* which should be appreciated as an achievement given IFAD's very limited resources for country programme management. IFAD's performance in policy dialogue is assessed as moderately satisfactory, taking into account the active engagement in dialogue in particular during the first part of the period but in recent years, limited effectiveness in terms of results, though this largely is outside IFAD's control. It is the assessment that Government during the early part of the period was more receptive and engaged in policy dialogue with development partners while since 2006 directives from the top leadership tended to reduce the opportunities for a balanced dialogue. Knowledge management is assessed as moderately unsatisfactory considering the neglect during much of the evaluation period while appreciating the recent attention. However, knowledge management is currently more focused on the portfolio (i.e. a lending activity) and on disseminating information on IFAD than on capturing lessons and experiences from others. Finally, the performance in partnership building is assessed as satisfactory (5) in particular because of the partnerships developed and facilitated with private companies, PSOs and CSOs. Government should also be commended for the PPPs and for using loan proceeds to engage PSOs and CSOs.

Table 14
Assessment of non-lending activities

Type of Non-Lending Activity	*Rating*
Policy dialogue	4
Knowledge management	3
Partnership building	5
Overall non-lending activities	**4**

Key points

- IFAD invested considerable resources in policy dialogue during the first part of the evaluated period while fewer resources have been available in recent years after transition to direct supervision.
- Government included development partners in policy dialogue during first part of the period but has in recent years introduced policy changes with only limited consultations.
- IFAD neglected knowledge management during the first part of the period but has in recent years invested in knowledge management related to IFAD and the portfolio.
- IFAD and government are commended for developing Public-Private Partnerships and for engaging private sector and civil society organizations in implementation.
- Country-specific grants have been highly relevant and effective while regional grants, except for one, have had limited linkages and significance for the country programme.

VII. COSOP performance and overall assessment

A. Relevance

COSOP design and validity

233. The COSOPs of 1998 and 2004 were prepared before the introduction of the Results-Based Country Strategic Opportunities Programme (RB-COSOP) and do therefore understandably not satisfy the current guidelines and standards for RB-COSOPs. The 1998 COSOP was silent on time frames, budgets for country programme management and the budget frames for country grants and lending. However, the 2004 COSOP represents a major improvement from the 1998 COSOP as it includes a mapping of other relevant development partner support, a SWOT analysis and a logical framework. The latter included tentative allocations of loans and grants for a four-year period.

234. While the 1998 COSOP more or less maintained its validity until it was replaced, the 2004 COSOP was overtaken by changes during 2006-2008 in the national context (section III.B) and in IFAD's operating model (e.g. transition to direct supervision). Therefore, the 2004 COSOP has in a substantial way been replaced by IFAD's corporate strategic directions and the country's priorities that have guided the cooperation since 2007/08. The assessment therefore covers: (i) the 1998 COSOP; (ii) the 2004 COSOP; and (iii) the strategic frame, 2007-2011, which largely guided IFAD operations in Uganda in this period.

Alignment

235. **Good alignment to the National Policy Framework.** The strategic thrusts and objectives of the two COSOPs are well aligned to the PEAP and the PMA. Though the 1998 COSOP was prepared before the official PMA document (2000), it emphasises some of the basic PMA principles such as commercialisation of smallholder agriculture and development of a pluralistic agricultural extension system with participation of private service providers.

236. For the period since 2007, IFAD has been flexible to align its ongoing programmes and pipeline development to Government's new strategic priorities. In some cases, this has not been done without resistance. For example, the replacement of MOP with RFSS and the consequent Government demand for re-designing RFSP was initially opposed by IFAD but eventually a compromise was found. Other development partners engaged in the rural/micro finance sector did not show the same degree of flexibility and left the cooperation as they considered Government's new strategic focus (one SACCO per sub-county) as being in conflict with good international practice.

237. Thus, good alignment may not always per se be a positive point on the scorecard if one is aligning to a questionable strategy or practice. A case in point is the Government's recent emphasis on using loans for infrastructure and value-addition investments, giving little priority to capacity development. For example, the current practice in DLSP of handing-out a maize mill or other capital equipment to a newly formed group of farmers, without first undertaking a proper feasibility study, assisting the farmers to develop a business plan, and developing the skills and capacity of the members to manage the "company", entails high risk of failure or a low a return on the capital investment. In fact, IFAD, working in the niche of rural poverty reduction, will have difficulties achieving its objectives if it is not allowed to make the necessary investments in the soft aspects of rural development. Fortunately, Government's new partnership policy appears to open the option of financing the soft aspects with loans on highly concessional terms.

238. **Alignment to IFAD policies.** The strategic directions provided by the COSOPs are generally in line with IFAD's policies developed for various thematic areas and sub-sectors such a Rural Finance and Rural Enterprises, even though the COSOPs pre-dates some of these policies. In the area private sector development, the PPP

established 2003 in VODP was in certain ways a "front runner". In the context of the Corporate Level Evaluation of IFAD's Engagement with the Private Sector, the relevance of IFAD's strategy to Rural Private Sector Development in Uganda was rated as satisfactory.[59]

239. However, the alignment of some of the strategic decisions taken during 2006-2008 may be questioned. In the area of rural finance, the initial design of MOP and RFSP was well aligned to IFAD's Rural Finance Policy but the change following RFSS and the subsequent emphasis of RFSP to focus exclusively on establishment of SACCOs (one SACCO per sub-county driven by public support) does not fit well with IFAD's six policy guidelines emphasising for example promotion of a "wide range of financial institutions, models and delivery channels", collaboration with the private sector to promote market-based approaches, and sustainability. It appears that Government support for promotion of SACCOs has resulted in politicisation of SACCOs rather than sustainable rural finances based on commercial principles and the market (Box 5).

Box 5
Extracts from a new vision article on a SACCOS workshop held in Gulu, 14 July 2011

"Politicians have been blamed for the collapse of Savings and Credit Cooperative Organisations (SACCOS) across the country. Micro finance state minister, Christine Okao Amali said this at [a] workshop to sensitise district officials on the presidential initiative. [sh 10 bn] to help the markets and small businesses through SACCOS. Amali's statement followed a complaint by Kitgum RDC [Resident District Commissioner] Santo Okot over the high death rate: "Out of 13 sub-county SACCOs formed in Kitgum district, only one is operational". Amali attributed the collapse to some political leaders who borrow large amounts of money from the groups and fail to pay back She noted that executive members of the groups should not be blamed for the action of political leaders".

Source: New Vision, July 2011, (By C. Lubangakene).

240. In the area of the rural enterprise development, the Government policy to minimise the use of loan proceeds for "soft" capacity development had the consequence that insufficient attention was given (in support for agro-processing enterprises in DLSP) to "the second dimension" emphasised in IFAD's Rural Enterprise Policy, i.e. non-financial services such as entrepreneurship training, business planning and management, market services, and product quality/standards.

241. Although the 2004 COSOP strongly advocates against "supply-driven, free and unsustainable hand-outs", the developments in NAADS since 2007 and the design of ATAAS do not fully respect this argument. Elements of public subsidies have been introduced for investments and inputs that normally are facilitated by the commercial and financial sectors, thus risking market distortions and crowding out the private sector. For example, ATAAS provides under its Commercialization Challenge Fund (Window 1) very large matching grants (up to US$200,000) to nucleus farmers, farmer associations, agro-processors/businesses and traders for capacity development, goods, materials and post-harvest equipment with the view to link small farmers (indirect beneficiaries) to the market, e.g. through contract-farming. It is probable that many of the direct beneficiaries are financially strong and prime clients of financial institutions. Therefore, concerns have been expressed that there could be a risk that the matching grants in certain cases may replace bank finance of capital investments.

242. **Compliance with the Paris Declaration.** As highlighted in Chapter III, the 1998 COSOP was highly cautious about IFAD's participation in national sector programmes while the 2004 COSOP was much more positive. Though the 2004 COSOP was prepared before the Paris Declaration (2005), it reflects the philosophy and principles of the Paris Declaration, with statements such as "the Fund will place

[59] Independent Office of Evaluation, 15 December 2010, Uganda Country Working Paper.

its assistance under the PMA umbrella". For decentralised support, the 2004 COSOP also indicates a positive view on the option of eliminating Project Implementation Units (PIUs): "implementation of investment programmes through the established, decentralized district planning and administrative framework is feasible, practicable and comparable to using a separate programme management structure".

Relevance and coherence of main elements

243. The strategy of the two COSOPs of improving rural incomes through a process of commercialising smallholder agriculture was and is relevant to the context. The emphasis on improving access to technology, financial services and markets as well as promotion of value addition constituted a coherent approach. After the 2004 COSOP, it was realised that market access and value addition assumed, as a first step, access roads and rural electrification, which later justified IFAD's large road investments in DLSP and CAIIP.

244. However, the background analysis and preparations for inclusion of certain elements in the strategies appear to have been inadequate, although one cannot question the importance of the elements. For example, the 2004 COSOP included smallholders' access to land as a key strategic element without detailing the issues and how the cooperation would address the issues in the future. Likewise, the 1998 COSOP included the livestock sector as a strategic element. Similarly, both COSOPs prioritised development of northern Uganda without detailing the strategies and IFAD's niche in this area.

245. **Effective coherence.** Combined, the elements of IFAD's portfolio support all stages from farm production to the buyer, i.e. the value chain, but only parts of the portfolio applies a value chain approach. Roughly, the portfolio can be categorised according to three different approaches (Table 15 below).

246. The first approach is multi-sectoral and covers several parts of the value chain, but not according to an overall coordinated plan applying a value chain approach. Though not consciously designed as a coherent approach, it involves the IFAD support for NAADS (advisory services to farmers), RFSP (financial services primarily for rural households, but some for farming and agribusiness), and the four local government executed and area-based projects supporting rural infrastructure, primary production and primary processing and marketing. These IFAD-supported interventions have been designed and implemented separately, and have different geographical coverage, though NAADS and RFSP have nation-wide coverage. Even within an individual intervention, e.g. DLSP, there are limited linkages between components, such as support for farmers' production, the matching grants for agro-processing, and the investments in community access roads. For the local government projects where budgets are locally planned and implemented, the budget allocation is often decided in a political bargaining process between the councillors of the sub-counties covered by the project, without regard to addressing constraints along a specific value chain in a coherent integrated way.

247. The second approach, represented by the recently approved ATAAS, may potentially cover elements of a value chain but does not apply a pure value chain approach. Building and expanding on NAADS, ATAAS includes support for agricultural research and for market-driven commercialisation of agriculture under a new component for "agribusiness services and market linkages". The support for primary production not only supports production for the market but also subsistence production of food insecure households. The new agribusiness component has a Commercialization Challenge Fund providing matching grants for small, medium and large PPPs with the view to integrate smallholders in the value chains. Private partners can be farmer associations, nucleus farmers, agro-processors, traders and other agribusinesses. For medium and large PPPs a matching grant of up to US$200,000 can be provided to the private partner for

selected value chains (poultry, dairy, coffee, tea, horticulture, fish, rice and maize). With the matching grant support, the private partner is expected to pull the smallholders into the value chain, e.g. by contract farming arrangements. However, it should be highlighted that the support is expected to be provided based on the eligibility of the applicant and the merit of the individual application and not according to an overall strategy for development of the value chain. Finally, ATAAS does not address constraints related to public infrastructure, e.g. road, electricity etc.

248. The third approach, as represented by the two phases of VODP, is a pure value chain approach, focusing on a few selected valued chains within the oilseed sub-sector, e.g. the oil palm value chain and the sunflower value chain. It includes a PPP and involves central and local governments, private sector partners and farmers' organizations. It is a comprehensive approach, addressing also infrastructure constraints, e.g. the ferry connection. However, unlike the first approach building on vague commitments between stakeholders, the cooperation between different partners and stakeholders as well as the integration of the different areas and stages of the value chain is under this approach based on contracts and agreements, and not just good intentions. Though it may be time-consuming and challenging to develop such agreements, once done it provides a solid foundation for integration and development.

Table 15
IFAD's portfolio classified according to approach

Approach	*1. Multi-sectoral but not a value chain approach*	*2. Potentially, some elements of a value chain approach, but not a pure value chain approach*	*3. Pure value chain approach*
Stages/areas in the value chain	Comprehensive and multi-sectoral, but fragmented and un-coordinated. Option for many different value chains	Part of value chains, partly coordinated, potential for supporting many different value chains	Comprehensive, coordinated, limited to one value chain/ industry, i.e. oilseeds
Raising farm production and productivity	NAADS, DDSP, AAMP, DLSP	ATAAS	VODP
Primary village storage and processing	AAMP, DLSP, CAIIP	ATAAS	VODP
Rural finance for farmers and primary marketing and processing	RFSP, DDSP, AAMP	ATAAS (matching grants)	VODP
Market access infrastructure – tracks, roads, ferries	DDSP, AAMP, DLSP, CAIIP		VODP
Other rural infrastructure, including market structures and rural electrification for village processing	CAIIP (AAMP, DDSP)		VODP
Refined processing and marketing		ATAAS (option – matching grants)	VODP
Entrepreneurship and business skills development along the value chain	Modest (DDSP, AAMP, DLSP, CAIIP)	Some (ATAAS)	Strong (VODP)

Agenda for policy dialogue

249. As reviewed in Chapters III and VI, the 1998 COSOP identified three areas for IFAD's engagement in policy dialogue while the 2004 COSOP listed three issues on which IFAD disagreed with government policy, clearly specifying the disagreement. The 2004 COSOP also included the issue of access to land, however without specifying the involved issues and IFAD's views.

250. Given that the next COSOP will be formulated jointly by IFAD and Government, it may not be relevant and productive to have a policy dialogue agenda consisting of "disagreements". Rather Government and IFAD may identify areas of collaboration where IFAD may contribute towards addressing jointly identified issues and constraints, for example by reforms or modifications of the policy, institutional and legal framework or more simply, by doing things in a different way. However, unlike the general reference to the land issue in the 2004 COSOP, it would be important to detail and specify the issue and how the collaboration intends to address it. IFAD may contribute its global experiences from finding viable solutions to issues of reducing rural poverty. In this regard, it should be highlighted that IFAD does not have a large analytical apparatus for providing policy advice but that IFAD does have a wealth of practical field experiences to draw upon.

Targeting

251. The COSOPs did not include any elaborate targeting strategy but referred to the PEAP and the PMA which had targeting strategies in line with IFAD policy. Within and related to the portfolio, IFAD has invested in improving inclusive targeting. A grant was provided for a PMA targeting study and project designs have included targeting strategies. IFAD has recognised that support for commercialisation and value-chain development risks leaving out the poorest and has for example in DLSP introduced an innovative pilot intervention whereby better-off households mentor very poor and excluded households with the aim that these poor households are included in mainstream development and become members of marketing groups, SACCOs etc. Within VODP, IFAD has invested in a gender and targeting study. After 2006, when the targeting approach of the PMA, and NAADS in particular, started to change towards a trickle-down philosophy with increased emphasis on direct support for better-off model and nucleus farmers, IFAD engaged in policy dialogue arguing for maintaining the direct support to poor smallholders.

Gender equality and women's empowerment

252. The 1998 COSOP does not pay adequate attention to gender. For instance, gender inequality is neither identified as one of the seven major constraints to Ugandan agriculture nor as one of the major dimensions to rural poverty. The COSOP does not provide adequate sex disaggregated data and neither is gender mainstreamed throughout the document. Gender is largely presented as an add-on in a few sections of the document. Many of the proposed interventions address women's practical needs but at the same time they tend to maintain the status quo of gender inequality, i.e. while the interventions have the potential to make women more efficient in their socially ascribed roles of inter alia family food provision, caring for the sick and fetching water, they perpetuate the inequitable gender division of labour.

253. The 2004 COSOP acknowledges gender inequality as one of the principal factors associated with poverty, for example women and men have unequal opportunities for entering a liberalised market, and the benefits they receive from market-oriented production are unequal and privilege the men. Furthermore, due to women's work burden in "the care activities", their labour is rendered non-transferable to the market economy and more specifically the commercial agricultural sector. Finally, male dominance in household decision making restricts women's enterprises and affects agricultural productivity.

254. The 2004 COSOP outlines various strategies intended to promote gender equality. In order to ensure that IFAD interventions respond to women's and men's needs, the COSOP emphasizes the need for programme design to be based on extensive and intensive stakeholder and community consultations. In recognition of their crucial role in the smallholder economy, the COSOP underscores the continued importance of women being the majority target group for all programme activities. A substantial part of the planned pipeline is explicitly intended to promote gender equality and empowerment as well as community development. Overall, the 2004 COSOP provides a strong basis for the design of gender-responsive interventions.

COSOPs and country programme management

255. Being prepared before introduction of RB-COSOPs, the 1998 and 2004 COSOPs did not have a results management framework, defining systems for monitoring COSOP implementation. Though the 2004 COSOP did have a logical framework with indicators, parts of the COSOP were within a few years overtaken by events and new strategic directions.

256. With respect to Country Programme Management, the 2004 COSOP was specific and probably ahead of its time. It provided clear statements on establishment of a country office for engagement in policy dialogue and donor coordination and it proposed a budget (US$4 million) "in support of country presence and advocacy on core issues confronting the poor".

257. Both COSOPs were silent on governance issues, corruption in particular, though these issues in international governance indices are assessed as being significant. Financial misappropriation constitutes a real challenge in many donor-supported programmes, for example NAADS has been subject to serious corruption allegations.[60] However, though not provided for in the COSOPs, the country programme management has since 2006 invested in improving the capacity of implementing partners for financial management and procurement.

258. The next COSOP will need to address these issues, and in particular the role and responsibility of IFAD, accentuated with direct supervision. While government's accountability and audit systems are responsible for ensuring proper use of the proceeds from IFAD loans, IFAD's country programme management officers have in their direct supervision a responsibility towards IFAD's zero-tolerance policy, a responsibility that is no longer delegated to a cooperating institution. However, a clear definition of responsibilities and tasks of IFAD staff and Government is lacking as well as an assessment of how it can be done and the resources required. Effective control demands significant resources because it requires not only an assessment of the accounts but also the inspection of physical outputs/inputs in remote rural areas; for example, "well-prepared" accounts may show receipts for a road of 10 km but actually the road is only 9.5 km.

Overall relevance

259. In conclusion, the relevance of the two COSOPs is assessed as overall satisfactory, with some improvement from the 1998 COSOP to the 2004 COSOP. This takes into account a high degree of alignment to IFAD policies as well as national policies (PEAP and PMA) and the focus on issues that are important to reduction of rural poverty in the national context. On the negative side one may highlight the strategic re-orientations during 2006-2008 and insufficient preparations done before inclusion of some strategic elements.

[60] The Core Script of 18 February 2010, on corruption and accountability weaknesses in NAADS, prepared by the Accountability Working Group, in collaboration with the Agriculture Working Group, states: "*These corruption and accountability challenges threaten Uganda's attainment of the MDGs… and 6 per cent rate of growth in the agriculture sector*..."

B. Effectiveness

260. **Achievement of strategic objectives.** During the evaluated period, 1998-2011, the Government-IFAD cooperation has taken place within a framework of rapid GDP growth and significant reduction in rural poverty incidence. However, given IFAD's negligible financial weight, one cannot attribute achievement of this positive trend to the Government-IFAD cooperation. It is even problematic to determine if the cooperation has contributed (and how) to strategic COSOP goals, e.g. the 2004 COSOP goal: "*Uganda's rural poor empowered to enhance their income and food security and reduce their poverty, consistent with Government's PEAP and PMA*." In addition to the methodological problems, there is (as mentioned in Chapter II) reason to be sceptical about official agricultural GDP data suggesting a decline in agricultural GDP per capita which, if correct, could indicate (though not necessarily) that the food security situation has deteriorated. However, with respect to reduction of rural poverty, there is sufficient reliable evidence to suggest that this has been achieved and that some of the IFAD supported interventions have made a contribution.

261. It is easier to assess the achievement of the more immediate objectives/results or rather the contribution of the Government-IFAD cooperation to the achievement. This is done in Table 16 for the strategic results (outcomes) defined in the logframe of the 2004 COSOP. For the second and third result, there is respectively clear non-achievement (no intervention as envisaged in the northern region) and clear achievement (the support for UWESO has contributed to mitigating the orphan crisis).

Table 16
Assessment of achievement of the targets/results defined in the 2004 COSOP

	Results defined in the Logical Framework of the 2004 COSOP	*Assessment of Achievement*
1	Sector-wide programmes successfully implemented uniting government and donor efforts in providing a basis for smallholder development, especially relating to:	Limited Achievement
	a) access to improved technologies	*Partly achieved through NAADS*
	b) access to land	*Not achieved but minor ad hoc intervention in local government projects*
	c) access to finance	*Not achieved*
	d) access to markets	Limited Achievement
2	Marginal areas emerging from conflict rehabilitated	Not achieved
3	Orphan crisis brought about by the effects of civil disorder and HIV/AIDS pandemic mitigated	Achieved

262. For the first result, achievements are mixed. While a sector-wide programme for advisory services (NAADS) has been implemented with support of Government and several development partners, it can at this time be questioned if it has been "successfully implemented". In the case of rural finance, there was initially a multi-donor engagement in supporting the MOP but since replacement of MOP with RFSS, other development partners have withdrawn while IFAD has been left to support the GoU strategy limited to SACCOs. So far, the objectives of this cooperation have not been successfully achieved.

263. **Pipeline development and implementation.** The major part of the pipeline of the 1998 COSOP was developed and implemented, i.e. AAMP for the proposed intervention in the South-West Region, NAADS for technology dissemination, and RFSP for rural financial services. However, the intervention for the northern region, envisaged in both COSOPs, has not been implemented though the design of VODP

2 covers the oilseed sub-sector in parts of this region. In contrast, the lending pipeline of the 2004 COSOP has not been implemented. As explained in Chapter III, the marketing and processing intervention was withdrawn from the pipeline, and the integrated community development intervention envisaged for the north was not designed. However, the major part of the grant programme was implemented, viz the grants for UWESO, country office and policy dialogue.

264. The ESA self-assessment states that one of the reasons for not pursuing an intervention in the northern region was that the Government-donor supported Peace, Recovery and Development Plan "provided little scope to ensure IFAD's visibility". This is hardly an argument supported by the Paris Declaration. However, it is a general issue how IFAD supports zones of conflict, whether armed or not. As a lender to government, IFAD cannot (as NGOs and bilateral agencies) claim neutrality in a conflict zone and this may in certain situations raise the security risks.

265. **Some progress towards compliance with the Paris Declaration.** Though the 2004 COSOP made commitments to move IFAD closer to the basic principles of the Paris Declaration, the intended IFAD participation in sector-wide programmes was not realised except for NAADS/ATAAS, due to several developments in the national context, as explained above. In 2006, OECD/DAC undertook a monitoring survey of progress towards the Paris Declaration but for Uganda, unlike other countries, IFAD is not separately surveyed but treated as part of the UN System. However, the ODI Report (March 2007) assessed the alignment of development partner activities. For almost all of IFAD's support, it was reported that "the majority of activities were aligned" – i.e. a category below "activities fully aligned".

266. In its assessment of the cooperation (July 2011), MoFPED finds that IFAD's portfolio is well aligned to government policies and that "the opening of the field office has assisted to align these priorities". However, when IFAD works in partnership with the AfDB and the World Bank, MoFPED states that "IFAD has tended to be on a back seat and has also done so in all alignment discussions".

267. With respect to using government systems for financial management and procurement, MoFPED recognises that "processes and procedures may vary. Two stage approvals cause delays in procurement. However once resolved, the process works with clarity of checks and balances". From IFAD's point of view (ESA Self-Assessment) the capacity of PIUs/PMUs for management of finances and procurement has been weak but has significantly improved since 2006 following major investments by IFAD in capacity development. For example it is stated: "..the financial management capacity of PMUs in 2006 was weak, with little conceptual understanding of financial accounting concepts and modalities, and reporting norms. Two out of five PMUs were keeping accounts by hand in ledgers and books, so any reconciliation of expenditure by category or component was time consuming and sums rarely matched. Audits by the Auditor General's office were a routine and superficial affair....".

268. With respect to procurement, IFAD is aiming at harmonising the systems and procedures to Government systems as stated in the self-assessment: "IFAD has carried out a review of the Public Procurement and Disposal Act and is also aiming to harmonize all procurement ceilings for all programmes to be in line with these ceilings".

269. With the exception of NAADS & ATAAS, IFAD's loan projects continue to be managed by PIUs, in contrast to the objective of the Paris Declaration. However, this CPE finds that the current PIUs generally are capable and that the use of dedicated PIUs does improve project performance, given the specific governance challenges in Uganda, and the institutional issues in MAAIF in particular. However, at the same time, PIUs may hinder the general institutional development of the

host ministry by creating "islands of efficiency" that pull in the resources and best staff of the ministry.

270. In the case of CAIIP, jointly financed with the AfDB, IFAD and AfDB have so far failed to undertake joint supervision, thereby increasing the transaction costs of Government. Both partners claim that their systems and procedures are too different to be harmonised.

271. **Some achievements in policy dialogue.** As assessed in Chapter VI, IFAD did not achieve its goals for the three policy issues highlighted in the 2004 COSOP which argued against the removal of cost-sharing in primary health care, the reduction of the graduated tax, and the free hand-outs of planting material and livestock breeds. Later on, IFAD engaged actively in dialogue on the changes in Government's rural/micro finance policies and in the Government changes to NAADS, however with only limited results.

272. While IFAD's achievement in policy dialogue as a non-lending activity is modest, IFAD have had more influence on certain issues related to how to do things and find practical solutions to problems in the field, when related to concrete activities financed by the loans. This CPE finds that IFAD has had influence on issues surrounding the development of Public Private Partnerships (PPP) in VODP.[61] Also in support for community access roads, there has been some influence though less than claimed by ESA's self-assessment: "One demonstrable area where IFAD has achieved a broad reaching change has been in the up-grading community access road standards to all-weather nationwide by MOLG and Ministry of Works and Transport". However, while IFAD may have influenced practices in some areas, there are currently no clearly defined national standards for the construction and maintenance of community access roads but some traditional practices from which the IFAD-funded roads have deviated. For example, the community access roads normally focus on removing key bottlenecks and therefore gravel only critical parts of the road while the roads under the DLSP and CAIIP Programmes were designed to the Class III district roads standard (with some modifications), gravelling entire road sections. Furthermore, whereas the labour-based methodology has been the preferred modality for implementation of the community infrastructure, this is not the methodology used in DSLP and CAIIP.

273. **Country programme management.** The establishment of the Country Office in 2006 increased IFAD's visibility and further strengthened IFAD's participation in dialogue and development partner fora. However, the transition to direct supervision as from 2007 has had the result that the major part of the time available for IFAD's country programme management staff is allocated for implementation support and project supervision. For example, the Country Programme Officer (CPO) estimates that he currently spends about 63 per cent of his time on project supervision and implementation support, which is given priority over other activities in case of a time clash. Due to time constraints, the CPO has recently had to give low priority to participation in the development partner and Sector Working Groups related to decentralization and public sector management.

[61] The oil palm development in Kalangala island is led by Bidco (headquartered in Kenya and the leading company in East and Central in edible oils, soaps and hygienic products) in partnership with Josovina, ADM and the Wilmar Group of Malaysia.

Table 17
Time Allocation of IFAD's Country Programme Officer (per cent)

Implementation Support/Supervision	63
Policy Dialogue and Partnership Development	17
Knowledge Management	9
Administrative Issues	11
Total	100

Source: Estimate provided by the CPO.

274. The Country Office, hosted in UNDP, has until August 2011 consisted of only one national CPO operating with a budget of US$100,000. It is the assessment of this CPE that this investment provides value for money but that the CPO is overstretched.[62] For example, being the only person without any administrative support, the country office is de facto "closed" when the CPO is working in the field on project supervision and implementation support. However, steps have been taken to optimise the limited human resources available for country programme management by introducing a division of labour whereby the direct day-to-day responsibility for supervising and supporting the different projects has been distributed between the CPM, the Associate CPM and the CPO. Such a flat structure, based on delegation rather than hierarchical command, makes better use of available resources but cannot be applied when new staff members enter and have to climb the learning curve.

275. The next COSOP will need to address to resource requirements of direct supervision, i.e. how IFAD in the most cost-effective way can perform this function. Furthermore, the Country Office may have additional burdens in the future if Uganda becomes part of the One UN process and IFAD decides to join the United Nations Development Assistance Framework. Steps to improve the strength of the Country Office have been taken in 2011: an agency agreement (host country agreement) has been signed with Government, and the office has been strengthened with outposting an Associate CPM (as from August 2011) and contracting of a temporary communication consultant.

C. Assessment of overall COSOP performance

276. The assessment of the overall COSOP performance combines the assessments of the two COSOPs as well as the strategic re-orientations undertaken during 2006-2008. The emphasis on promoting a market-based commercialisation of smallholder agriculture, including market-based rural financial services, was and is highly relevant and furthermore, it was in line with the Plan for Modernisation of Agriculture. However, questions are raised about the relevance of some of the strategic re-orientations undertaken during 2006-2008, in particular in agricultural advisory services and rural finance. As a result, "COSOP relevance" for the entire period 1998-2001 is overall assessed as satisfactory (5).

277. With respect to effectiveness, it is noted that many of the immediate objectives/results of the 2004 COSOP have not been achieved and that the strategic re-orientations introduced during 2006-2008, in particular in rural finance and NAADS, have not helped to successfully achieve the objectives. Therefore, "COSOP effectiveness" is assessed as moderately unsatisfactory (3). As a result, the overall COSOP performance, combining relevance and effectiveness, is assessed as moderately satisfactory (4).

[62] The CPO is working under the generic job description for CPOs, requiring 2-3 staff, while detailed activity plans for the year are agreed in the annual meetings under the Personnel Evaluation System.

Table 18
Assessment of COSOP performance

Evaluation criterion	*rating*
Relevance	5
Effectiveness	3
COSOP Performance	**4**

VIII. Overall assessment of the Government-IFAD partnership

A. The partners' assessment

278. The self-assessments undertaken by MoFPED and IFAD's ESA Division provide useful insights into how the two partners perceive the partnership and the issues that influence their cooperation.

279. MoFPED clearly appreciates IFAD for being a flexible and responsive agency providing foreign exchange on highly concessional terms for financing rural and agricultural projects (Table 19). IFAD is also valued for its contribution to project implementation. Thus, Government perceives IFAD as being pre-dominantly a "project-financing agency" and among financing agencies IFAD stands out as being flexible and responsive in addressing government's requests and priorities. While MoFPED in the descriptive parts of the self-assessment values IFAD for being innovative, IFAD's contribution to policy and institutional development, innovations and coverage of remote rural areas is given only a very modest weight in the overall weighting (Table 19). This is somewhat contrary to IFAD's own profiling of itself as being an agency promoting innovations and policies that help to reduce rural poverty, and an agency working in remote rural areas where other development partners do not work.

Table 19
MoFPED's assessment of IFAD as Government's partner in socioeconomic development and rural poverty reduction

IFAD's Contributions and Value Added	Percentage Weight
1) IFAD is a responsive and flexible partner, addressing Government's requests and priorities	25
2) IFAD is a valued source of finance for rural/agricultural projects	22
3) IFAD is important as a source of foreign exchange on highly concessional terms	20
4) IFAD is efficient in organising implementation of rural/agricultural projects	18
5) IFAD provides an important contribution to improving the policy and institutional framework	8
6) IFAD introduces valuable new technologies and innovations of systems and approaches that help to reduce rural poverty	4
7) IFAD works in remote rural areas where others do not reach	3
Total	**100**

Source: MoFPED self-assessment, July 2011.

280. However, in response to the question about which areas Government would prefer to partner with IFAD in the future, MoFPED listed the following three: (i) agriculture, including value addition, agro-processing and rural infrastructure; (ii) rural development including PPPs; and (iii) innovation and technological development including knowledge sharing. This CPE also explored why Government wished to include IFAD in the group of financiers for NAADS and ATAAS given that IFAD's financial support only constituted a negligible share of the total budget. To this question, MoFPED gave a reply that indicates that IFAD does play an appreciated role in policy dialogue and donor coordination: "It is within IFAD's

mandate to finance agricultural projects, innovation and technology including research to which the two projects are closely linked. IFAD is a member of the agricultural Donor Sector group in Uganda. IFAD therefore brings in expertise to add value to these programmes".

281. In the rating of the evaluated portfolio, the Vegetable Oil Development Project is assessed as highly satisfactory, by far the best rating. MoFPED clearly appreciates IFAD for introducing the methodology of using PPPs for value chain development. CAIIP and DSLP follow with a satisfactory rating while NAADS and AAMP only are assessed as moderately satisfactory. In the negative range of the scale, MoFPED rates RFSP and DDSP as moderately unsatisfactory.

282. MoFPED also makes suggestions for addressing some issues in the future cooperation. First of all, MoFPED encourages IFAD to strengthen its country office, by delegating more authority and engaging more staff: *"IFAD needs to strengthen its professional approach to partnership issues by engaging services of the required personnel both in terms of numbers and professionals"*. Suggestions are also made for improving knowledge management: *"It is important that project coordinators are encouraged to share information regularly other than waiting for Country Programme Management Team meetings and where possible project teams from problematic projects should accompany supervision missions of sister projects to gain insights"*. And furthermore, *"knowledge management resource centres should be put on the web and their use widely encouraged among project staff".*

283. The PMUs representing Government's implementing ministries make a number of project specific recommendations but also some recommendations of relevance to the general partnership and IFAD. With respect to project design, it is suggested to have a more inclusive process, with less reliance on short-term (foreign) consultants, and to carefully address the exit strategy already in the design.

284. IFAD/ESA agrees in its self-assessment that the transition to direct supervision has accentuated the constraints given by the limited human resources available for country programme management and left less time and resources for non-lending activities.

285. In the assessment of Government as a partner, ESA highlights that there are significant differences between government agencies, both at central level (between ministries) and at local level (between districts). While there generally are major challenges related to planning, budgeting, procurement and financial management (accountability), there are in these areas significant differences between agencies, with some performing better than others.

286. At local level, there are differences in human resource capacity while at central level there is also an issue of "different corporate cultures": *"there is a wide difference between the "corporate cultures" of different ministries, so some ministries can be very efficient with a "can do" attitude, while others have a more entrenched bureaucratic approach. A strict adherence to bureaucratic approaches means that getting results can take a long time. Overall, there is a fear of "failure" or "not performing"........ This limits the capacity of individuals and programmes to draw lessons from past experience and develop new solutions".* Media attention and allegations of corruption without evidence add to the risk aversion, making it a challenge to promote innovations. Related to introducing the PPP for oil palm in VODP, it is noted: *"Programmes which are promoting totally new activities and concepts require a lot of implementation follow-up and efficiency may take a long time to achieve".*

287. Political interference is seen as another factor that hinders the administrative/professional level of government to move forward: *"There are also some activities for which perceptions have become politicized rather than just focussing on technical work and issues (NAADS is the clearest example of this and*

to a lesser extent RFSP). The combination of fear of failure and politicisation leads to reluctance to take action (risk) ...There is a tendency at all levels to wait for orders from the "top" rather than to take initiative and follow through".

288. Another issue related to corporate culture is the limited communication between people and institutions, which constrains coordination and collaboration: *"There is a weak level of communication between all levels of Government, both laterally (between Government ministries, between ministries and local governments) as well as vertically (supervisors don't share information that they have with their subordinates)".*

B. CPE assessment of the partnership

289. *Based on the assessment of portfolio performance, non-lending activities and COSOP performance, this CPE assesses the overall partnership as moderately satisfactory. The issues and challenges on the Government side are found in many other governments and are not specific to Uganda, e.g. risk aversion, problems of coordination, capacity constraints related to implementation and financial management, issues of accountability, maintenance and sustainability, policy reversals and political interference etc. Similarly on IFAD's side, the issue of limited resources for country programme management is not a specific Uganda-issue and in fact IFAD has in Uganda invested comparatively substantial resources in policy dialogue and partnership development.*

290. *Overall, it is difficult to conclude whether or not the partnership has improved over the evaluated period, 1998-2011. During the initial part of the PMA period, there seemed to be consensus among the partners about policies and strategies but from 2006 differences started to develop, in particular in areas of rural finance and agricultural advisory services, and the dialogue process became less open and less technical/professional. However, the establishment of an IFAD country office and a general improvement in Government's implementation capacity have contributed to improving the partnership, and IFAD's annual disbursements have tripled.*

291. *Within the loan portfolio, there has been a move towards more rapidly disbursing infrastructure investments partly because of Government's preferences and partly as a result of limited IFAD resources for country programme management combined with the pressure to disburse an increasing lending frame. However, this CPE agrees with the partners that VODP, with its value chain approach and development of PPPs, has provided the most significant value added of the partnership, even though disbursements and implementation have been behind schedule.*

292. *IFAD has invested comparatively substantial resources in policy dialogue and partnership development but only recently given attention to knowledge management. Results have been achieved mainly in the project context where IFAD has influenced approaches and solutions to practical issues.*

293. *While the overall COSOP performance is assessed as only moderately satisfactory and there are issues of governance and policy implementation gaps and reversals, it should be highlighted that the partnership over the evaluated period has taken place in a context of impressive and sustained economic growth and poverty reduction*.

Table 20
Overall assessment of the partnership

	Rating
Portfolio Performance	4
Non-lending Activities	4
COSOP Performance	4
Overall Government-IFAD Partnership	**4**

IX. Conclusions and recommendations

A. Conclusions

294. **Overview.** IFAD has played an important role in supporting the Government in its efforts to reduce rural poverty in different parts of Uganda. The Fund is appreciated by the Government and other development partners for its focus on the rural poor and in having contributed to *decentralised* development processes and improving incomes among the target group, which is enabling them to have better lives and food security. One key distinguishing accomplishment for which both IFAD and Government have to be commended is the promotion of public-private sector partnerships in the palm oil sub-sector, which can be considered innovative and far-reaching. It is in fact the first such partnership of a large magnitude in the agriculture sector in Uganda.

295. At the same time, the CPE finds that the IFAD-Government partnership is potentially affected by a *micro-macro* paradox. That is, there is little evidence that the useful benefits generated by individual projects – which are by and large performing satisfactorily - at the local level are making the required contribution to rural poverty reduction at a wider, national level. This is corroborated by the fact that the CPE finds COSOP effectiveness to be moderately unsatisfactory, due in part to unsystematic efforts in policy dialogue, knowledge management and scaling up over the entire period covered by the evaluation. This is of concern, given that the ultimate objective of IFAD is to make a meaningful contribution towards improving livelihoods beyond the isolated realms of individual projects it funds in diverse parts of Uganda.

296. **The COSOP is relevant but its achievements in terms of effectiveness are low (see chapter III).** The Government of Uganda's Poverty Eradication Action Plans and the Plan for Modernisation of Agriculture determined the direction of the IFAD-Government partnership during 1997-2007/08. The 1998 and 2004 COSOPs and investments and grants were on the whole well aligned to this framework. This framework targeted the poor and commercialisation of smallholder farming, emphasising the role of markets and the private sector as well as decentralization of public services. Within this framework, IFAD's lending was concentrated in three areas: (i) agriculture, comprising support for development of value chains within the oilseed subsector and development of demand-driven pluralistic extension services, later including research and agribusiness; (ii) rural financial services; and (iii) decentralization or rather interventions implemented by local governments in support of agricultural production and marketing, rural infrastructure (mainly roads) and community development.

297. The evaluation does however also conclude that effectiveness of the COSOP has been moderately unsatisfactory. Measured against the targets in the 2004 COSOP logical framework, the CPE notes that insufficient results have been achieved in promoting sustainable rural financial services for the poor, access to land and markets, and there has been no coherent intervention to support poverty reduction in northern Uganda as anticipated in the 2004 COSOP, apart from some support only through the Vegetable Oil Development Project. Working in the northern region was however constrained by the fact that the region was affected by conflict for decades, which prevented IFAD (and other donors) from operating there, especially considering the limited expertise, experience and mandate by IFAD to work in severe conflict situations.

298. **Geographic coverage (see paragraphs 89, 95 and 244).** On the whole, true to its mandate and comparative advantage, IFAD has supported the rural poor at the grassroots level in several of the most disadvantaged regions and districts of Uganda. However, though the Fund had committed to working in northern Uganda, it has provided very little assistance to this part of the country in the past. Security is now restored in the north, but after years of devastating civil war, northern

Uganda is faced with the highest level of poverty and worrisome social indicators. The region has a large poorly educated and skilled population of youth (brought up in camps) who need to be actively engaged in economic activities, not only to promote economic development but also to safeguard national unity and peace. Investing in the northern region would also be consistent with Government's own development priorities, where there is potential for agriculture development (e.g., livestock and small infrastructure), livelihoods promotion, and ecotourism.

299. **Issues of targeting (see paragraphs 87-89 and 251).** The major part of the loan portfolio has directly or indirectly supported the strategy of PMA to commercialise smallholder agriculture. Any commercialisation process involves winners and losers, as recognised in the PMA, and some illiterate subsistence farmers may have limited potential for delivering the quantity and quality of produce required by a value chain or for joining grassroots financial institutions. This issue has been recognised by the Government and IFAD, who have initiated a commendable and promising pilot intervention in the District Support Livelihoods Programme to mentor vulnerable households into mainstream development. Changes to the approach in National Agricultural Advisory Services introduced from 2007 implied a change towards a targeting strategy prioritising support for model and nucleus farmers to lead and assist poorer smallholder farmers. The exclusive focus in the Rural Financial Services Project after 2006 on development of SACCOs closed the door for directly working with informal grassroots institutions, such as Village and Savings and Loans Associations, which serve many of the poorest households and women in particular. However, through grant assistance for Uganda Women's Efforts to Save Orphans (UWESO), IFAD has assisted Village and Savings and Loans Associations.

300. **Limited synergies across activities (see paragraphs 245-248).** The support towards oil seed development through the Vegetable Oil Development Project and its second phase provide systematic and substantial support for the development of a specific commodity value chain, including the integration of smallholders into the market. The evaluation found that these activities are having and are likely to generate further benefits for the rural poor, as compared to scattering investments over large geographic areas. In this regard, the CPE found that many of the activities in the context of IFAD-supported projects were not always adequately linked to generating impact in specific geographic areas. For example, some of the operations supported a community access road in one sub-county, introduced pineapple production in another sub-county, and a maize mill in a third sub-county, without sufficient consideration for their integration. Similarly, the development of savings and credit cooperatives has not been directly linked to economic activities.

301. **Solid partnerships (see paragraphs 101-106 and 204-212).** In addition to a good partnership with the private sector, IFAD has a strong partnership with the Government and generally developed solid collaboration with grassroots organizations. IFAD has smooth communication and cooperation with several Government institutions, although the CPE underlines there are opportunities for further strengthening the role of the Ministry of Agriculture, Animal Industry and Fisheries, so that it is properly equipped to play a more central role in promoting smallholder agricultural development. The Fund has developed good partnerships with key multilateral and bi-lateral organizations, such as the World Bank and African Development Bank. Partnership with FAO and WFP has however been on the whole lacking. Opportunities for cooperation with the other Rome-based food and agriculture UN agencies could be explored more proactively in the future.

302. **Some achievements in policy dialogue (see paragraphs 99-100, 196-203 and 271-272).** IFAD made a fairly useful contribution to policy dialogue till around 2006, for instance, by taking part in a number of donor working groups and government policy processes (e.g., the development of the plan for modernisation of agriculture). However, it has had less opportunity to get involved in policy

dialogue in recent years, largely due to the need to allocate more energy towards direct supervision and implementation support introduced in 2007. At the same time, it is useful to recognise that Government of Uganda has also not always been forthcoming in seeking inputs from development organizations in a systematic manner in national policy formulation processes. Another reason for moderately satisfactory results in policy dialogue relates to the ambitious objectives set in the COSOPs, which did not take into consideration appropriately the level of human resources IFAD had at its disposal to ensure effectiveness in this area, especially because at the time IFAD did not have a country office in Kampala.

303. **Knowledge management did not receive much space in the two Uganda COSOPs of 1998 and 2004, but more attention has been devoted in recent years (see paragraphs 107 and 213-219).** Greater space has been given to knowledge management activities since 2006, such as by the establishment of the country programme management team that facilitated exchange of knowledge among key partners, development of fact sheets about IFAD supported activities in Uganda, and more recently, the hiring of a knowledge management and communication expert (consultant) in the IFAD country office in Kampala. Knowledge management also gained more momentum in recent years, as a result of the hiring of a dedicated knowledge management expert at IFAD headquarters in Rome in the East and Southern Africa regional division, who has, among other activities, assisted in organising thematic workshops and related learning events also covering the Uganda country programme.

304. **Portfolio performance is by and large satisfactory (see chapter IV).** IFAD-assisted projects have had useful returns, especially in small-scale infrastructure, promotion of decentralised planning and development, crop development (e.g., sunflower, oil palm), extension and advisory services, gender mainstreaming, and strengthening of community organizations. All in all, however, apart from one of the nine projects covered by the CPE, the overall achievement of all projects in Uganda are by and large moderately satisfactory, even though there are opportunities for further improvements in some areas.

305. Further to the above, sustainability received the lowest rating across the portfolio. Sustainability indicators for the SACCOs and their apex organization are weak. The community access roads are not being adequately maintained. Some of the agro-processing facilities, that are supported through matching grants and leasing arrangements, have not been accompanied by sufficient investments in developing the entrepreneurial, management and technical skills for the operation of the facilities. There are also other concerns related to sustainability, such as un-clarity of institutional arrangements and responsibilities for post-project upkeep.

306. **There are some challenges related to country programme management (see paragraphs 108, 119, 255-258 and 273-275).** The IFAD Country Programme Manager for Uganda is based in Rome, with a national country programme officer located in Kampala since around 2006. The Kampala office also includes an Associate Country Programme Manager deployed in 2011.

307. The main concern raised by the evaluation regarding country programme management is the relatively limited time and resources available to IFAD staff to make a serious contribution to policy dialogue, knowledge management and partnership building, which combined are essential ingredients for IFAD’s scaling up agenda as well. One of the reasons for this is the increased level of effort and time (since 2007) needed for direct supervision and implementation support for the four projects directly supervised by IFAD, including attention to processing withdrawal applications and ensuring due diligence of procurement activities. Although direct supervision and implementation support is highly appreciated by Government and other partners, as it is considered more effective as compared to supervision by cooperating institutions, the risk is that direct supervision changes the balance in

favour of administration, financial management and procurement at the cost of the developmental work and expertise that government clearly seeks from IFAD. The CPE notes that direct supervision and implementation support contributes to better knowledge among IFAD staff of the ground realities, which can contribute to strengthening the Fund's effectiveness in conducting evidence-based policy dialogue. However, more time and space will have to be devoted in individual work plans for deeper engagement in policy processes.

308. Given the evolution of IFAD's operating model in the past few year, the CPE considers that IFAD should strengthen its country office, including considering the outposting of the Uganda country programme manager, currently based in Rome at IFAD headquarters, given especially the large size of the portfolio, the vibrant donor community at the country level, and the need for more active and timely follow-up, dialogue and communication with all partners.

309. Finally, with regard to portfolio management, given the country risks related to accountability and adherence to good practice procedures for financial management in general. This is an area that will merit serious consideration moving forward.

B. Recommendations

310. Based on the findings and analyses, the CPE presents the following five recommendations.

311. **Expand geographic coverage of IFAD operations to the northern region (see paragraphs 297-298).** Special interventions for northern Uganda were included in the pipelines of the 1998 and 2004 COSOPs, but not implemented for different reasons, though some of the investments in the vegetable oil sub-sector do provide some benefits for the region. After restoration of security, given IFAD's mandate and considering that northern Uganda is the region having the most significant development challenges and by far the highest rural poverty incidence, there now seems to be ample justification for IFAD to scope for a more focused and intensive support intervention in the north of the country.

312. In this regard, it is recommended that, during the COSOP preparation process, IFAD undertake a comprehensive analysis to identify the opportunities and constraints of providing investments as part of the multi-donor support programme for the Peace, Recovery and Development Plan. Depending on the outcome of this analysis, and should IFAD decide to finance separate project(s) that contribute more broadly to furthering the objectives of the Plan, it is recommended that initially the Fund invest in financing economic and social infrastructure development in one or two districts (to avoid dilution), with a strong innovation content that can be scaled up by the Government and other development partners.

313. **Support commodity value chain development (see paragraphs 296 and 299).** Building also on the successful experience of the Vegetable Oil Development Project including the innovative public-private partnership in that context, the CPE recommends IFAD to explore opportunities for promoting value chain development in specific sub-sectors in Uganda. In particular, it is recommended that during the COSOP preparation process, IFAD undertake a thorough analysis to determine which commodity value chain to prioritise. In taking such a decision, consideration should be given to the availability of input and output markets within and beyond the country's borders and sustainable rural financial services. Moreover, efforts should be invested in exploring additional and alternative forms of public-private sector partnerships at different stages in the value chain, including with small and medium enterprises, commercial banks, as well as with larger private sector entities. Some areas that could be explored for value chain development in Uganda include the dairy sub-sector and cassava animal feed industry, which could contribute to meeting the growing demand in urban areas for milk and other livestock products. Finally, opportunities for IFAD to contribute to regional

integration should also be explored as a vehicle for ensuring better incomes for the rural poor.

314. **Define a realistic and appropriately resourced agenda for policy dialogue (see paragraph 302).** In the preparation of the next Uganda COSOP, IFAD and Government should define realistic objectives for policy dialogue and specify areas where joint and collaborative efforts are required to improve the agriculture-related policy environment. In this context, "policies" should be perceived broadly to include laws and regulations, national policies/strategies in agriculture and rural development, institutions and their functions, or just approaches and ways of doing things. The development of a joint policy dialogue agenda should be supported by relevant analyses and should largely focus on areas where IFAD can contribute relevant experiences from its work in Uganda and other countries. Some areas for policy dialogue include promoting a pro-poor rural financial services framework, strengthening the capacities and performance of the key Government institutions working in agriculture, and furthering partnership with the private sector in agriculture to develop profitable agribusinesses and enterprises.

315. **Strengthen further project results (see paragraphs 300 and 304-305).** There are specific measures that IFAD and Government can implement to ensure that project results are further improved from moderately satisfactory to satisfactory or highly satisfactory in the future. This would also contribute to enhancing COSOP level effectiveness. The following four areas need particular attention to improve the results in the future: (i) ensuring due synergies among activities within and across projects financed by IFAD in Uganda, so that they can overall contribute to even better impact on the lives of the rural poor; (ii) more efforts are required to enhance results in two impact domains, namely natural resources and environmental management as well as human and social capital and empowerment, where the CPE found performance to be overall moderately unsatisfactory; (iii) the sustainability of project benefits can be improved, *inter-alia,* by preparing exit strategies early on in implementation, as well as strengthening capacity of key institutions (such as the Ministry of Agriculture, Animal Industry and Fisheries); and (iv) paying more systematic effort to ensuring scaling up of innovations that have been successfully implemented in the context of IFAD-financed projects.

316. **Undertake functional and workload analyses as a basis for determining staff requirements and division of labour (see paragraphs 306-309).** The CPE recommends that IFAD undertake a functional and workload analysis to determine the administrative resources required to ensure that the next COSOP objectives are achieved in a timely manner. This entails assessing the human resources and budgets available for managing the Uganda country programme, including for financial management and procurement purposes. The role and responsibilities of the East and Southern Africa regional office in Nairobi and concerned IFAD divisions at headquarters in Rome in supporting the Uganda country programme should also be clarified and defined. In this process, the CPE recommends that IFAD actively consider strengthening the Uganda country office, including outposting the Uganda country programme manager.

Ratings of IFAD-funded project portfolio in Uganda[a]

EVALUATION CRITERIA *(figures in parenthesis indicate that the rating is given by the CPE mission based on interpretation of the source)*	*Vegetable Oil – Phase 1* VODP1	*District Development Support* DDSP	*Area-based Agricultural Modernisation* AAMP	*National Agricultural Advisory Services* NAADS till 2007	*National Agricultural Advisory Services* NAADS from 2008	*Rural Financial Services* RFSP	*District Livelihoods Support* DLSP	*Community Agricultural Infrastructure* CAAIP	*Vegetable Oil – Phase 2* VODP 2	*Ag Technology & Advisory Services* ATAAS	***PORTFOLIO ASSESSMENTNT*** All
Source and comments, see overleaf											
Relevance	5	6	5	6	4	3	5	5	6	4	5
Effectiveness	4	4	5	5	3	3	5	5	NR	NR	4
Efficiency	3	5	5	5	2	3	4	5	NR	NR	4
Project performance	**4**	**5**	**5**	**5.3**	**3**	**3**	**4.7**	**5**	**-**	-	**4.3**
Rural poverty impact											
Household income and assets	5	5	5	5	4	4	5	5	NR	NR	5
Human/social capital and empowerment	5	4	5	5	3	3	3	3	NR	NR	4
Food security and agricultural productivity	4	4	5	5	4	4	5	4	NR	NR	5
Natural resources and the environment and climate change	4	3	4	5	3	NR	3	3	NR	NR	4
Institutions and policies	5	5	5	4	2	3	4	3	NR	NR	4
Overall Rural Poverty Impact	**5**	**4**	**5**	**5**	**3**	**4**	**4**	**4**	**NR**	NR	**4**
Other performance criteria											
Sustainability	4	3	4	4	2	3	3	3	NR	NR	3
Innovation and scaling up	5	3	5	5	3	3	5	4	NR	NR	4
Gender equality and women's empowerment	4	5	5	5	3	3	4	4	5*	5*	5
Overall project/portfolio achievement	**4**	**4**	**5**	**5**	**3**	**3**	**4**	**4**	**NR**	**NR**	**4**

[a] Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.p. = not provided; n.a. = not applicable. [b] Arithmetic average of ratings for relevance, effectiveness and efficiency. [c] This is not an average of ratings of individual impact domains.

IFAD-financed projects in Uganda

Project Name	*IFAD Financing[63] (US$ '000)*	*Total Cost (US$ '000)*	*Board Approval*	*Loan Signing*	*Loan Effectiveness*	*Current Closing*	*Cooperating Institution*
Agricultural Support Programme	19184	21500	17 Dec 1981	26 Mar 1982	18 Apr 1982	30 Jun 1986	World Bank: IDA
Agricultural Development Project	12739	30500	12 Dec 1984	26 Feb 1985	14 May 1986	30 Sep 1993	World Bank: IDA
Southwest Region Agriculture	12000	27100	03 Dec 1987	23 Feb 1988	17 Aug 1988	28 Feb 1996	World Bank: IDA
Smallholders Cotton Rehab	10035	10500	02 Dec 1992	22 Jan 1993	28 Apr 1993	31 Jan 1998	World Bank: IDA
Cotton Sub-sector Develop	12500	31400	20 Apr 1994	26 Jul 1994	18 Nov 1994	31 Dec 2001	World Bank: IDA
Vegetable Oil Development Project (VODP)	19900	157760	29 Apr 1997	26 May 1998	10 Jul 1998	30 Jun 2012	IFAD
District Development Support Project	12588	21113	10 Sep 1998	11 Feb 2000	24 May 2000	31 Dec 2006	IFAD Pilot
Area-Based Agricultural Modernization Programme (AAMP)	13220	16053	08 Dec 1999	15 Feb 2002	20 May 2002	31 Dec 2008	UNOPS
National Agricultural Advisory Services Programme (NAADS)	17500	107930	07 Dec 2000	17 Aug 2001	27 Nov 2001	31 Dec 2010	World Bank: IDA
Rural Financial Services Programme (RFSP)	18429	24509	05 Sep 2002	27 Oct 2003	18 Feb 2004	30 Sep 2011	IFAD
District Livelihoods Support Programme (DLSP)	47835	50880	14 Dec 2006	02 Aug 2007	24 Oct 2007	30 Jun 2015	IFAD
Community Agricultural Infrastructure Improvement Programme (CAIIP-1)	31987	81900	12 Sep 2007	19 Sep 2007	09 Jan 2008	30 Sep 2013	IFAD
Vegetable Oil Development Project 2 (VODP 2)	52000	146200	22 Apr 2010	21 Oct 2010	21 Oct 2010	30 Jun 2019	IFAD
Agricultural Technology and Agribusiness Advisory Services Programme (ATAAS)	14004	665500	16 Sep 2010	-	-	-	World Bank: IDA

[63] Includes grants and loans.

IFAD-funded grants in Uganda

Type	Grant number	Title	Approval	Effectiveness	Closing	Grant amount US$ (approval)	Status
		UWESO DEVELOPMENT PROJECT					
B	9	UWESO DEVELOPMENT PROJECT	17/06/1999	06/02/1995	30/06/1999	1725308	Closed
B	10	UWESO DEVELOPMENT PROJECT	26/10/1999	12/11/1999	31/12/2000	513953	Closed
B	12	UWESO DEVELOPMENT PROJECT	09/11/2005	15/11/2005	12/02/2008	520000	Closed
B	32	UWESO DEVELOPMENT PROJECT	05/01/2000	31/08/2000	30/09/2000	2937799	Closed
		DISTRICT DEVELOPMENT SUPPORT PROGRAMME			***Total:***	***5697060*** ***(28 % of grand total)***	
C	482 – IE	DISTRICT DEVELOPMENT SUPPORT PROGRAMME	12/06/1999	19/07/2000	31/12/2006	468500	Effective as of LGS March 11, 2011
C	482 – NO	DISTRICT DEVELOPMENT SUPPORT PROGRAMME; GENDER STRENGTHENING PROGRAMME IN EAST AND SOUTHERN AFRICA	07/08/2001	09/10/2001	28/02/2003	38000	Closed

Type	*Grant number*	*Title*	*Approval*	*Effectiveness*	*Closing*	*Grant amount US$ (approval)*	*Status*
B	34	DISTRICT DEVELOPMENT SUPPORT PROGRAMME	06/12/200	19/06/2001	31/12/2006	1805671	Closed
B	30	DISTRICT DEVELOPMENT SUPPORT PROGRAMME; LIMITED TO THE DISTRICTS OF HOIMA AND KIBAALE FOR HEALTH & NUTRITION (COMPONENT C) AND WATER AND SANITATION (COMPONENT D) OF THE PROJECT	26/08/1998	11/02/2000	31/12/2006	4334494	Closed
					Total:	6646665	
						(31 % of GRAND TOTAL)	
		DISTRICT LIVELIHOODS SUPPORT PROGRAMME					
I	895	DISTRICT LIVELIHOODS SUPPORT PROGRAMME	14/12/2006	24/10/2007	30/06/2015	423038	Effective
I	1164	DISTRICT LIVELIHOODS SUPPORT PROGRAMME	15/09/2009	-	-	2014489	Signed
		OTHER GRANTS:			***Total:***	**2437527**	
						(11 % of GRAND TOTAL)	

Type	*Grant number*	*Title*	*Approval*	*Effectiveness*	*Closing*	*Grant amount US$ (approval)*	*Status*
I	15	ENVIRONMENTAL GRANT	31/12/1993	31/12/1993	31/12/2001	100000	Closed
B	15	MASINDI DISTRICT INTEGRATED COMMUNITY DEVELOPMENT PROJECT	19/10/1995	28/03/1996	30/06/2000	4057529	Closed
S	9	SOUTHWEST REGION AGRICULTURAL REHABILITATION PROJECT	26/11/1987	23/08/1988	31/12/1993	300000	Closed
I	32	VEGETABLE OIL DEVELOPMENT PROJECT; PRE-PROJECT ACTIVITIES	12/05/1997	16/06/1997	31/12/1998	100000	Closed
I	58	A NEEDS ASSESSMENT AND DESIGN OF PROGRAMME ACTIVITIES IN RESPECT OF KABAROLE WHICH HAS NOW BEEN INCLUDED AS PART OF THE DISTRICT DEV SUPPORT PROGRAMME	10/06/1998	19/10/1998	30/09/2000	90000	Closed
I	85	AGRICULTURE RECONSTRUCTION PROGRAMME	17/12/1981	26/03/1982	30/06/1986	1298325	Closed
I	94	AREA-BASED AGRICULTURAL MODERNIZATION PROGRAMME	31/12/1999	04/12/2000	30/06/2003	90000	Closed

Type	*Grant number*	*Title*	*Approval*	*Effectiveness*	*Closing*	*Grant amount US$ (approval)*	*Status*
I	133	NATIONAL AGRICULTURAL ADVISORY SERVICES PROGRAMME	21/12/2000	22/01/2001	30/09/2002	90000	Closed
I	144	RURAL FINANCIAL SERVICES PROGRAMME	30/10/2002	05/12/02	30/06/2004	90000	Closed
I	813	SUPPORT TO ENHANCE TARGETING UNDER THE PLAN FOR MODERNISATION OF AGRICULTURE	07/12/2005	31/03/2006	31/03/2010	200000	Effective as of LGS March 11, 2011
					Total:	**6415854**	
						(30 % of GRAND TOTAL)	
						21197106	
					<u>GRAND TOTAL:</u>		

Methodological note on country programme evaluations

1. A country programme evaluation (CPE) conducted by the Independent Office of Evaluation of IFAD (IOE) has two main objectives: assess the performance and impact of IFAD-financed operations in the country; and generate a series of findings and recommendations that will inform the next results-based country strategic opportunities programme (COSOP). It is conducted in accordance with the directives of IFAD's Evaluation Policy[1] and follows the core methodology and processes for CPEs outlined in IOE's Evaluation Manual.[2] This note describes the key elements of the methodology.

2. **Focus.** A CPE focuses on three mutually reinforcing pillars in the IFAD-government partnership: (i) project portfolio; (ii) non-lending activities; and (iii) the COSOP(s). Based on these building blocks, the CPE makes an overall assessment of the country programme achievements.

3. With regard to assessing the **performance of the project portfolio** (first pillar), the CPE applies standard evaluation methodology for each project using the internationally-recognized evaluation criteria of relevance, effectiveness, efficiency and rural poverty impact - including impact on household income and assets, human and social capital, food security and agricultural productivity, natural resources and the environment (including climate change[3]), and institutions and policies. The other performance criteria include sustainability, innovation and scaling up, and gender equality and women's empowerment. The performance of partners (IFAD and the government) is also assessed by examining their specific contribution to the design, execution, supervision, implementation-support, and monitoring and evaluation of the specific projects and programmes. The definition of all evaluation criteria is provided in Annex 5.

4. The assessment of **non-lending activities** (second pillar) analyzes the relevance, effectiveness and efficiency of the combined efforts of IFAD and the government to promote policy dialogue, knowledge management, and partnership building. It also reviews global, regional, and country-specific grants as well as achievements and synergy with the lending portfolio.

5. The assessment of the **performance of the COSOP** (third pillar) is a further, more aggregated, level of analysis that covers the relevance and effectiveness of the COSOP. While in the portfolio assessment the analysis is project-based, in this latter section, the evaluation considers the overall objectives of the programme. The assessment of relevance covers the alignment and coherence of the strategic objectives - including the geographic and subsector focus, partners selected, targeting and synergies with other rural development interventions - , and the provisions for country programme management and COSOP management. The assessment of effectiveness determines the extent to which the overall strategic objectives contained in the COSOP were achieved. The CPE ultimately generates an assessment for the overall achievements of the programme.

6. **Approach.** In line with international evaluation practices, the CPE evaluation combines: (i) desk review of existing documentation - existing literature, previous IOE evaluations, information material generated by the projects, data and other materials made available by the government or IFAD, including self-evaluation data and reports -; (ii) interviews with relevant stakeholders in IFAD and in the country; and (iii) direct observation of activities in the field.

[1] http://www.ifad.org/gbdocs/eb/102/e/EB-2011-102-R-7-Rev-1.pdf.
[2] http://www.ifad.org/evaluation/process_methodology/doc/manual.pdf
[3] On climate change, scaling up and gender, see annex II of document EC 2010/65/W.P.6 approved by the IFAD Evaluation Committee in November 2010: http://www.ifad.org/gbdocs/eb/ec/e/65/EC-2010-65-W-P-6.pdf

7. For the field work, a combination of methods are generally used for data gathering: (i) focus group discussions with a set of questions for project user and comparison groups; (ii) Government stakeholders meetings – national, regional/local, including project staff; (iii) sample household visits using a pre-agreed set of questions to household members, to obtain indications of levels of project participation and impact; (iv) key non-government stakeholder meetings – e.g. civil society representatives and private sector.

8. Evaluation findings are based on triangulation of evidence collected from different sources.

9. **Rating scale**. The performance in each of the three pillars described above and the overall achievements are rated on a scale of 1 to 6 (with 1 being the lowest score, and 6 the highest), enabling to report along the two broad categories of satisfactory (4, 5, and 6) and unsatisfactory performance (1, 2 and 3). Ratings are provided for individual projects/programmes, and on that basis, for the performance of the overall project portfolio. Ratings are also provided for the performance of partners, non-lending activities, the COSOP's relevance and effectiveness as well as the overall achievements of the programme.

10. In line with practices of international financial institutions, the rating scale, in particular when assessing the expected results and impact of an operation, can be defined as follows - taking however due account of the approximation inherent to such definition:

Highly satisfactory (6)	The intervention (project, programme, non-lending, etc.) achieved - under a specific criteria or overall –strong progress towards all main objectives/impacts, and had best practice achievements on one or more of them.
Satisfactory (5)	The intervention achieved acceptable progress towards all main objectives/impacts and strong progress on some of them.
Moderately satisfactory (4)	The intervention achieved acceptable (although not strong) progress towards the majority of its main objectives/impacts.
Moderately unsatisfactory (3)	The intervention achieved acceptable progress only in a minority of its objectives/impacts.
Unsatisfactory (2)	The intervention's progress was weak in all objectives/ impacts.
Highly unsatisfactory (1)	The intervention did not make progress in any of its objectives/impacts.

11. It is recognized that differences may exist in the understanding and interpretation of ratings between evaluators (inter-evaluation variability). In order to minimize such variability IOE conducts systematic training of staff and consultants as well as thorough peer reviews.

12. **Evaluation process.** A CPE is conducted prior to the preparation of a new cooperation strategy in a given country. It entails three main phases: (i) design and desk review phase; (ii) country work phase; (iii) report writing, comments and communication phase.

13. The *design and desk review phase* entails developing the CPE approach paper. The paper specifies the evaluation objectives, methodology, process, timelines, and key questions. It is followed by a preparatory mission to the country to discuss the draft paper with key partners. During this stage, a desk review is conducted examining available documentation. Project review notes and a consolidated desk

review report are prepared and shared with IFAD's regional division and the government. The main objective of the desk review report is to identify preliminary hypotheses and issues to be analysed during the main CPE mission. During this stage both IFAD and the government conduct a self-assessment at the portfolio, non-lending, and COSOP levels.

14. The *country work stage* entails convening a multidisciplinary team of consultants to visit the country, holding meetings in the capital city with the government and other partners and traveling to different regions of the country to review activities of IFAD-funded projects on the ground and discuss with beneficiaries, public authorities, project management staff, NGOs, and other partners. A brief summary note is presented at the end of the mission to the government and other key partners.

15. During the *report writing, comments and communication of results* stage, IOE prepares the draft final CPE report, shared with IFAD's regional division, the government, and other partners for review and comments. The draft benefits from a peer review process within IOE including IOE staff as well as an external senior independent advisor. IOE then distributes the CPE report to partners to disseminate the results of the CPE. IOE and the government organize a national roundtable workshop that focuses on learning and allows multiple stakeholders to discuss the main findings, conclusions and recommendations of the evaluation. The report is publicly disclosed.

16. *A core learning partnership* (CLP), consisting of the main users of the evaluation, provides guidance to IOE at critical stages in the evaluation process; in particular, it reviews and comments on the draft approach paper, the desk review report and the draft CPE report, and participates in the CPE National Roundtable Workshop.

17. Each CPE evaluation is concluded with an *agreement at completion point* (ACP). The ACP is a short document which captures the main findings of the evaluation as well as the recommendations contained in the CPE report that IFAD and the government agree to adopt and implement within a specific timeline.

Definition of the evaluation criteria used by IOE

Criteria	*Definition*[a]
Project performance	
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project design in achieving its objectives.
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.
Rural poverty impact[b]	Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions.
• Household income and assets	Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value.
• Human and social capital and empowerment	Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grassroots organizations and institutions, and the poor's individual and collective capacity.
• Food security and agricultural productivity	Changes in food security relate to availability, access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields.
• Natural resources, the environment and climate change	The focus on natural resources and the environment involves assessing the extent to which a project contributes to changes in the protection, rehabilitation or depletion of natural resources and the environment as well as in mitigating the negative impact of climate change or promoting adaptation measures.
• Institutions and policies	The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor.
Other performance criteria	
• Sustainability	The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.
• Innovation and scaling up	The extent to which IFAD development interventions have: (i) introduced innovative approaches to rural poverty reduction; and (ii) the extent to which these interventions have been (or are likely to be) replicated and scaled up by government authorities, donor organizations, the private sector and others agencies.
• Gender equality and women's empowerment	The criterion assesses the efforts made to promote gender equality and women's empowerment in the design, implementation, supervision and implementation support, and evaluation of IFAD-assisted projects.
Overall project achievement	This provides an overarching assessment of the project, drawing upon the analysis made under the various evaluation criteria cited above.
Performance of partners • IFAD • Government	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. It also assesses the performance of individual partners against their expected role and responsibilities in the project life cycle.

[a] These definitions have been taken from the Organisation for Economic Co-operation and Development/Development Assistance Committee *Glossary of Key Terms in Evaluation and Results-Based Management* and from the IFAD Evaluation Manual (2009).

[b] The IFAD Evaluation Manual also deals with the "lack of intervention", that is, no specific intervention may have been foreseen or intended with respect to one or more of the five impact domains. In spite of this, if positive or negative changes are detected and can be attributed in whole or in part to the project, a rating should be assigned to the particular impact domain. On the other hand, if no changes are detected and no intervention was foreseen or intended, then no rating (or the mention "not applicable") is assigned.

List of key persons met

Name	Organization	Position
Persons Met in Kampala and Entebbe:		
Keith J. Muhukanizi	Ministry of Finance, Planning and Economic Development (MoFPED)	Deputy Secretary to the Treasury
John Charles Ogol	Do	Senior Finance Officer
Jennifer Muwuliza	Do	Acting Commissioner, Aid Liaison Department
Ishimwe Collins Herbert	Do	Economist/Finance Officer, Aid Liaison Department
Joyce Ruhweeza	Do	Assistant Commissioner, Aid Liaison
Hon. Rwamirama K. Bright (MP)	Ministry of Agriculture, Animal Industry and Fisheries (MAAIF)	Minister of State for Animal Industry
Vincent R. Rubarema	Do	Permanent Secretary
Okosai Opolot	Do	Director Crop Resources
Sam Semanda	Do	Commissioner Planning
Mark Otim	Do	Asst Commissioner Planning
Nicholas Kauta	Do	Director Livestock
Godfrey Bahiigwa	MAAIF – PMA Secretariat	Director
Francis Byekwaso	MAAIF – NAADS	Programme Officer
Joseph Oryokot	Do	Deputy Director
Patience Rwamigisa	MAAIF – Livestock	Advisor
Marian Bradley	IFAD/ESA/Rome	Country Programme Manager
Pontian Muhwezi	IFAD Country Office Uganda	Country Officer
Ann Turinayo	Knowledge Management and Communication Consultant	ESA/IFAD's Country Office

Name	Organization	Position
Patrick Simiyu Khaemba	African Development Bank and Fund	Resident Representative
Asaph Nuwagira	AfDB	Agriculture Specialist
Willie Odwongo	World Bank	Agricultural Economist
Svend Kaare Jensen	aBi Trust	Adviser
John Olweny	Danish Embassy	Agricultural Officer
Mette Bech Pilgaard	Do	First Secretary
Stephen Ajallu	Do	Programme Officer
Martin Fowler	USAID	Agricultural Economist
Charles Owach	FAO	Assistant FAO Representative
Connie Magomu Masaba	Vegetable Oil Development Project, Ministry of Agriculture, Animal Industry and Fisheries (VODP/MAAIF)	Project Coordinator
Zakayo Muyaka	VODP	Technical Officer
Lance Kashugyera	Rural Financial Services Programme (RFSP) – MoFPED	Programme Coordinator
Helton Achaye	Do	Administration Manager
Daniel Muganda	Do	Programme Support Officer
Jacqueline M. Naggayi	Do	M&E Officer
Ambrose Ayesigye	Do	Financial Controller
Samuel K Mugasi	Do	Programme Assistant
David Elweru	Do	Programme Assistant
Giduno Yusuf Salim	Do	Communications officer

Name	Organization	Position
Colin Agabolinda	Do	Operations Manager
Wadriff Abdulfalah	Do	Managing consultant
Balyayaka Joab	Uganda Co-operative Savings and Credit Union (UCSCU)	Acting M&E Officer
Silvestia Ndiroramukama	Do	Regional Field Operations Manager
Wilson Kabanda	Do	
David T Baguma	Association of Micro Finance Institutions in Uganda	Executive Director
Saliya Katinagoda	GIZ	
John Kashaka Muhanguzi	Ministry of Local Government (MOLG)	Permanent Secretary
Samuel K. Mugasi	MOLG - District Livelihoods Support Programme (DLSP)	Programme Coordinator,
David Elweru	Do	Programme Assistant, DLSP
Yasin Sendaula	MOLG, CAIIP	National Programme Facilitator
Denis Magezi	Do	Infrastructure Engineer – Central
Grace Nakaujakko	Do	M&E Officer
Kitui Esther Wakamuke	Do	CDO
Obore Stephen	Do	CDO
Nyeko Francis	Do	Accountant-Eastern
Farida Mukungu	Do	Accountant
Francis Gonahasa	Do	Monitoring and Evaluation Officer
Grace Nakanjakko	Do	Monitoring and Evaluation
Joseph Kawombe	Do	Rural Energy Specialist

Name	Organization	Position
Santos Amaca	Do	Engineer
Geofrey Obura	Do	Engineer
Samuel Mugasi	MOLG – DLSP	Programme Coordinator
John Mbadhwe	DLSP - MoWT	Infrastructure Advisor CAIIP
Olweny Lamu	MOLG DLSP	Infrastructure Engineer
Adeline R. Muheebwa	Do	Agribusiness Specialist
Ruko Judith	Do	Sociologist
Eng. George Turyakira	Do	Programme Engineer
Elweru David William	Do	FC (Programme Accountant)
Kasinga Lawrence	Do	M&E Specialist
Jacqueline Josephine Naggayi	Do	Monitoring and Evaluation Officer
Seth Mayinza	UBOS	Director, Agriculture Census
Sylivester Ndiroramukama	Uganda Cooperative Savings and Credit Union	Field Operations Officer (Western & Central)
Naome Watiti	UWESO	Chief Executive Officer
Innocent Nuwagaba	Do	Programme Director
Epila Bosco	Do	Resource Mobilization Manager & VSLA Advisor
Apollo Muyanja	SNV	Portfolio Coordinator
Bernard Conilh de Beyssac	SNV	Advisor, Central Portfolio
Ivan Tumuhimbise	Do	Advisor
Edward Kamoga	Do	Advisor

Name	Organization	Position
Davis Kabali	Business Friends Joint Video Library	Owner/SACCO beneficiary
Persons Met in Nakaseke District		
Paul Galabuzi	Nakaseke District Local Government	District Planner
Bukenya Kasozi	Do	Assistant Chief Administrative Officer
Adeline Muheebwa	Do	Agribusiness Specialist
Paul Galabuzi	Do	District Planner
Samalie Kizito	Do	District Community Development Officer
Raphael Wabwire	Do	District Natural Resources Officer
James Odeke	Do	Functional Adult Literacy Coordinator
Richard Bogere	Kikamulo Sub County	Community Development Officer
M. Bukenya	Do	Chairperson, Area Lands Committee ALC
Ephrance Nakagya	Do	Female beneficiary of DLSP mentoring programme
Samuel Bamweysana	Kapeeka Cooperatives & Savings Credit Society	Chairperson Board of Directors
Margaret Kayondo	Do	Board of Directors in charge of PWDs
Silvano Ahimbisibwe	Do	Supervising Board
Joseph Busuulwa	Do	Vice Secretary, Board of Directors
Samuel Tamale	Do	Manager
James Mitti	Do	Vice Chairperson, Board of Directors
Shenton Kivumbo	Do	SACCO Member, Representing sub county chief
K.L. Luutu	Do	General Secretary

Name	Organization	Position
John Honorato Ochieng	Bweyale *Solidano* Cooperative Savings Ltd.	Board Member/ Chairperson Supervisory Committee
Edison K. Orecha	Do	Manager
James Ontair	BUHASG	Project Manager
Harry Henry Kazibwe	Zirobwe Agaliwamu Agri-Business Training Association (ZAABTA)	Chairman
Zizinga Ibrahim	Do	Secretary
Persons Met in Luwero District:		
Sande Kyomya	Luwero District Local Government	Chief Administrative Officer
Henry Musisi	Do	Monitoring and Evaluation Officer
Hood M. Luyima	Do	Natural Resources Officer/in charge IFAD land management sub component
Charles Luzze	Do	DLSP Coordinator
Freddie Kyeyune	Do	Ag. Deputy Chief Administrative Officer
George Namugera	Do	District Production Manager
Florence Katasi	Do	District Community Development Officer
L. Kateegaya	Kikamulo SACCO Ltd	Chairman
D. Bbosa	Do	Senior Assistant Secretary
John Mwanje	Ngoma SACCOS Ltd	Manager
Bidi Moses	Do	Loans Officer
Deogratius Kabazzi	Water User Committee	
Joseph Kanyike	Do	Water officer
Persons Met in Nakasongola District		

Name	Organization	Position
James M Wandira	Nakasangola District Local Government	District Chairperson
Daniel Senyimba	Wabinyonyi Sub County	Chairperson LC III
Timothy Mukunyu	Nakasongola District Local Government	District Engineer
Ronald Kiwanuka	Do	Road Inspector
Stanley Asaja	United Building Services Ltd.	Director
Richard Ebalu	Do	Contractor
Assumpta Mary Akullo	Wampiti Health Centre II	In Charge
Francis Ecur	CAIIP Road Infrastructure Management Committee	Member
Agnes Nalwanga	Do	Member
Moses Kamulegeya	Do	Chairperson
Jane Najjuka	Do	Member
James Mutebi etc	Road Committee	Chairman
Persons Met in Mubende District		
Stephen Monday	Mubende District Local Government	Deputy Chief Administrative Officer
Charles Mubiru	Do	District Engineer
David Busulwa	Do	Community Development Officer/CAIIP
Geoffrey Ndiwalana	Do	PSO CAIIP
Slyvia Namirembe	Do	District Commercial Officer
Aidah Najjuko	Kasanda Town Council	Asst. Town Clerk
Hajjat Nanfuka Aisha Kalema	Kasanda Sub County	Chairperson LCIII

Name	Organization	Position
Fazil Lubega	Do	Secretary, Kasanda Market Management Committee
Sulaiman Ssemata	Do	Member, Kasanda Market Management Committee
Charles Mabirizi	Do	Do
Persons met in Mityana District		
Gabriel Busagwa D.Y.	Mityana District Local Government	Vice Chairman
Amis Asuman Masereka	Do	Chief Administrative Officer
Ritah Namuribu	Do	Financial Extension Worker
Sunday Kizito	Mityana Town Council SACCO	Chairman
Betty Nankaburwa	Do	Treasurer
David Kyasima	Do	Manager
Mujuni Abias, Mathias Wabwire etc.	Kigando Sub-country Ngabi Group	

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For the loan-financed projects, the CPE has made use of the following IFAD/Government of Uganda documents:

Appraisal Report
Report and Recommendations of the President to IFAD's Executive Board
Loan Agreement
Aide Memoires from Supervision and Implementation Support Missions
Progress Reports

Mid-Term Reviews
Completion Report
Project Desk Review Note
Project Status Report

Details of the portfolio covered by the CPE and information sources

Appendix 4 - Table 1. Financing Overview for the Portfolio Covered by the CPE - (US$ m)

Source: ESA
* initial Government contribution US$3.4m raised to US$12m
** initial Government contribution 1.1m raised to about US$8m in 2007

Executed by Ministry of Local Government (MOLG):
DDSP: District Development Support Programme
AAMP: Area-based Agricultural Modernization Programme
DLSP: District Livelihoods Support Programme
CAIIP: Community Agricultural Infrastructure Improvement Programme

Executed by the Ministry of Agriculture, Animal Industries and Fisheries (MAAIF)
VODP and VODP 2: Vegetable Oil Development Project – Phase 1 and Phase 2
NAADS: National Agricultural Advisory Services (a Government Programme)
ATAAS: Agricultural Technology and Agribusiness Advisory Services (financial support for government's National Agricultural Research System (NARS) and NAADS as well as the NARS-NAADS linkages)

Executed by the Ministry of Finance, Planning and Economic Development (MOFPED)
RFSP: Rural Financial Services Programme

Appendix 4 - Figure 1. Timelines of the IFAD Funded Project Portfolio Covered by the CPE

Projects	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
VODP																		
VODP2																		
DDSP																		
DLSP																		
NAADS																		
ATAAS																		
AAMP																		
CAIIP																		
RFSP																		

COSOP 1998 COSOP 2004 CPE

Appendix 4 - Table 2. Criteria Assessed in Evaluation of the Loan Portfolio Covered by the CPE

	Project Performance			*Impact on Rural Poverty*[a]	*Gender Equality*	*Sustainability*	*Innovations & Scaling Up*	*Overall*
Criteria Project	Relevance	Effectiveness	Efficiency					
Projects for which existing evaluations are used								
VODP	+	+	+	+	+	+	+	+
DDSP	+	+	+	+	+	+	+	+
AAMP	+	+	+	+	+	+	+	+
NAADS till 2007	+	+	+	+	+	+	+	+
Projects assessed by the CPE Team								
NAADS from 2008	(+)	(+)	(+)	(+)	(+)	(+)	(+)	(+)
RFSP	+	(+	(+	(+)	+	(+)	(+)	(+)
DLSP	+	(+)	(+)		+	(+)	(+)	(+)
CAIIP – 1	+	(+)	(+)		+	(+)	(+)	(+)
VODP 2	+							
ATAAS	+							

+ indicates that the criterion is assessed by a project evaluation; (+) indicates that a preliminary assessment is undertaken by CPE

a) Impact on rural poverty reduction comprises impacts on household income and assets, agricultural productivity and food security, environment, human capital and empowerment, and institutions and policies.

Ratings by the CPE of projects financed by IFAD in Uganda

EVALUATION CRITERIA *(figures in parenthesis indicate that the rating is given by the CPE mission based on interpretation of the source)*	*Vegetable Oil – Phase 1*	*District Development Support*	*Area-based Agricultural Modernisation*	*National Agricultural Advisory Services*	*National Agricultural Advisory Services*	*Rural Financial Services*	*District Livelihoods Support*	*Community Agricultural Infrastructure*	*Vegetable Oil – Phase 2*	*Ag Technology & Advisory Services*	***PORTFOLIO ASSESSMENTNT***
	VODP1	**DDSP**	**AAMP**	**NAADS till 2007**	**NAADS from 2008**	**RFSP**	**DLSP**	**CAAIP**	**VODP 2**	**ATAAS**	**All**
Source and comments, see overleaf											
Relevance	5	6	5	6	4	3	5	5	6	4	5
Effectiveness	4	4	5	5	3	3	5	5	NR	NR	4
Efficiency	3	5	5	5	2	3	4	5	NR	NR	4
Project performance	**4**	**5**	**5**	**5.3**	**3**	**3**	**4.7**	**5**	**-**	-	**4.3**
Rural poverty impact											
Household income and assets	5	5	5	5	4	4	5	5	NR	NR	5
Human/social capital and empowerment	5	4	5	5	3	3	3	3	NR	NR	4
Food security and agricultural productivity	4	4	5	5	4	4	5	4	NR	NR	5
Natural resources and the environment and climate change	4	3	4	5	3	NR	3	3	NR	NR	4
Institutions and policies	5	5	5	4	2	3	4	3	NR	NR	4
Overall Rural Poverty Impact	**5**	**4**	**5**	**5**	**3**	**4**	**4**	**4**	**NR**	NR	**4**
Other performance criteria											
Sustainability	4	3	4	4	2	3	3	3	NR	NR	3
Innovation and scaling up	5	3	5	5	3	3	5	4	NR	NR	4
Gender equality and women's empowerment	4	5	5	5	3	3	4	4	5*	5*	5
Overall project/portfolio achievement	**4**	**4**	**5**	**5**	**3**	**3**	**4**	**4**	**NR**	**NR**	**4**

CPE ratings of IFAD and Government of Uganda performance in the context of IFAD-financed projects

Performance of partners	*VODP 1*	*DDSP*	*AAMP*	*NAADS Till 2007*	*NAADS From 2008*	*RFSP*	*DLSP*	*CAIIP*	***Overall performance***
IFAD	5	5	5	5	4	4	5	5	**5**
Government	4	4	5	5	3	3	4	5	**4**

Uganda's progress towards the MDGs (2010 status)

Goal 1: Eradicate extreme poverty and hunger	
Target 1.A: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day	**ON TRACK**
Target 1.B: Achieve full and productive employment and decent work for all, including women and young people	**NO TARGET**
Target 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger	**ON TRACK**
Goal 2: Achieve universal primary education	
Target 2.A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	**SLOW**
Goal 3: Promote gender equality and empower women	
Target 3.A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015	**ON TRACK**
Goal 4: Reduce child mortality	
Target 4.A: Reduce by two thirds, between 1990 and 2015, the under-five mortality rate	**SLOW**
Goal 5: Improve maternal health	
Target 5.A: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio	**SLOW**
Target 5.B: Achieve, by 2015, universal access to reproductive health	**SLOW**
Goal 6: Combat HIV/AIDS, malaria and other diseases	
Target 6.A: Have halted by 2015 and begun to reverse the spread of HIV/AIDS	**REVERSAL**
Target 6.B: Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it	**ON TRACK**
Target 6.C: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases	**SLOW**
Goal 7: Ensure environmental sustainability	
Target 7.A: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources	**SLOW**
Target 7.B: Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss	**SLOW**
Target 7.C: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation	**ON TRACK**
Target 7.D: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers	**NO TARGET**
Goal 8: Develop a global partnership for development	
Target 8.B: Address the special needs of the least developed countries	**REVERSAL**
Target 8.D: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term	**ACHIEVED**
Target 8.E: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries	**STAGNANT**
Target 8.F: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications	**ON TRACK**

Source: The Republic of Uganda: Millennium Development Goals Report for Uganda 2010.

Key Ministries with a role in agricultural and rural development

(i) **The Ministry of Agriculture, Animal Industry and Fisheries (MAAIF)** has seven agencies responsible for executing approved plans and projects, and ministerial Headquarters responsible for agricultural policy formulation and planning, support and supervision in particular of local governments, regulation, and standard setting and quality assurance. Four of the evaluated projects are executed by MAAIF: VODP 1 and 2, and NAADS – ATAAS.

(ii) **The Ministry of Local Government (MoLG)** is responsible for co-ordinating and supporting LGs so that they provide sustainable, efficient, and effective services, building the capacities of LGs for planning, budgeting, implementation and monitoring. MoLG is IFAD's implementing partner for DDSP-DLSP and AAMP-CAIIP.

(iii) **The Ministry of Finance, Planning and Economic Development (MoFPED)** is responsible for ensuring that sectoral investments are well co-ordinated and appropriately funded. MoFPED is also responsible for rural finance where it serves as IFAD's partner in the RFSP.

(iv) **The Ministry of Water and Environment (MWE)** is responsible for formulation and review of appropriate water and environment policies, standards and regulatory frameworks. In particular MWE has responsibility for 'off-farm' water development, a term for which agreement with MAAIF as to the definition is sometimes difficult. Disputes on this have been behind the slow growth of publicly-funded irrigation development.

(v) **The Ministry of Tourism, Trade and Industry** is responsible for the formulation of appropriate trade policies, standards and regulatory frameworks; negotiations and the implementation of international and national treaties; development and implementation of market information mechanisms; and cooperatives, including SACCOs.

(vi) **The Ministry of Education and Sports (MoES)** is responsible for primary, secondary and tertiary education including agricultural education.

(vii) **The Ministry of Energy and Mineral Development (MEMD)** is responsible for provision of energy resources, guidance in the use of energy resources and oversight of the rural electrification initiative (in the MAAIF budget).

(viii) **The Ministry of Gender, Labour and Social Development (MoGLSD)** is responsible for community empowerment, promotion of the rights of vulnerable groups, promotion of gender equality and women's empowerment, adult education and labour.

(ix) **The Ministry of Public Service (MoPS)** is responsible for personnel management and development (including oversight of the MAAIF restructuring initiative - see above).

(x) **The Ministry of Lands Housing and Urban Development (MLHUD)** is responsible for land use policy, land laws, awareness-raising among stakeholders and land reform.

(xi) **The Ministry of Works and Transport (MoWT)** is restructuring at present to meet its core mandate as a policy, regulatory and coordinating body. District, Urban and Community Access Roads are the responsibility of Local Governments but MoWT provides quality assurance.

Like MAAIF, several ministries have associated agencies and some of these are important for agriculture sector activities: e.g. the Uganda Bureau of Statistics (UBOS), the Uganda National Bureau of Standards (UNBS), the Uganda National Council of Science and Technology (UNCST) and the National Environmental Management Authority (NEMA).

Official Development Assistance and main support programmes for agriculture

Appendix 11 - Figure 1. Top ODA donors to Uganda (2008)

Main support programmes for agriculture:

a) The World Bank has supported National Agricultural Research Organisation for ten years through the Agricultural Research and Training Project (ARTP - closed in June 2009) and it has supported NAADS for five years through the NAADS Project (closed in December 2009). It has also now prepared a new phase of support to both of these sub-sectors (see Background paper 2). The WB also funds the Programme for Control of Avian Influenza; the Eastern Africa Agricultural Productivity Program (approved for Uganda on June 11, 2009); the multi-donor Agricultural Research in Eastern and Central Africa Trust Fund (effective January 2008); and the Multi-donor CAADP Trust Fund;

b) The African Development Bank (AfDB) began assisting Uganda’s agriculture sector in 1974 and the portfolio has grown steadily thereafter. Currently there are five projects, representing a large share of the ministry’s development budget: the Farm Income Enhancement Project; the North West Smallholder Agricultural Development Project; the National Livestock Production Improvement Project; Support to Fisheries Development; Creation of Tsetse and Tryponosomiasis Free Areas Project. All of them have serious disbursement issues (see Government/EPRC, 2009);

c) IFAD has been making a contribution to the NAADS basket and has also been supporting MAAIF through the Vegetable Oil Development Project (see more detail in Section 4);

d) The EU is contributing to the NAADS and NARO baskets and also funding two projects under MAAIF: the Farming in Tsetse Areas of East Africa Project and the Livestock Disease Control project. The EU also funded the Agricultural Livelihoods Recovery Project for Northern Uganda through OPM and began a new phase of this in 2010;

e) Danida is the biggest bilateral supporter of agriculture and has a long history of support, providing about 10 per cent of all overseas development assistance to agriculture in Uganda between 1997 and 2004. The Agriculture Sector Programme Support (ASPS) was in place for ten years until June 2009. A new programme of support to rural development (U-Growth) came on stream in January 2010 but is mainly supporting private sector activities though it may provide support for ATAAS;

f) Japan International Cooperation Agency supports two projects under MAAIF: the Dissemination of NERICA and Improved Rice Project and Sustainable Irrigated Rice Production in Eastern Uganda; and

g) A number of smaller MAAIF projects are supported by members of the UN family, notably FAO, supporting Pest Control and Integrated Pest and Disease Management (with WFP), UNDP, supporting Sustainable Land Management, and WFP supporting production and marketing and improvements in food security.

Source: OECD/DAC.