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Dar a la población rural  
pobre la oportunidad  
de salir de la pobreza

## La República de Uganda

### Programa sobre oportunidades estratégicas nacionales

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Para **examen**

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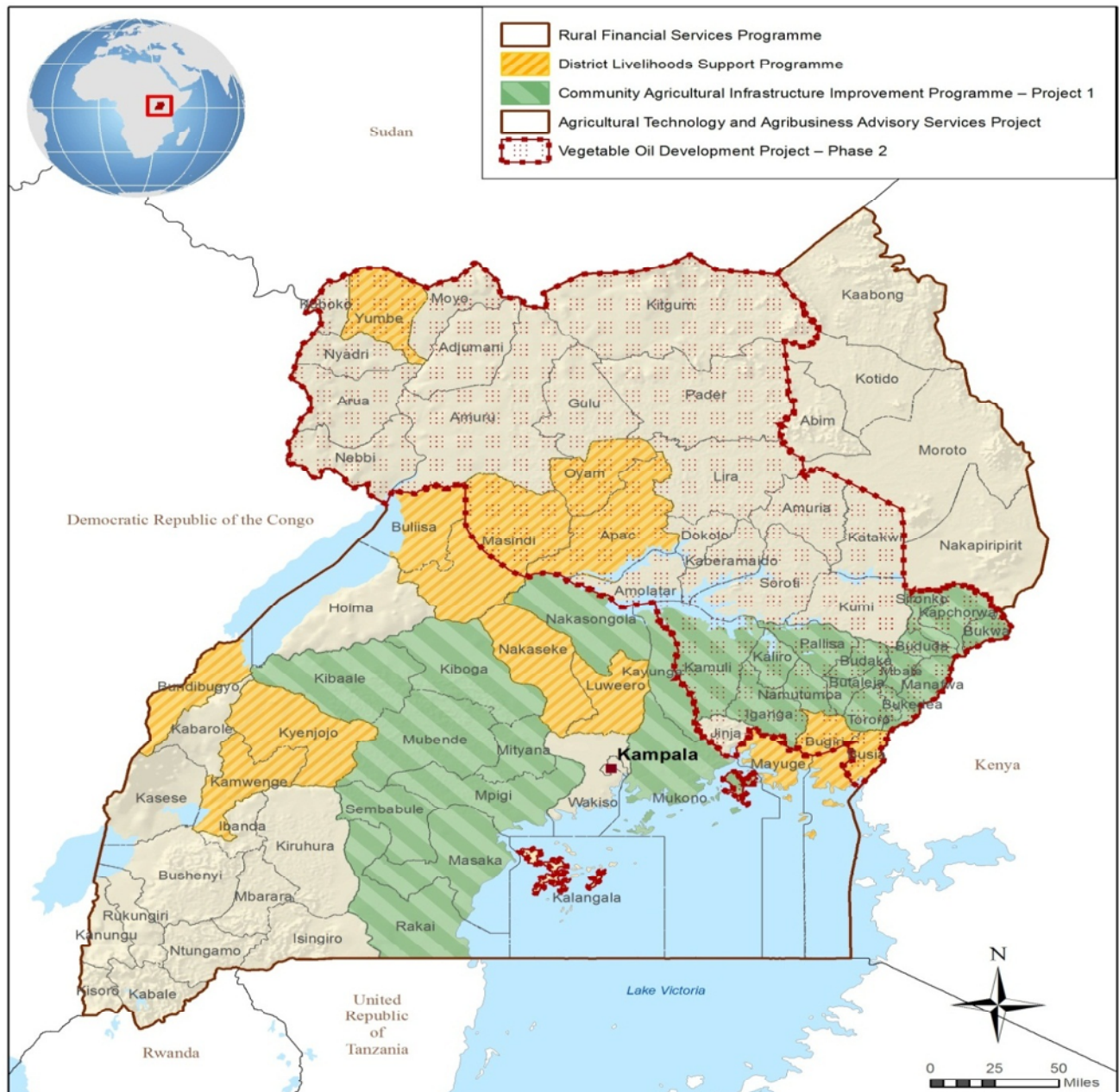
## Acrónimos y siglas

ASAP	Programa de Adaptación para la Agricultura en Pequeña Escala
BAfD	Banco Africano de Desarrollo
COSOP	programa sobre oportunidades estratégicas nacionales
DANIDA	Organismo Danés de Desarrollo Internacional
EGPP	Equipo de gestión del programa en el país
EPP	Evaluación del programa en el país
MANUD	Marco de Asistencia de las Naciones Unidas para el Desarrollo
MAAIF	Ministerio de Agricultura, Ganadería y Pesca
MFPED	Ministerio de Finanzas, Planificación y Desarrollo Económico
MoLG	Ministerio de Administración Local
PBAS	sistema de asignación de recursos basada en los resultados
PIB	producto interno bruto
SyE	seguimiento y evaluación
UCA	Alianza de cooperativas de Uganda
UCSCU	Unión de cooperativas de ahorro y crédito de Uganda
UNFFE	Federación nacional de agricultores de Uganda

# Mapa de las operaciones financiadas por el FIDA

## 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 | 30-11-2012

### Fuente: FIDA

Las denominaciones empleadas y la forma en que aparecen presentados los datos en este mapa no suponen juicio alguno del FIDA respecto de la demarcación de las fronteras o límites que figuran en él ni acerca de las autoridades competentes.

## Resumen de la estrategia en el país

1. El presente programa sobre oportunidades estratégicas nacionales (COSOP) sirve de base para los documentos sobre políticas y estratégicos del Gobierno pertinentes y es coherente con el Marco Estratégico del FIDA y otras políticas pertinentes. Toma en cuenta el contexto económico del país, las tendencias demográficas y de la pobreza y los desafíos relacionados con el cambio climático. Se basa en los resultados y las enseñanzas aprendidas de la inversión del FIDA, así como en las recomendaciones de la evaluación del programa en el país finalizada en 2012.
2. La ventaja comparativa del FIDA reside en su familiaridad con el nivel de las comunidades de base, su conocimiento de las limitaciones de la población rural pobre, en particular de los grupos más vulnerables, y su capacidad para concebir enfoques incluyentes para su participación en el desarrollo económico.
3. El objetivo general del programa del FIDA en el país será aumentar los ingresos, mejorar la seguridad alimentaria y reducir la vulnerabilidad de los hogares rurales en situación de pobreza. Para ello se establecen tres objetivos estratégicos:
  - i) aumentar, de forma sostenible, la producción, la productividad y la capacidad de resistencia al cambio climático de la agricultura en pequeña escala; ii) potenciar la integración de los pequeños agricultores en los mercados, y iii) aumentar, de forma sostenible, el acceso de la población rural a los servicios financieros y su uso.
4. Las inversiones del FIDA se centrarán en: los hogares de pequeños agricultores pobres que tienen el potencial de comercializar sus actividades económicas, y los hogares más vulnerables, que tienen pocas opciones de medios de vida y que las iniciativas de desarrollo dejan generalmente de lado. El FIDA centrará sus recursos en las zonas con mayor incidencia de pobreza (norte) o con mayor densidad de población pobre (este), o en ambas.
5. La asignación del FIDA para el período del COSOP ascenderá, a título indicativo, a aproximadamente USD\$ 130 millones y el FIDA movilizará fuentes de cofinanciación adicional para su inversión, en particular provenientes del Programa de Adaptación para la Agricultura en Pequeña Escala (ASAP). En el primer ciclo del sistema de asignación de recursos basado en los resultados (PBAS), para 2013-2015, el FIDA prestará apoyo a un programa de financiación rural y a un programa para la restauración de los medios de subsistencia en la región septentrional. Durante el transcurso del COSOP se identificarán oportunidades de inversión para el siguiente ciclo.

# La República de Uganda

## Programa sobre oportunidades estratégicas nacionales

### I. Introducción

1. Desde 1981, el FIDA ha financiado 14 proyectos en Uganda, aportando alrededor de USD 296 millones en préstamos otorgados en condiciones muy favorables y USD 21 millones en donaciones. El presente programa sobre oportunidades estratégicas (COSOP) basado en los resultados se ha elaborado con arreglo a las recomendaciones de la evaluación del programa en el país del FIDA (EPP) y establece el marco de colaboración entre el Gobierno de Uganda y el FIDA durante los próximos seis años (2013-2018).

### II. Contexto nacional

#### A. Situación económica, agrícola y de la pobreza rural

##### Antecedentes de la economía del país

2. Desde 1986, Uganda ha logrado importantes avances económicos y sociales. Durante el último decenio, el crecimiento económico anual medio ha sido del 7%, si bien existen enormes disparidades entre las regiones del país. A pesar de ello, Uganda continúa siendo uno de los países más pobres del mundo, con un producto interno bruto (PIB) per cápita de aproximadamente USD 570 al año; asimismo, ocupa el puesto 161 de un total de 187 países según el índice de desarrollo humano.
  3. **Comercio regional.** El comercio regional representa aproximadamente la mitad de las exportaciones. Las destinadas a la región de África Oriental aumentaron de media un 18,6% durante la década de 1990 y un 26% durante la década de 2000. La ubicación geográfica de Uganda, un país sin litoral, es a la vez un obstáculo y una ventaja; aumenta el costo de las importaciones aproximadamente un 20% y el de las exportaciones en torno a un 25%, con respecto a Kenya y la República Unida de Tanzania.
  4. **Crecimiento impulsado por el sector privado.** La atención que ha prestado el Gobierno al desarrollo impulsado por el sector privado ha contribuido a un crecimiento económico continuado. Los flujos de inversiones nacionales y extranjeras han continuado aumentando: en 2000 representaban el 12% del PIB y en 2007 alcanzaron casi el 23,9%. Las microempresas y las pequeñas y medianas empresas aportan en torno al 20% del PIB y emplean aproximadamente al 12% de la población activa.
  5. **Petróleo.** Se prevé que el país comience a producir petróleo en 2016, y que esta actividad generará unos ingresos anuales equivalentes a entre el 15% y el 20% del PIB durante 20 años. Esta situación ofrece la extraordinaria oportunidad de utilizar los ingresos derivados del petróleo para reducir la pobreza, siempre que el Gobierno consiga mitigar los posibles efectos perjudiciales para la economía que causaría la probable apreciación del tipo de cambio (un efecto conocido como "enfermedad holandesa").
- La agricultura y la pobreza rural**
6. **Población.** La población está creciendo un 3,3% al año. Durante los últimos 20 años, la densidad demográfica se ha doblado y se prevé que lo haga de nuevo durante los próximos dos decenios. Uganda presenta una de las tasas de dependencia más altas del mundo, que también se prevé que aumente. La población activa no cualificada crece en torno a un 3,7% al año y en la actualidad encuentra acomodo principalmente en el sector agrícola.

7. **Pobreza rural.** El crecimiento constante de Uganda durante los últimos dos decenios ha continuado viéndose recompensado por una importante reducción de la pobreza. A pesar de la acusada reducción de la incidencia de la pobreza, de un 56,4% en 1992/93 a un 24,5% en 2009/10, no ha disminuido tanto el número de personas pobres, debido al aumento de la población. La pobreza continúa siendo un fenómeno principalmente rural, puesto que el 34% de la población rural vive por debajo de la línea de pobreza nacional. Las zonas más pobres del país están en el norte, donde la incidencia de la pobreza es superior al 40% en todos los distritos y en muchos supera el 60%. No obstante, debido a su mayor densidad demográfica, el mayor número de personas pobres se concentra en la región oriental, con una densidad de pobreza entre 8 y 10 veces más alta que en el norte.
8. **Género.** En 2005/06, alrededor del 40% de las niñas finalizaron la enseñanza primaria; sin embargo, solo un tercio de las jóvenes matriculadas continúan escolarizadas hasta los 18 años, de modo que el 50% de las mujeres son analfabetas funcionales. Los bajos niveles de instrucción de las mujeres y la falta de acceso suficiente a servicios de planificación familiar son algunas de las causas de la elevada tasa de fecundidad. Asimismo, hay niveles altos de violencia sexual y de género.
9. **Agricultura.** Alrededor del 20% de la superficie está cubierta por masas de agua interiores. Las precipitaciones oscilan entre los 400 mm en las zonas septentrionales hasta los 2 200 mm en el entorno del lago Victoria. En la mayor parte del país se producen dos cosechas, aunque en el norte el ciclo agrícola de algunos cultivos es más prolongado y se obtiene una sola cosecha. Alrededor del 40% de la superficie de suelo se considera cultivable; de esta, aproximadamente un 30% se cultiva en la actualidad, la mayoría en las regiones meridionales. Los rendimientos de la mayoría de los cultivos alimentarios se mantienen en niveles de subsistencia y los de los cultivos comerciales son escasos. Prácticamente tres de cada cuatro hogares de agricultores obtienen sus medios de vida de la agricultura de secano de bajos insumos, en explotaciones de menos de 1,5 hectáreas. El sector agrícola representa aproximadamente el 15% del PIB y emplea a alrededor del 75% de la población activa, una proporción que continúa aumentando a medida que crece la población.
10. **Integración en los mercados.** Solo el 60% de los agricultores vende sus productos en los mercados, aunque esta cifra representa un aumento considerable con respecto a la de hace diez años, en torno al 40%. La volatilidad de los precios genera fluctuaciones abruptas de los ingresos de los agricultores. Se prevé que el rápido incremento de la demanda de cultivos alimenticios en los mercados regionales y por parte de la población urbana en aumento impulse el desarrollo agrícola en un futuro próximo, lo que brindará una oportunidad a los agricultores, además de estimular la elaboración primaria en el ámbito nacional.
11. **Tenencia de la tierra.** El acceso a la tierra en Uganda se rige, en su mayor parte, por sistemas consuetudinarios de tenencia. Las tierras de dominio absoluto sin censar y las tierras bajo tenencia consuetudinaria representan más del 76% de las tierras del país. La tierra suele estar infrautilizada, dado que los propietarios carecen de medios y los arrendatarios de incentivos para invertir. El crecimiento demográfico ha ocasionado la fragmentación de las tierras y la inseguridad de la tenencia de la tierra es un problema frecuente.
12. **Fertilidad del suelo.** La tasa de agotamiento de la fertilidad del suelo en Uganda se encuentra entre las más altas de África Subsahariana: se calcula que cada año se extrae aproximadamente el 1,2% de las reservas de nutrientes presentes en la capa superior del suelo. Aunque el uso de fertilizantes ha aumentado desde 2000, sigue siendo muy escaso, debido sobre todo a los altos costos y a los riesgos derivados del clima y de los precios de los cultivos.

13. **Cambio climático.** Durante los últimos 10 años, se ha registrado en Uganda un aumento de la variabilidad y del volumen de precipitaciones y una mayor frecuencia de fenómenos climáticos extremos. Se considera que Uganda está entre los países menos resistentes al cambio climático debido a la pobreza y a la escasa diversidad de fuentes de ingresos. Se prevé que los cambios en las pautas climáticas, como el aumento de los episodios de sequía, las inundaciones y las alteraciones en los ciclos de precipitaciones, repercutirán de forma ostensible en los medios de vida de las personas.
14. **Degradación de los recursos naturales.** Aproximadamente la mitad de Uganda está afectada por una grave degradación de la tierra, caracterizada por la erosión del suelo y el agotamiento de los nutrientes debido a usos no sostenibles de las tierras. Es probable que esta situación se agrave debido al cambio climático. La calidad y la cantidad de los recursos hídricos se está viendo afectada y Uganda se está convirtiendo progresivamente en un país con déficit hídrico.
15. **Financiación rural.** En 2009, solo el 15% de la población rural utilizaba servicios bancarios, mientras que solo el 7% estaba atendida por otras instituciones oficiales. Alrededor de la mitad de la población dependía de sistemas de financiación informales y el 31% carecía de cualquier tipo de servicio de financiación.

## **B. Políticas, estrategias y contexto institucional**

### **Contexto institucional nacional**

16. **Sector público.** La política nacional de crecimiento y desarrollo de Uganda está coordinada por el Ministerio de Finanzas, Planificación y Desarrollo Económico (MFPED), que también coordina el diálogo con los asociados en el desarrollo. Otros dos ministerios clave son asociados a largo plazo del FIDA: el Ministerio de Agricultura, Ganadería y Pesca (MAAIF) y el Ministerio de Administración Local (MoLG). Dos organismos importantes bajo la administración del MAAIF son la Organización nacional de investigación agrícola, que se ocupa de la investigación agrícola, y los Servicios nacionales de asesoramiento agrícola, que se encargan de prestar servicios de asesoramiento y extensión. El MoLG es el responsable de coordinar, apoyar y asesorar a las administraciones locales en la prestación de servicios.
  17. **Administraciones locales.** Tras el impulso a la descentralización que comenzó en la década de 1990, en los últimos años se han impulsado políticas basadas en enfoques sectoriales verticales y ha disminuido la atención al desarrollo de las instituciones locales. El número de distritos en Uganda ha aumentado de 64 en 2006 a 113 hoy en día; no obstante, su capacidad para prestar servicios se ha reducido. El principal problema continúa siendo la débil coordinación horizontal en el ámbito local entre los ministerios centrales y los consejos y administraciones locales.
  18. **Organizaciones rurales.** Desde 2006, el Gobierno ha promovido de forma explícita la creación de organizaciones rurales, que actualmente se organizan en organizaciones nacionales de representación como la Federación nacional de agricultores de Uganda (UNFFE), la Alianza de cooperativas de Uganda (UCA) y la Unión de cooperativas de ahorro y crédito de Uganda (UCSCU).
- ### **Estrategia nacional de reducción de la pobreza rural**
19. **Política nacional.** El objetivo del Plan Nacional de Desarrollo (2010-2011) y (2014-2015) es la transformación de Uganda en los próximos 30 años, de un país con una sociedad campesina a un país moderno y próspero de ingresos medios. Los principales ámbitos de inversión del Plan nacional de desarrollo son: el desarrollo de los recursos humanos y la consecución de la igualdad de género; la mejora de las infraestructuras físicas en las zonas rurales; el acceso garantizado a los insumos agrícolas; la promoción de las microempresas y las pequeñas y medianas empresas rurales para la agregación de valor, y el desarrollo de la capacidad nacional para acometer actividades de adaptación al cambio climático.



20. **Políticas sectoriales.** Las principales políticas y estrategias sectoriales son: i) la política relativa al sector agrícola integrada en la Estrategia de desarrollo y plan de inversiones para 2010/11-2014/15, que persigue “un sector agrícola competitivo, rentable y sostenible”; ii) el marco de políticas en materia de financiación rural, que ha oscilado durante los últimos años entre un enfoque impulsado por el Gobierno y un enfoque más orientado hacia el mercado y que actualmente tiende hacia este último y hace especial hincapié en la inclusión financiera; iii) la política de descentralización, siendo el Plan de inversiones sectoriales de las administraciones locales para 2006-2016 el marco para mejorar la prestación de servicios y la buena gobernanza en el ámbito descentralizado, y iv) el marco de las políticas ambientales y climáticas, mediante el que la gestión de los recursos ambientales y naturales se traspa a las administraciones locales.

#### **Armonización y alineación**

21. Los asociados en el desarrollo y el Gobierno firmaron en 2003 los principios de asociación que desde entonces han orientado la armonización y la alineación. El Plan Nacional de Desarrollo y otros documentos sectoriales establecen el marco estratégico general para estas asociaciones. El Grupo de asociados para el desarrollo local es el órgano de coordinación general de las estrategias, que los grupos de trabajo sectoriales se encargan de reproducir. El FIDA participa activamente, a través de su oficina en el país, en los grupos correspondientes a los sectores de interés para el programa en el país.

### **III. Enseñanzas de la experiencia del FIDA en el país**

#### **A. Resultados, impacto y desempeño anteriores**

22. Desde 1981, el FIDA ha financiado 14 préstamos a Uganda por valor de casi USD 300 millones, frente a una inversión total de USD 1 300 millones. La inversión actual del FIDA (por un total de USD 164 millones) se centra en tres esferas temáticas: agricultura (Proyecto de Fomento de la Producción de Aceites Vegetales — Fase II para 2010-2019 y Proyecto de Servicios de Asesoramiento Agroindustrial y Tecnología Agrícola para 2011-2017), servicios de las administraciones locales (Programa de Mejora de la Infraestructura Agrícola Comunitaria para 2008-2013 y Programa de Apoyo a los Medios de Vida en los Distritos para 2007-2015) y financiación rural (Programa de Servicios Financieros Rurales para 2004-2013).
23. El programa del FIDA en el país ha logrado importantes resultados e impactos:
- Alrededor del 15% de los hogares de agricultores (1,5 millones de hogares) han recibido capacitación en tecnologías de producción agrícola en el marco de los Servicios nacionales de asesoramiento agrícola, lo que ha generado un aumento de los ingresos agrícolas per cápita de entre el 42% y el 52%.<sup>1</sup>
  - Aproximadamente 1,7 millones de hogares reciben acceso a servicios financieros rurales gracias al apoyo prestado a las cooperativas de ahorro y crédito, algunas de las cuales han alcanzado la sostenibilidad económica y operativa. Entre 2008 y 2012 se cuadruplicó el capital accionarial medio por persona y el ahorro medio prácticamente se duplicó.<sup>2</sup>
  - Se ha introducido en el país la palma de aceite mediante una asociación público-privada que ha atraído inversiones del sector privado por valor de más de USD 100 millones. Alrededor de 1 500 pequeños agricultores y 3 000 trabajadores agrícolas se han beneficiado de forma directa de esta inversión. Asimismo, ha

<sup>1</sup> *Impact evaluation of NAADS in Uganda International Food Policy and Research Institute* (Evaluación del impacto de los servicios nacionales de asesoramiento agrícola en el Instituto internacional de Uganda sobre política e investigación alimentaria), Kampala, 2008.

<sup>2</sup> Programa de Servicios Financieros Rurales. Informe de la misión de supervisión, mayo de 2012.

generado considerables beneficios indirectos para la economía nacional; el distrito de Kalangala, el 72º distrito más pobre de los 77 existentes en el país en 2002, es ahora uno de los siete distritos más ricos.<sup>3</sup>

24. En la EPP se señalan algunas de las fortalezas y debilidades en la ejecución del programa del FIDA en el país:
- El FIDA goza de gran prestigio por la atención que presta a la población rural pobre y sus programas están en plena consonancia con las políticas de los gobiernos y armonizados con los de los demás asociados en el desarrollo.
  - El programa en el país ha sufrido una paradoja micro-macro, por la que la ejecución satisfactoria de los proyectos no siempre se ha traducido en un impacto visible en el país debido a cierta fragmentación geográfica y temática; a cierta discontinuidad de las inversiones a lo largo del tiempo; a las sinergias limitadas entre los distintos proyectos, y a la falta de una labor sistemática en el ámbito del diálogo sobre políticas y la ampliación del alcance.
  - Uno de los principales logros del programa del FIDA en el país es la promoción de una asociación público-privada innovadora y de gran alcance en el subsector de la palma de aceite.
  - El FIDA ha financiado intervenciones prometedoras que fomentan la inclusión de los hogares vulnerables, como el método de asesoramiento a los hogares y las asociaciones de ahorro y préstamos de las aldeas; por desgracia, no se ha dedicado empeño suficiente en ampliar su alcance.
  - La sostenibilidad recibió la calificación más baja en toda la cartera, en lo que respecta a los acuerdos y responsabilidades institucionales sobre la conservación posterior a la ejecución de los proyectos.
25. A fin de mejorar el desempeño del programa en el país, en la EPP se formulan algunas recomendaciones clave: i) ampliar la cobertura geográfica de las operaciones del FIDA en el norte del país; ii) continuar prestando apoyo al desarrollo de las cadenas de valor de productos básicos; iii) definir un programa realista para el diálogo sobre políticas y dotarlo de los recursos pertinentes; iv) seguir reforzando los resultados de los proyectos centrandó la atención en las sinergias entre los diferentes proyectos, la gestión de los recursos naturales, el empoderamiento, la sostenibilidad de las inversiones en los proyectos y la ampliación de la escala de las innovaciones, y v) determinar con precisión las necesidades de personal y la distribución de tareas en la oficina en el país.

## **B. Enseñanzas extraídas**

26. De la experiencia acumulada por las intervenciones del FIDA en Uganda se pueden extraer las siguientes enseñanzas fundamentales:
- Para el éxito de un proyecto es fundamental contar con un marco de políticas propicio; en el diseño de los proyectos debe tenerse en cuenta el riesgo de que se produzcan cambios en las políticas durante su ejecución y determinarse las medidas de gestión del riesgo oportunas.
  - Los proyectos y los programas deben, en la medida de lo posible, invertir en zonas geográficas contiguas y centrarse en unas pocas intervenciones estratégicas para conseguir el máximo impacto.
  - La sostenibilidad de los beneficios de los proyectos requiere un marco institucional sólido y, por tanto, inversiones a largo plazo en el fortalecimiento de instituciones locales clave, tanto públicas como no públicas.

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<sup>3</sup> PNUD, Informe sobre Pobreza Humana; estadísticas de Uganda de 2001 y 2007.

- Se ha demostrado que las asociaciones público-privadas son un instrumento eficaz para integrar a los agricultores en los mercados y en cadenas de valor sólidas; el sector privado está interesado en participar en asociaciones equitativas con pequeños agricultores.
- Se ha comprobado que el “método de asesoramiento a los hogares”, puesto en marcha por el FIDA con carácter experimental, es un instrumento valioso para promover la inclusión de los hogares muy pobres, fortaleciendo su capacidad para evaluar los obstáculos a los que se enfrentan y facultándoles para superar la pobreza.
- Las instituciones financieras comunitarias, como las cooperativas de ahorro y crédito y los grupos de ahorro y crédito, son medios eficaces para proporcionar un primer acceso a los servicios financieros a un amplio segmento de la población rural que, de otra forma, permanecería excluido.

## IV. Marco estratégico del FIDA en el país

### A. Ventaja comparativa del FIDA en el país

27. La estrategia del FIDA en Uganda durante los últimos 15 años ha estado caracterizada por la coherencia temática, apoyando al Gobierno de Uganda en su objetivo de hacer avanzar a las poblaciones rurales de una agricultura de subsistencia a la agricultura orientada al mercado. El FIDA ha invertido principalmente en tres esferas temáticas: i) mejorar las tecnologías agrícolas para aumentar la producción y la productividad; ii) mejorar el acceso de los pequeños agricultores a los mercados, y iii) mejorar el acceso a los servicios financieros rurales.
28. Estas esferas temáticas continúan siendo muy pertinentes. A lo largo de los años, el FIDA ha extraído importantes enseñanzas y ha adquirido experiencia sobre el terreno al mismo tiempo que ha establecido relaciones sólidas con instituciones públicas competentes y con operadores del sector privado y organizaciones de la sociedad civil. A este respecto, la ventaja comparativa del FIDA reside en su capacidad para comprometer financiación a largo plazo con el propósito de promover un mayor impacto, apoyar el fortalecimiento de las instituciones y compartir las innovaciones y las enseñanzas extraídas.
29. Los asociados nacionales reconocen que el FIDA está familiarizado con las comunidades de base y con los obstáculos específicos de los hogares pobres, incluidos los grupos más vulnerables, y reconocen su capacidad para planificar estrategias inclusivas. Hay consenso en que una ventaja comparativa importante del FIDA en Uganda reside en su experiencia y sus conocimientos técnicos para promover enfoques favorables para la población pobre en sectores clave como la agricultura y la financiación rural. Uno de los elementos principales, que será prioritario en el futuro a este respecto, es el apoyo a las organizaciones rurales en todos los ámbitos como estrategia fundamental para empoderar a la población rural pobre.

### B. Objetivos estratégicos

30. El programa del FIDA en Uganda cubrirá el período 2013-2018. El programa estará en consonancia con el Plan Nacional de Desarrollo y las demás estrategias sectoriales pertinentes. Estas estrategias son coherentes con el Marco Estratégico del FIDA para 2011-2015. Dentro de este marco general, el objetivo del programa en el país será **aumentar los ingresos, mejorar la seguridad alimentaria y reducir la vulnerabilidad de los hogares rurales en situación de pobreza**, a través de los tres objetivos estratégicos descritos a continuación.
31. **Objetivo estratégico 1. Lograr el aumento sostenible de la producción, la productividad y la capacidad de resistencia al cambio climático de la agricultura en pequeña escala.** Este objetivo se logrará: i) mejorando el acceso a

tecnologías agrícolas apropiadas, así como su uso, para promover una intensificación sostenible de la agricultura como medio para hacer frente al cambio climático, con especial hincapié en la mejora de las semillas, los insumos (tanto fertilizantes químicos como materia orgánica) y las prácticas y tecnologías que propicien un uso eficiente de la mano de obra y la mejoren; ii) mejorando la prestación de servicios de asesoramiento pertinentes mediante el fortalecimiento de la oferta (Organización nacional de investigación agrícola y Servicios nacionales de asesoramiento agrícola) y la demanda (agricultores y organizaciones a las que pertenecen) de estos servicios; iii) asegurando la gestión sostenible de la tierra y los recursos hídricos mediante la promoción de prácticas adecuadas de gestión del suelo y los cultivos, la inversión en la conservación del agua y el riego en pequeña escala y afianzando el acceso de grupos de población desfavorecidos a la tenencia de la tierra, y iv) promoviendo una agricultura a pequeña escala con menor impacto en el clima mediante la capacitación de los pequeños agricultores, a fin de que comprendan y gestionen mejor los riesgos que entraña y las oportunidades que ofrece la variabilidad del clima si se adoptan las medidas de adaptación oportunas.

32. El FIDA continuará apoyando este objetivo a través de la cofinanciación de los Servicios nacionales de asesoramiento agrícola y la Organización nacional de investigación agrícola en el marco del Proyecto de Servicios de Asesoramiento Agroindustrial y Tecnología Agrícola, las inversiones en el marco del Proyecto de Fomento de la Producción de Aceites Vegetales - Fase II y un nuevo Proyecto para el restablecimiento de los medios de vida en la región septentrional, previsto para 2015-2022.
33. **Objetivo estratégico 2. Lograr la mejora de la integración en los mercados de los pequeños agricultores.** Este objetivo se logrará: i) invirtiendo en cadenas de valor con un claro potencial para beneficiar e integrar a los pequeños agricultores pobres, abordando, mediante un enfoque inclusivo, los principales obstáculos a los que se enfrentan los agricultores y las agricultoras pobres; se hará especial hincapié en el desarrollo de asociaciones público-privadas como recurso eficaz para fomentar las relaciones empresariales entre inversores del sector privado y pequeños agricultores que sean ventajosas para ambas partes; ii) desarrollando infraestructuras económicas rurales resistentes al cambio climático, como carreteras de acceso, instalaciones de mercado, instalaciones para el almacenamiento poscosecha y la provisión de electricidad para la elaboración de productos agrícolas; iii) promocionando la elaboración de productos agrícolas y la agregación de valor, en particular en torno a los nuevos centros rurales-urbanos, facilitando las inversiones del sector privado y sus vínculos con pequeños productores agrícolas, así como a través de la creación de microempresas y pequeñas empresas locales, y iv) reforzando las organizaciones de agricultores a nivel comunitario y de distritos para que participen en actividades de poscosecha, comercialización y elaboración primaria.
34. La principal inversión en el ámbito de este objetivo estratégico consistirá en consolidar y ampliar la escala de las inversiones en el subsector del aceite vegetal, a través del Proyecto de Fomento de la Producción de Aceites Vegetales — Fase II. Se abordarán, asimismo, otras oportunidades para la inversión en cadenas de valor específicas mediante proyectos en curso (como el Proyecto de Servicios de Asesoramiento Agroindustrial y Tecnología Agrícola) o de nueva creación (el Proyecto para el restablecimiento de los medios de vida en la región septentrional, y otros proyectos que se determinarán para el ciclo 2016-2018). Se continuará prestando apoyo a las infraestructuras económicas rurales por medio del MoLG en el marco del Programa de Apoyo a los Medios de Vida en los Distritos (que concluirá en 2015) y del Proyecto para el restablecimiento de los medios de vida en la región septentrional.

35. **Objetivo estratégico 3. Lograr un aumento sostenible del acceso a los servicios financieros y de su uso por parte de la población rural.** En el ámbito de este objetivo, el FIDA continuará apoyando la ampliación del alcance de los servicios financieros en las zonas rurales, centrándose especialmente en facilitar la integración de la población rural pobre. Las inversiones se concentrarán en las instituciones financieras comunitarias, que constituyen el punto de entrada de la población rural pobre a los mercados financieros regulados. Este objetivo se logrará: i) reforzando las cooperativas de ahorro y crédito ya existentes para aumentar su número de miembros y conseguir su plena sostenibilidad financiera y operativa; ii) ampliando el alcance de los grupos comunitarios de ahorro y crédito, aplicando los principios metodológicos de las asociaciones de ahorro y préstamos de las aldeas, y iii) apoyando el marco institucional, normativo y reglamentario que sustenta a las instituciones financieras comunitarias. Se promoverá el establecimiento de vínculos entre instituciones de base comunitaria e instituciones de mayor nivel para permitir que la población rural acceda de forma paulatina a una mayor variedad de servicios financieros.
36. El Proyecto para la inclusión financiera en las zonas rurales (2014-2020) será la principal inversión del FIDA en el marco de este objetivo estratégico. Los demás programas (el Proyecto de Servicios de Asesoramiento Agroindustrial y Tecnología Agrícola, el Proyecto de Fomento de la Producción de Aceites Vegetales — Fase II, el Programa de Apoyo a los Medios de Vida en los Distritos y el Proyecto para el restablecimiento de los medios de vida en la región septentrional) contribuirán de forma indirecta a este objetivo mediante el aumento de la rentabilidad de la agricultura a pequeña escala, lo que hará que los pequeños agricultores sean clientes solventes.

### **C. Oportunidades de innovación y ampliación de la escala**

37. La ampliación de la escala ya está integrada en el programa del FIDA en Uganda. El modelo de desarrollo de asociaciones público-privadas utilizado para la producción de palma de aceite, que se ha aplicado con éxito en el distrito de Kalangala, se está reproduciendo en nuevas zonas geográficas por medio del Proyecto de Fomento de la Producción de Aceites Vegetales — Fase II. Asimismo, en el subsector de las semillas oleaginosas, se financiarán tres cultivos adicionales en una zona del proyecto ampliada, adaptando el modelo de asociaciones público-privadas de la palma de aceite a asociaciones con pequeñas y medianas empresas locales.
38. También habrá ampliación de la escala en el ámbito de la financiación rural. El Proyecto para la inclusión financiera en las zonas rurales ampliará la escala de los grupos comunitarios de ahorro y crédito —promovidos satisfactoriamente por algunas organizaciones en Uganda, también con la ayuda de una donación del FIDA— como mecanismo eficaz para la inclusión financiera de la población rural pobre. El Proyecto para la inclusión financiera en las zonas rurales también aprovechará la experiencia del Programa de Servicios Financieros Rurales y la aplicará para apoyar a las cooperativas de ahorro y crédito a lograr su sostenibilidad.
39. Se adoptará y se ampliará en el programa en el país el método de asesoramiento a los hogares, probado con éxito en el marco del Programa de Apoyo a los Medios de Vida en los Distritos, como estrategia clave para la inclusión de los hogares más vulnerables. El proceso de aprendizaje y sistematización involucrará a centros nacionales de excelencia en la gestión de conocimientos (Universidad de Makerere), así como a la División de Asesoramiento Técnico y Políticas del FIDA para garantizar la difusión en los ámbitos “interno” (FIDA) y “externo” (nacional).

### **D. Estrategia de focalización**

40. Los principales grupos objetivo de las inversiones del FIDA serán: i) los hogares de pequeños agricultores pobres que tienen el potencial y los activos mínimos para ampliar y comercializar sus actividades económicas pero que, debido a una serie de obstáculos, todavía no están plenamente integrados en los mercados; ii) los hogares

muy vulnerables con activos escasos y opciones restringidas en cuanto a los medios de vida a los que las iniciativas de desarrollo suelen dejar de lado, y iii) las mujeres y los jóvenes dentro de estos dos grupos, que recibirán atención particular dado que con frecuencia sufren discriminación en el acceso a los servicios y a los activos productivos.

41. Los pormenores de las principales estrategias para llegar a los grupos objetivo mencionados se definirán durante el diseño de los proyectos, en función del contexto específico; no obstante, a rasgos generales incluirán: i) la eliminación de los obstáculos que impiden la participación plena en los mercados de los hogares de pequeños agricultores; ii) el asesoramiento a los hogares para apoyar la inclusión de los hogares más vulnerables; iii) la selección e incorporación de actividades y mecanismos específicos para impulsar la participación de las mujeres y los jóvenes, y iv) la facilitación de la participación activa de los grupos objetivo en organizaciones rurales y en grupos de interés económico.
42. La focalización geográfica ocupará un lugar importante en la estrategia de inversión del FIDA. A fin de lograr el máximo impacto en la reducción de la pobreza, el FIDA centrará sus recursos en las zonas con mayor incidencia de pobreza (norte) o con la mayor densidad de población pobre (este). También se perseguirá la coherencia geográfica, tanto en cada proyecto como entre proyectos distintos.

## **E. Vinculaciones con las políticas**

43. Para lograr los tres objetivos estratégicos es indispensable contar con un marco de políticas propicio. El FIDA continuará participando en el diálogo sobre políticas con el Gobierno, con el propósito de mantener las cuestiones que afectan a la población pobre en un lugar destacado del programa de políticas. Los proyectos financiados por el FIDA actuarán como vehículos para el aprendizaje y para detectar los aspectos clave que se deberán abordar en las políticas para contribuir a un crecimiento económico general en las zonas rurales.
44. Ya se han determinado algunas esferas prioritarias fundamentales para el diálogo sobre políticas y se prevé que surjan otras durante la ejecución del COSOP:
  - La reorientación de los Servicios nacionales de asesoramiento agrícola, de la distribución de insumos agrícolas subvencionados a la prestación de servicios de asesoramiento pertinentes en favor de la población pobre, en colaboración con el Banco Mundial a través del Proyecto de Servicios de Asesoramiento Agroindustrial y Tecnología Agrícola.
  - El apoyo a la creación de organizaciones de cultivadores de palma de aceite a pequeña escala que sean autosostenibles económicamente.
  - La creación de un marco reglamentario adecuado para las instituciones de cuarto orden (incluidas las cooperativas de ahorro y crédito) y un marco de políticas propicio para los grupos de ahorro y crédito.
  - El apoyo a la UCSCU, en asociación con una organización internacional de cooperativas, a fin de capacitarla para convertirse en una institución de segundo piso autosostenible para las cooperativas de ahorro y crédito.
45. La participación en el diálogo sobre políticas se realizará de diferentes modos, a saber: i) generar información contrastada de los proyectos para fundamentar la toma de decisiones sobre políticas; ii) participar de forma activa en los grupos de trabajo de los sectores pertinentes; iii) fortalecer la capacidad de los organismos públicos asociados (por ejemplo, el MFPED y el MAAIF) para formular políticas en favor de la población pobre; y iv) apoyar a las organizaciones rurales (por ejemplo, la UNFFE, la UCA y la UCSCU) para que promuevan de forma eficaz su propio programa de políticas.

## V. Gestión del programa

### A. Seguimiento del COSOP

46. Se establecerá un marco de seguimiento del COSOP con el propósito de evaluar el desempeño de los programas y facilitar la toma coordinada de decisiones. Se celebrarán reuniones de examen anuales con los miembros del equipo del COSOP para Uganda y con otros interlocutores del FIDA competentes. Se realizará un examen a mitad de período del COSOP en 2015 y un examen final en 2018. Estos procesos de examen serán fundamentales para garantizar que la estrategia en el país tiene la flexibilidad necesaria para adaptar el programa en el país a los cambios en la situación y a las oportunidades que surjan.
47. El marco de resultados del COSOP estará vinculado a los sistemas de seguimiento y evaluación (SyE) de los proyectos, que constituirán las principales fuentes de datos e información para el seguimiento del COSOP. El FIDA continuará prestando apoyo a los proyectos para perfeccionar sus sistemas de SyE y mejorar la puntualidad y la calidad de los datos de SyE.

### B. Gestión del COSOP

48. **Enfoque de programa en el país.** El presente COSOP establecerá el marco para la ejecución de un programa en el país coherente, que integrará actividades crediticias y no crediticias. Se reforzarán las sinergias y las complementariedades entre los proyectos de inversión mediante las siguientes estrategias: i) maximizar la coherencia geográfica de las zonas de intervención entre los diferentes proyectos; ii) hacer hincapié en las sinergias en el ámbito operativo, en particular mediante la supervisión temática entre proyectos y la participación del personal de los proyectos en la ejecución de misiones de apoyo a otros proyectos; iii) crear oportunidades para el aprendizaje mutuo y el intercambio de experiencias entre diferentes proyectos, y iv) prever, durante el diseño de nuevos proyectos, mecanismos explícitos que garanticen la complementariedad y la coordinación con las operaciones en curso. Las actividades no crediticias —el diálogo sobre políticas, la gestión de conocimientos y el establecimiento de asociaciones—, se realizarán en el marco general del programa en el país, con el objetivo de mejorar la coherencia.
49. Los principales recursos con los que se cuenta para ejecutar el enfoque del programa en el país son: i) la **oficina del FIDA en el país**, con funcionarios nacionales y extranjeros y supervisada por el gerente del programa en el país, que garantizará la supervisión periódica y el apoyo a la ejecución de los proyectos, dirigirá las actividades no crediticias y desempeñará un papel fundamental en la promoción de sinergias y complementariedades entre proyectos; ii) el **equipo del COSOP para Uganda**, formado por representantes de interlocutores clave, públicos y no públicos, de los distintos sectores en los que invierte el FIDA, que ha dirigido el proceso de formulación del COSOP y garantizará su seguimiento anual, actuando así como foro idóneo para el debate estratégico acerca de las cuestiones sobre políticas, enseñanzas y prácticas óptimas que surjan de la ejecución de los proyectos; iii) el **equipo de gestión del programa en el país**, formado por el personal de gestión clave de los proyectos, que analizará las sinergias y complementariedades en el ámbito operativo y servirá de foro para el aprendizaje mutuo, el intercambio y la capacitación entre proyectos.

### C. Asociaciones

50. **Gobierno.** El FIDA continuará estableciendo, principalmente, asociaciones con el Gobierno, con asociados tradicionales como el MFPED, el MoLG y el MAAIF. Asimismo, se constituirán nuevas asociaciones estratégicas con instituciones como la Dirección Nacional de Ordenación del Medio Ambiente y el Ministerio de Recursos Hídricos y Medio Ambiente para dar mayor relevancia en el programa en el país a los problemas medioambientales y relacionados con el cambio climático.

51. **Organizaciones rurales.** En el presente COSOP se otorgará una función más destacada a las asociaciones con organizaciones rurales, que se desarrollará, según proceda, en el ámbito de las comunidades, de los distritos o nacional. Los representantes de estas organizaciones serán miembros del equipo del COSOP para Uganda y de los grupos de orientación para el diseño y la supervisión de los proyectos financiados por el FIDA.
52. **Sector privado.** La asociación con el sector privado continuará siendo un componente importante del programa en el país, a fin de facilitar la creación de asociaciones público-privadas sólidas. El objetivo primordial, a este respecto, será el sector del aceite vegetal, pero estas asociaciones se reproducirán en otras cadenas cuando surjan oportunidades. Se prestará también apoyo a plataformas de diversas partes interesadas, como foros para la coordinación y el diálogo entre las partes de las cadenas de valor.
53. **Asociados en el desarrollo.** Se reforzarán las asociaciones con otros asociados en el desarrollo y se continuarán explorando de forma activa oportunidades de cofinanciación. Se procurará fortalecer la supervisión y el apoyo a la ejecución conjuntamente con los asociados de cofinanciación, en particular con el Banco Mundial para el Proyecto de Servicios de Asesoramiento Agroindustrial y Tecnología Agrícola. Se perseguirá la armonización con otros donantes de las inversiones previstas en el norte (Proyecto para el restablecimiento de los medios de vida en la región septentrional), a través del grupo de donantes para la recuperación y el desarrollo de la región septentrional de Uganda. El FIDA continuará formando parte de la iniciativa de las Naciones Unidas "Unidos en la acción", en virtud del Marco de Asistencia de las Naciones Unidas para el Desarrollo (MANUD), en la medida que sea compatible con su modus operandi como institución financiera internacional.

#### **D. Gestión de conocimientos y comunicación**

54. El FIDA cuenta con una estrategia explícita de comunicación en Uganda desde 2008. Cada uno de los programas también dispone de su propia estrategia de comunicación y de servicios especializados específicos. Estas labores se reforzarán en el marco del actual COSOP.
55. También se pondrá empeño en garantizar la incorporación de la gestión de conocimientos al programa en el país, con el propósito de facilitar el aprendizaje y el intercambio en todo el programa y entre homólogos, promover la documentación de enseñanzas y buenas prácticas y realizar aportaciones al diálogo sobre políticas en favor de la población pobre. La inversión en gestión de conocimientos se centrará principalmente en las esferas determinadas en el programa en el país como prioritarias para la innovación y la ampliación de escala (véase la sección IV.C) y el diálogo sobre políticas (véase la sección IV.E).
56. Los principales instrumentos serán: i) los sistemas de seguimiento del COSOP y los proyectos como fuentes de información; ii) las estrategias y las capacidades de gestión de conocimientos desarrolladas en el ámbito de los proyectos; iii) el equipo del COSOP para Uganda y el equipo de gestión del programa en el país (EGPP), como foros para el intercambio y el debate; y iv) los intercambios mutuos y entre homólogos dentro de los propios proyectos y entre distintos proyectos.

#### **E. Marco de financiación con arreglo al PBAS**

57. Uganda reúne las condiciones necesarias para recibir financiación en forma de préstamos en condiciones muy favorables. El presente COSOP abarcará dos ciclos del sistema de asignación de recursos basado en los resultados (PBAS): 2013-2015 y 2016-2018. Se calcula que los recursos disponibles para nuevas inversiones durante este período ascienden a USD 130 millones.<sup>4</sup> Se han determinado ya dos opciones de inversión para el primer ciclo: i) el Proyecto para la inclusión financiera en las zonas

<sup>4</sup> El cálculo del PBAS figura en el apéndice 5.



rurales, que se financiará con un préstamo del FIDA de aproximadamente USD 30 millones y se prevé que comience a principios del 2014; y ii) el Proyecto para el restablecimiento de los medios de vida en la región septentrional, cuyo inicio se ha proyectado en 2015 y que se financiará con un préstamo del FIDA de aproximadamente USD 30 millones, con financiación del ASAP por valor de unos USD 10 millones y con otra partida de cofinanciación por valor de USD 10 millones.<sup>5</sup>

## **F. Riesgos y gestión del riesgo**

58. Algunos de los principales riesgos que podrían socavar la consecución de los objetivos estratégicos del COSOP son los siguientes:

- La “enfermedad holandesa”, como consecuencia del auge del sector del petróleo, puede perjudicar la competitividad de los productos agrícolas comerciables ugandeses. La inversión de los ingresos derivados del petróleo en infraestructuras y servicios públicos rurales es una de las opciones más atractivas y sostenibles para mitigar este riesgo. El FIDA continuará realizando un seguimiento de este riesgo y adaptará su estrategia de inversiones en los sectores afectados de forma consecuente.
- Hay riesgos constantes asociados a la variabilidad de las precipitaciones, los fenómenos climáticos extremos, la deforestación y el cambio climático. El FIDA colaborará con otros donantes en el seguimiento de estos problemas y los paliará mediante una selección cuidadosa de las zonas de los proyectos, la promoción de una agricultura resistente al cambio climático y medidas de adaptación para la inversión en agricultura.
- Los cambios en las políticas acordadas pueden afectar a las circunstancias de la ejecución de los programas del FIDA en curso. El FIDA mantendrá un diálogo constante con las autoridades competentes para garantizar que el marco normativo es propicio para la sostenibilidad a largo plazo de su inversión. Se introducirán medidas de atenuación y salvaguardias que se negociarán con el Gobierno en la fase de diseño de los proyectos.
- Aunque la calificación que Transparency International asigna a Uganda en materia de corrupción ha mejorado, la gobernanza de los proyectos financiados por el FIDA se seguirá examinando concienzudamente a través de evaluaciones periódicas de los sistemas de gestión financiera y de adquisiciones y contrataciones de los organismos de ejecución. Se introducirán las medidas de atenuación oportunas cuando sea necesario.

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<sup>5</sup> Las notas conceptuales figuran en el apéndice 6.

## **COSOP consultation process**

1. The preparation of the 2013-18 COSOP has been built around the Country Programme Evaluation (CPE), the first one for Uganda, which was carried out by the IFAD Independent Office of Evaluation (IOE) in 2011 and completed in July 2012 with a national stakeholder workshop held in Kampala, which saw the participation of high-level representatives from Government institutions, IFAD senior management, development partners, private sector, rural organizations, civil society, academic and research institutions and other key resource persons.
2. The actual formulation of the COSOP document was undertaken in 2012 by the IFAD country team, including headquarter and country office staff, with support from some colleagues from the IFAD Policy, Technical and Advisory Division (PTA) who contributed to some sections of the document. The key sources of information have been the review of government reports and policy papers, other key documents from development partners and research institutions, and a series of in-country meetings with national authorities, development partners, rural organizations, research institutions, and other resource persons. A specific meeting of the in-country Country Programme Management Team (CPMT), which is composed by the coordinators and some key staff from IFAD-funded projects, was also organized in the first quarter of 2012 to draw practical and operational lessons from the on-going portfolio.
3. A *Uganda COSOP Team (UCT)* was established in early 2012, with the mandate to steer the COSOP preparation process and, subsequently, monitor and review its implementation. The UCT is composed of representatives of the in-country CPMT along with representatives from the following public institutions: Ministry of Finance, Planning and Economic Development (MFPED); Ministry of Agricultural, Animal Industry and Fisheries (MAAIF); Ministry of Local Government (MOLG); and the Plan for the Modernisation (PMA) Secretariat of MAAIF; and the Ministry of Gender, Labour and community Development. Representatives of rural organizations (UCA, UNFFE and UCSCU) and private sector (Uganda National Agro-Dealers Association – UNADA, and Association of Micro-Finance Institutions of Uganda - AMFIU) are also members of the UCT. The UCT main functions are to:
  - Provide guidance to the process in view of national policies and strategies;
  - Review draft documents and provide feedback during the COSOP preparation and review process;
  - Build ownership and understanding of IFAD’s strategic priorities and operational modalities in Uganda, among Government and other stakeholders, and;
  - Validate the final COSOP document following IFAD’s internal review process.
4. An IFAD HQ CPMT, composed of colleagues from different divisions of IFAD, has been set up to review the different drafts of the document and provide comments and guidance throughout the formulation process. The first draft has been technically reviewed by the UCT and the IFAD HQ CPMT in September 2012 and then circulated to national stakeholders. A one-day stakeholder consultative workshop hosted by the UCT has been held in November 2012 in Kampala to obtain feedback and guidance from a wide range of national stakeholders, which included representatives from Government institutions, civil society, rural organisations, development partners, private sector, research institutions and other resource persons. A second draft of the COSOP was submitted for external review by peer reviewers in December 2012.
5. The COSOP, incorporating all comments and suggestions received during the various review steps was submitted to IFAD Senior Management for approval in February 2013 and then presented to the IFAD Executive Board in April 2013.

## Country economic background

<b>COUNTRY DATA Uganda</b>			
(World Bank, <i>World Development Indicators</i> database, CD ROM 2011-12)			
<b>Land area (km2 thousand) 2009 1/</b>	197	<b>GNI per capita (USD) 2009 1/</b>	460
<b>Total population (million) 2009 1/</b>	32.71	<b>GDP per capita growth (annual per cent per cent) 2009 1/</b>	4
<b>Population density (people per km2) 2009 1/</b>	166	<b>Inflation, consumer prices (annual per cent per cent) 2009 1/</b>	13
<b>Local currency Uganda Shilling (UGX)</b>		<b>Exchange rate: USD 1 = 2,614.84 UGX</b>	
<b>Social Indicators</b>		<b>Economic Indicators</b>	
Population growth (annual %) 2009 1/	3.3	GDP (USD million) 2009 1/	16 043
Crude birth rate (per thousand people) 2009 1/	46	GDP growth (annual %) 1/	
Crude death rate (per thousand people) 2009 1/	12	2000	5.6
Infant mortality rate (per thousand live births) 2009 1/	79	2009	7.1
Life expectancy at birth (years) 2009 1/	53		
		Sectoral distribution of GDP 2009 1/	
Total labour force (million) 2009 1/	14.13	% agriculture	24
Female labour force as % of total 2009 1/	47	% industry	26
		% manufacturing	8
<b>Education</b>		% services	50
School enrolment, primary (% gross) 2009 1/	84		
Adult illiteracy rate (% age 15 and above) 2009 1/	69%	Consumption 2009 1/	
		General government final consumption expenditure (as % of GDP)	11
		Household final consumption expenditure, etc. (as % of GDP)	76
<b>Nutrition</b>		Gross domestic savings (as % of GDP)	13
Daily calorie supply per capita	1971		
Malnutrition prevalence, height for age (% of children under 5) 2006 1/	39	<b>Balance of Payments (USD million)</b>	
Malnutrition prevalence, weight for age (% of children under 5) 2006 1/	16	Merchandise exports 2009 1/	2 478
		Merchandise imports 2009 1/	4 310
<b>Health</b>		Balance of merchandise trade	-1 832
Health expenditure, total (as % of GDP) 2009 1/	8.2		
Physicians (per thousand people) 2008 1/	n/a	Current account balances (USD million)	
Population using improved water sources (%) 2008 1/	67	before official transfers 2009 1/	-1 964
Population using adequate sanitation facilities (%) 2008 1/	48	after official transfers 2009 1/	-451
		Foreign direct investment, net 2009 1/	604
<b>Agriculture and Food</b>			
Food imports (% of merchandise imports) 2008 1/	13	<b>Government Finance</b>	
Fertilizer consumption (kilograms per ha of arable land) 2008 1/	1	Cash surplus/deficit (as % of GDP) 2009 1/	-1
Food production index (1999-01=100) 2009 1/	112	Total expense (% of GDP) a/ 2009 1/	14
Cereal yield (kg per ha) 2009 1/	1 539	Present value of external debt (as % of GNI) 2009 1/	8
		Total debt service (% of GNI) 2009 1/	0
<b>Land Use</b>			
Arable land as % of land area 2008 1/	29	Lending interest rate (%) 2009 1/	21
Forest area as % of total land area 2006 1/	18.0	Deposit interest rate (%) 2009 1/	13
Agricultural irrigated land as % of total agric. land 2008 1/	Negligible		
a/ Indicator replaces "Total expenditure" used previously.			

## COSOP results management framework 2013-2018

Country strategy alignment	Key Results for IFAD – Uganda COSOP			Institut./Policy objectives
	Goal: to increase the income, improve the food security and reduce the vulnerability of the rural households living in poverty.			
	Strategic obj.	Outcome indicators	Milestone Indicators	Policy dialogue
<p><b>NDP Vision:</b> a transformed Ugandan society from a peasant to a modern and prosperous country within 30 years. Specifically:</p> <ul style="list-style-type: none"> <li>- Increasing household incomes and promoting equality</li> <li>- Increasing agricultural production and productivity</li> <li>- Enhancing human capital</li> <li>- Enhancing the quality and availability of gainful employment</li> <li>- Improving the stock and quality of economic infrastructure</li> <li>- Promoting sustainable use of the environment and natural resources</li> </ul>	<p>SO1: The production, productivity and climate resilience of smallholder agriculture is sustainably increased.</p>	<ul style="list-style-type: none"> <li>• Increased agricultural production (*)                             <ul style="list-style-type: none"> <li>- of oilseeds from 70 000 mt in 2008 to 150 000 mt by 2018 [VODP2]</li> <li>- Average yields increased by 7% (2015) and 15% (2017) [ATAAS]</li> </ul> </li> <li>• Hectares of land improved through SLM and other soil/water conservation techniques (*)                             <ul style="list-style-type: none"> <li>- 6000 additional ha by 2015 and 11000 ha by 2017 [ATAAS]</li> <li>- # additional ha [PRELNOR]</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• 1.8 M farmers trained in crop prod. practices/technologies by 2018 (*):                             <ul style="list-style-type: none"> <li>- 140 000 receiving ext serv. for oilseeds by 2018 [VODP2]</li> <li>- 2 800 receiving ext. services oil palm by 2018 [VODP2]</li> <li>- 17 280 mentored HHs trained in farming skills by 2015 [DLSP]</li> <li>- Nat. ext. services benefitting 1.43 M farmers per year 2013-17 [ATAAS]</li> <li>- # receiving ext. services by 2018 [PRELNOR]</li> </ul> </li> <li>• 326 500 farmers applying SLM techniques by 2018:                             <ul style="list-style-type: none"> <li>- 60% of 140 000 (30% w) trained applying techniques by 2018 [VODP2]</li> <li>- 10% of 1.71 million beneficiaries applying techniques by 2017 [ATAAS]</li> <li>- x% of # (30% w) trained applying techniques by 2018 [PRELNOR]</li> </ul> </li> <li>• No of households with long-term tenure security of land and other natural resources (*):                             <ul style="list-style-type: none"> <li>- 10% of HHs registered with land certificate in 2015 [DLSP]</li> <li>- 25 000 individuals sensitised in land tenure rights [DLSP]</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Re-orientation of NAADS from distribution of subsidized agricultural inputs to provision of advisory services.</li> <li>• Enhance poverty targeting and inclusion in provision of advisory services under NAADS.</li> </ul>
	<p>SO2: The integration of smallholders into the markets is enhanced.</p>	<ul style="list-style-type: none"> <li>• Likelihood of sustainability of the productive infrastructure (*)</li> <li>• Producers benefitting from improved market access (*)</li> <li>• Increased farm gate prices [VODP2]:                             <ul style="list-style-type: none"> <li>- Net earning per ha of US\$ 1 000 for oil palm farmers</li> <li>- Net earning per ha of US\$350 for oilseed farmers</li> </ul> </li> <li>• Likelihood of sustainability of organisations (*)</li> </ul>	<ul style="list-style-type: none"> <li>• Km of community access and other roads completed                             <ul style="list-style-type: none"> <li>- 2 400 km of community access roads opened/rehabilitated [DLSP]</li> <li>- # km of community access roads opened/rehabilitated [PRELNOR]</li> </ul> </li> <li>• Marketed amounts increased                             <ul style="list-style-type: none"> <li>- Production from 7000 ha oil palm marketed by 2018 [VODP2]</li> <li>- Farm prod. marketed increased from 25% to 35% by 2017 [ATAAS]</li> </ul> </li> <li>• Linkages between agribusiness and smallholders increased                             <ul style="list-style-type: none"> <li>- No of PPP's for market linkages at 300 in 2016 [ATAAS]</li> <li>- No. farmers linked to priv. sect. in oil palm/oilseeds by 2018 [VODP2]</li> </ul> </li> <li>• Farmers' organisations strengthened (*)                             <ul style="list-style-type: none"> <li>- KOPGT self-sustain. by 2016, BOPGT 75% self-sustain. by 2018 [VODP2]</li> <li>- No of FOs strengthened [PRELNOR]</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Support the establishment of a sustainable institutional framework for smallholder oil palm growers' organizations (KOPGT and BOPGT)</li> </ul>
	<p>SO3: The access to and use of financial services by the rural population are sustainably increased</p>	<ul style="list-style-type: none"> <li>• Supported SACCOs sustainable (*)                             <ul style="list-style-type: none"> <li>- 75% of supported SACCOs sustainable by end of project [PROFIRA]</li> </ul> </li> <li>• Community savings and credit groups (CSCG) sustainable (*)                             <ul style="list-style-type: none"> <li>- 80% of VSLAs still operational after 3 years [PROFIRA]</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Number of beneficiaries saving and borrowing (*)                             <ul style="list-style-type: none"> <li>- 180 000 additional active members of SACCOs (50% w) by end of project [PROFIRA]</li> <li>- 375 000 project beneficiaries actively saving and borrowing in savings and credit groups (70% women; 15% youth) by end of project [PROFIRA]</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Support setting of appropriate policy/regulatory framework for:                             <ul style="list-style-type: none"> <li>(i) Tier IV instit.;</li> <li>and (ii) CSCGs.</li> </ul> </li> <li>• Support a sustainable apex body for SACCOs</li> </ul>

## **CPE Agreement at Completion Point**

### **A. Background**

1. The Independent Office of Evaluation (IOE) undertook a Country Programme Evaluation (CPE) during 2011-2012, the first CPE carried out by IFAD in Uganda since the Fund began operations in 1981. The main objective was to assess the performance and impact of IFAD's operations, findings from which would serve as input for the preparation of the new Uganda Country Strategic Opportunities Programme (COSOP), IFAD's country strategy, which will be prepared by the Fund's East and Southern Africa (ESA) Division and the Government of Uganda (GoU) following the completion of the CPE.
2. This Agreement at Completion Point (ACP) contains a summary of the CPE's main findings and recommendations and also draws on the main points emerging from the CPE national roundtable workshop held in Kampala on 12 July 2012. As decided by the Executive Board, the ACP will be attached as an Annex to the new Uganda COSOP, which is expected to be presented to the EB for consideration in April 2013.
3. The ACP has been reached between the IFAD Management (represented by the Programme Management Department) and GoU (represented by the Ministry of Finance, Planning and Economic Development), and reflects their understanding of the main findings from the CPE (see Section B below) as well as their commitment to adopt and implement the key recommendations within specified timeframes, as agreed in section C of this document.

### **B. Main Evaluation Findings**

4. IFAD has played an important role in supporting GoU in its efforts to reduce rural poverty in different parts of Uganda. The Fund is highly regarded by GoU and other development partners for its focus on the rural poor and for having contributed to decentralised development processes and to improving incomes among the target groups, thus enabling them to have better lives and food security. A key distinguishing accomplishment for which both IFAD and GoU must be commended is the promotion of public-private sector partnerships in the oil palm 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 and for IFAD.
5. IFAD-supported strategy and operations were relevant and aligned to GoU's Poverty Eradication Action Plan (PEAP) and the Plan for Modernisation of Agriculture (PMA), which determined the trend of IFAD-GoU engagement during 1997-2007/08. This framework targeted the poor and focused on the commercialisation of smallholder farming, emphasising the role of markets and the private sector as well as the decentralisation of public services. Since 2006, changes in government policy and strategy, particularly within rural finance and agricultural advisory services, have caused debate and challenges for alignment.
6. The CPE concludes that the effectiveness of the COSOP has been moderately unsatisfactory, noting that, measured against the targets in the 2004 COSOP logical framework, sector-wide programmes joining government and donor efforts for promotion of sustainable rural financial services for the poor and access to land and markets have not been fully developed. Furthermore, though foreseen in the 1998 and 2004 COSOPs, IFAD did not engage in any poverty reduction intervention in northern Uganda, apart from some support through the Vegetable Oil Development Project. This was due to serious security issues during the civil conflict, before the peace agreement in 2006, and any engagement was severely constrained, though security is now restored. After years of devastating conflict, northern Uganda is now faced with the highest level of poverty and troubling social indicators. The region has a large poorly-educated and unskilled population of youth (raised in camps) who need to be actively engaged in economic activities, to promote economic development and safeguard national unity and peace.

7. The major part of the IFAD 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 GoU and IFAD, who have initiated a commendable and promising pilot intervention in the District Livelihoods Support Programme to mentor vulnerable households into mainstream development. Changes to the approach in the National Agricultural Advisory Services project introduced in 2007 moved towards a targeting strategy that prioritised support for model and nucleus farmers to lead and assist poorer smallholder farmers. After 2006, a change in GoU strategy for rural finance led to the exclusive focus in the Rural Financial Services Project on development of Savings and Credit Cooperatives (SACCOs), effectively closing the door to directly working with informal grassroots institutions, such as Village Savings and Loans Associations (VSLAs), which serve many of the poorest households, and women in particular. IFAD has assisted VSLAs through grant assistance for Uganda Women's Efforts to Save Orphans (UWESO).
8. The CPE found limited synergies among different projects and also within the local government-executed rural development projects; 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 SACCOs has not been directly linked to economic activities, but followed an administrative target of setting up one SACCO per sub-county. Support for the oil seed sub-sector has better integrated the different project activities.
9. In addition to the innovative partnership with the private sector for oil palm, IFAD has a strong partnership with the Government and has started to develop solid collaboration with grassroots organisations for rural finance and oil palm development. IFAD has smooth communication and cooperation with several Government institutions, although the CPE underlines there might be scope for further strengthening the role of the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), so that it plays a more central role in promoting smallholder agricultural development. The Fund has developed good partnerships with key multilateral and bi-lateral organisations, 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.
10. 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 focus more on direct supervision and implementation support introduced in 2007. Another reason for moderately satisfactory results in policy dialogue relates to the ambitious objectives set in the COSOPs, which did not adequately take into consideration the level of human resources at IFAD's disposal to ensure effectiveness in this area.
11. Knowledge Management (KM) did not receive much space in the two Uganda COSOPs of 1998 and 2004, but more attention has been devoted in recent years. Greater emphasis has been given to KM activities since 2006, such as by the establishment of the Country Programme Management Team (CPMT) 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 Consultant in the IFAD Country Office in Kampala. KM also gained more momentum in recent years with the hiring of a dedicated knowledge management expert in ESA at IFAD headquarters in Rome, who has, among other

- activities, assisted in organising thematic workshops and related learning events also covering the Uganda country programme.
12. Portfolio performance is by and large satisfactory. IFAD-assisted projects have delivered results, especially in small-scale infrastructure, crop development (e.g., sunflower, oil palm), extension and advisory services, gender mainstreaming, and strengthening of community organisations. Overall, apart from one of the nine projects covered by the CPE, the overall achievement of all projects in Uganda are moderately satisfactory, with opportunities for further improvements in some areas.
  13. Sustainability received the lowest rating across the portfolio. Sustainability indicators for the SACCOs and their apex organisation are weak. Some community access roads are not being adequately maintained. Some of the agro-processing facilities 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 the lack of clarity of institutional arrangements and responsibilities for post-project upkeep.
  14. There are some challenges related to Country Programme Management. The IFAD Country Programme Manager (CPM) for Uganda is based in Rome, with a national Country Programme Officer (CPO) located in Kampala since around 2006. The Kampala office also includes an Associate CPM deployed in 2011. 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, KM and partnership building, which combined are essential ingredients for IFAD's scaling up agenda. One of the reasons for this is the substantial increase in time and effort (since 2007) required 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.
  15. Although direct supervision and implementation support is highly appreciated by GoU and other partners, 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.
  16. Given the evolution of IFAD's operating model in the past few years, the particularly large portfolio, the vibrant donor community at country level, and the need for more active and timely follow-up, dialogue and communication with partners and stakeholders, the CPE considers that IFAD should strengthen its Country Office, including considering the outposting to Kampala of the Uganda CPM, currently based at IFAD headquarters in Rome. .
  17. 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.

### **C. Recommendations**

18. Based on the findings and the analysis summarised above, the CPE presents five recommendations. GoU and IFAD Programme Management Department agreement on how these recommendations will be implemented are outlined below.

#### **Recommendation 1: Expansion of the geographic coverage of IFAD operations to the northern region**

19. 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.
20. 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.
21. **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.
22. **Responsible Entity:** IFAD and GoU.

### **Recommendation 2: Support to commodity value chain development**

23. 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.
24. 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.
25. **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.
26. **Responsible Entity:** IFAD and GoU



**Recommendation 3: Definition of a realistic and appropriately resourced agenda for policy dialogue**

27. 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.
28. 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.
29. **Deadline:** Identification of areas for institutional and policy dialogue as part of COSOP 2013-18.
30. **Responsible Entity:** IFAD and GoU

**Recommendation 4: Further strengthening of project results**

31. 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.
32. 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).
33. **Deadline:** Continuous during next COSOP period
34. **Responsible Entity:** IFAD and GoU

**Recommendation 5: Functional and workload analysis as a basis for determining staff requirements and division of labour**

35. 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.
36. 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.

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

38. **Responsible Entity:** IFAD

Signed by:

**H. E. Maria Kiwanuka**  
**Minister of Finance, Planning and Economic Development**  
**Republic of Uganda**

\_\_\_\_\_ **Date:**

and

**Kevin Cleaver**  
**Associate Vice President**  
**Programme Management Department**  
**IFAD**

\_\_\_\_\_ **Date:**

## PBAS Calculation for COSOP Year 1

Table 1 PBAS calculation for COSOP year 1

<i>Indicators</i>		<i>Scores</i>
A(i)	Policy and legal framework for rural organizations	4.25
A(ii)	Dialogue between government and rural organizations	4.25
B(i)	Access to land	4.5
B(ii)	Access to water for agriculture	3.5
B(iii)	Access to agricultural research and extension services	4.33
C(i)	Enabling conditions for rural financial services development	3.75
C(ii)	Investment climate for rural businesses	4
C(iii)	Access to agricultural input and produce markets	4
D(i)	Access to education in rural areas	4.75
D(ii)	Representation	4.67
E(i)	Allocation and management of public resources for rural development	4.5
E(ii)	Accountability, transparency and corruption in rural areas	3.75
	Sum of combined scores	184
	<b>Average of combined scores</b>	<b>4.19</b>
	PAR rating 2012	5
	IRAI rating 2011	3.77
	<b>Annual allocation 2013 (US\$ million)</b>	<b>22.44</b>

Table 2 Relationship between performance indicators and country score

<i>Financing scenario</i>	<i>PAR rating (+/- 1)</i>	<i>Rural sector performance score (+/- 0.3)</i>	<i>Percentage change in PBAS country score</i>
Hypothetical low case	4	3.89	-21%
Base case	5	4.19	0%
Hypothetical high case	6	4.49	23%

## **Project Pipeline during the COSOP Period**

### **Concept Note 1**

#### **Project for Financial Inclusion in Rural Areas (PROFIRA)**

##### **A. Justification and Rationale**

1. Formal financial service providers still reach less than 25% of the rural population of Uganda, while almost 50% use informal financial arrangements and more than 30% remain unbanked. In this situation, financial inclusion is a key element of any strategy aimed at reducing poverty in rural areas. At the same time, in addition to basic inclusion, there is a parallel need for improved and more diversified services to rural clients, to support the transformation of the rural economy.
2. Financial inclusion is one of the key pillars of Uganda's efforts to eradicate poverty and stimulate rural growth. It is thus expected to constitute a key cornerstone of the new rural finance strategy being elaborated by MFPED. For the IFAD Strategic Framework 2011-2015, increasing the capacity of different kinds of financial institutions to provide a broad range of financial services is one of the key instruments to enable poor rural people to overcome poverty. Consistently, the new IFAD Country Strategic Opportunities Programme (COSOP), currently under elaboration, identifies the increased access of the rural population to financial services as a key strategic objective.
3. Against the above background, there are a number of opportunities and developments in the Ugandan financial sector that justify IFAD investment:
  - The new strategic and policy framework, currently being finalized, is expected to be oriented towards a market-driven development of the sector. BoU's recent growing interest on the microfinance sector for financial inclusion provides important investment and partnership opportunities in critical areas for IFAD such as financial literacy, financial customer protection and financial innovation. Furthermore, the Government has finally realized the importance of regulating the lower end of the financial service supply and MFPED has recently presented to the Cabinet a paper on Tier 4 regulation.
  - Financial institutions are showing increasing interest in expanding their outreach to rural areas. Some tier 1 and 2 institutions are developing interesting approaches in rural operations. While the growth of MDIs and credit-only MFIs has been slower than expected, partly due to the non-supportive policy framework of the last few years, many of them are in good financial condition and have aggressive plans for rural expansion. Rural SACCOs have substantially increased outreach, while sustainability represents a potential challenge. Community-based savings and credit mechanisms have had a positive impact on financial inclusion and offer tremendous opportunities for scaling up.
  - There is a large number of local organisations focusing on providing support to rural and microfinance operations. Support to the demand of capacity building services from MFIs and SACCOs is likely to vitalise the operations of these providers and improve the quality of their capacity building products.
  - Various support instruments, in which IFAD commonly invests in Sub-Saharan Africa, are already operational in Uganda with adequate funding from other donors or local support organisations. These include guarantee funds to expand rural portfolios and credit lines to boost agricultural lending.
4. The implementation of RFSP has generated a number of lessons learned, which have created a consensus the Government and IFAD on how to continue to jointly support financial inclusion through: a diversified supply of financial services to respond to the different needs; working with different implementing partners for better quality services and wider impact; ensuring an appropriate regulatory framework for Tier 4

institutions in the interests of their sustainability and of safeguarding the savings of poor people; promoting member-based financial institutions as the first point of entry to financial services for a large segment of the rural population; safeguarding the savings-first nature of community-based financial institutions; and pursuing outreach through sustainability of the supported institutions.

5. The new project would also be an opportunity to respond to some of the key conclusions and recommendations of the recently concluded Country Programme Evaluation, which emphasized the need to: improve synergies among projects financed by IFAD in Uganda; support the development of evidence-based policy dialogue; focus on human and social capital/empowerment; prioritize areas with high poverty incidence and density, such as the northern region; and explore additional forms of public-private sector partnerships.
6. The GoU and IFAD have therefore agreed to jointly design a new intervention supporting the development of rural financial services for financial inclusion. The timing is opportune for a project that builds on such earlier support interventions as RFSP, but at the same time reflects the changing policies and market conditions in Uganda. The proposed Project for Financial Inclusion in Rural Areas (PROFIRA) is planned as a seven-year intervention, with the implementation starting at the beginning of 2014.

## **B. Geographic Area and Target Groups**

7. PROFIRA would be a national project in scope, supporting improved access to appropriate financial services in all rural districts in Uganda. The target group would be the low-income population living in the rural areas and having no or limited access to financial services. While some investments of the project would be specifically targeted to those areas where the poverty incidence or density is higher, such as the northern and eastern regions, some other investments will follow a purely demand-driven approach and will thus not be geographically targeted. Innovative project activities are likely to be initially piloted in the more dynamic zones of the country where there is a greater amount of trade, business and rural economic activity. Mechanisms will be envisaged to ensure a relatively even geographical spread.

## **C. Key Programme Objectives**

8. The development goal of PROFIRA is *to increase income, improve food security and nutrition, and reduce vulnerability of the rural population*. Central to achieving this goal and as the overall objective of the Programme, PROFIRA would *improve access to and use of appropriate and sustainable financial services by the rural population*. Three main outcomes are expected: (i) *at least 40,000 new savings and credit groups created and sustainably providing services to their members*; an incremental 800,000 to 1 million members (at least 60% women) would be reached, which would represent a substantial scaling-up of a methodology that is estimated to currently benefit about 300,000 people; (ii) *at least 300 existing SACCOs supported to improve their operations and sustainably provide services to their members*; while this target represents only about 50% of the SACCOs currently supported through RFSP, the scaling-up element will be in the increase of membership of the individual SACCOs, from the current estimated 700 to 2,000 members meaning at least 600,000 members (50% women), of which 60% would be new members; and (iii) *new and innovative approaches and products for the provision of appropriate financial services to rural areas identified, tested and mainstreamed by financial service providers*; at such an early stage of the design process, it is indicatively estimated that an incremental 500-600,000 clients will be reached through this component.

## **D. Ownership, Harmonization and Alignment**

9. **Government.** PROFIRA is fully aligned with the overall strategic framework set by the NDP. Enhancing access to financial services in rural areas is a key building block of the strategy of the Government to transform Uganda from a peasant to a modern society, in particular given the key role expected to be played by the private sector in this respect. While PROFIRA is not aligned with the current official RFSS, due to the exclusive focus of the latter on SACCOs, there is large consensus among senior policy makers that this strategy is obsolete and that the ongoing process of review will produce new strategic orientations based on a more market-oriented approach, emphasising the use of various types of microfinance delivery channels and institutions for increased rural outreach as well as the focus on institutional sustainability. These are the key principles driving the design of PROFIRA. Continuous dialogue with policy makers will be maintained to ensure that the design of PROFIRA will be fully aligned with the new rural finance strategy, expected to be approved by the last quarter of 2012.
10. **Development partners.** The engagement of development partners in the rural finance and microfinance sectors has been influenced by the pattern of policy changes during the last decade. While by the early 2000s, several development partners were very active, encouraged by a conducive policy framework, most of them, with the notable exception of IFAD, gradually withdrew after the policy change in 2006-07. The current indications about the likely return to a more market-oriented policy framework, have made the key development partners to clearly re-gaining interest in the sector. Various large-scale support programmes, including from WB, DfID, USAID, GIZ and EU are currently in the planning or early implementation stages and most of them will be implemented during roughly the same period as PROFIRA. This creates opportunities for partnerships that will be further explored during design. At the same time, there is an increasing need for coordination among development partners and with the Government. In this respect, the current Private Sector Development Partners' Group, of which IFAD is an active member, is expected to play an important role, perhaps through the creation a special group on rural finance. Similarly, a revitalization of the Microfinance Forum (MFF) chaired by the MFPED and very active in the early 2000s is expected to create the space for dialogue among the different stakeholders.

## **E. Components and Activities**

11. PROFIRA would consist of three main components plus one component dedicated to programme management (see below section H).
12. **Component 1: Support to Community-Based Financial Mechanisms.** In support of Government's financial inclusion targets, PROFIRA would make a large-scale investment in scaling up the establishment of community-based financial institutions following the Village Savings and Loan Association (VSLA) model, a methodology that has proven particularly popular and successful. VSLAs promote group-based savings and loans at a level of intermediation that is too low for more formal financial institutions. Groups decide on their own savings and loan terms with no injection of external funds. They are considered excellent first entry points for the rural population to financial services, from which the members can then graduate to more advanced services by formal institutions. Project funds would be used to commission professional service providers, selected through competitive bidding, to establish sustainable VSLAs in a given geographic area. There are over ten operators in Uganda that establish VSLAs on a contract basis, many of which have the capacity to expand the volume of their operations. At the same time the project would proactively work to attract more formal institutions to link with these groups to offer more advanced financial services.
13. **Component 2: SACCO Capacity Building Fund.** Under RFSP, large-scale support has been provided to SACCO development in Uganda. The experience of the past few years has shown that SACCOs have an important role to play in financial intermediation in the rural areas, and in the past few years their outreach has

increased in rural communities. However, there is a clear need to focus any future assistance to those SACCOs that show genuine potential for sustainable operations. The support method for the SACCO sector needs also to be revisited, moving away from the *current* one-agency approach to a situation in which the SACCOs would have more flexibility when selecting the agencies for their capacity building and institutional development operations. A SACCO Capacity Building Fund would thus be established to provide matching grants to those SACCOs that fulfil some criteria for performance and sustainability. These matching grants would be used to procure from the market capacity building services tailored to the needs of the beneficiary SACCOs. Detailed procedures and eligibility and funding criteria for the capacity building grants would be developed during the design process.

14. **Component 3: Rural Innovation and Outreach Fund (RIOF).** To stimulate rural finance innovations and increase the presence of the financial service providers in rural areas, the RIOF would provide matching grants to any types of financial service providers based on project proposals to develop innovative approaches/products that target rural areas and to expand their service provision in currently underserved rural areas. Discussions with the stakeholders in the rural finance sector indicate that the demand for the RIOF support would be strong. Matching grants would be approved based on transparent calls for concept notes followed by detailed proposals by the selected applicants. Upon approval of a grant, a Memorandum of Understanding would be signed, detailing the obligations of the grant recipient and the project in the implementation of the activity/project. Detailed eligibility, funding criteria and guidelines would be developed during the design process.
15. As the processes influencing the rural and microfinance strategic and policy frameworks are adequately supported by other donor organisations, no specific policy support component or sub-component has been envisaged at this stage. The opportunities for it will be further explored and discussed with GoU during the detailed design, especially in relation to the regulatory framework for Tier 4 institutions and the possible envisaged establishment of a Regulatory Authority. In any case, based on the positive experience of RFSP, PROFIRA will be designed to continuously provide evidence to stimulate relevant policy discussions and fora at national level.

## **F. Costs and Financing**

16. The project costs would be elaborated as part of the detailed project design. IFAD financing would be USD 30 million from the PBA for Uganda for the cycle 2013-15, currently estimated at USD 70-80 million.

## **G. Organization and Management**

17. The MFPED will be the lead implementing agency of PROFIRA. Following the same implementing arrangement used for RFSP the management of the project will be delegated to a professionally strong, competitively recruited project unit, set up as an independent body with its own powers and authority, but under the umbrella of and fully accountable to MFPED. The unit will assure the standard planning, coordination, monitoring, evaluation and financial management functions. Implementation of project activities would be through service providers and financial institutions on the basis of performance-based contracts. A project steering committee, chaired by MFPED and comprising representatives of both the GoU and the private sector, will be created to oversee project implementation.

## **H. Monitoring and Evaluation Indicators**

18. A comprehensive M&E system would be elaborated during design and further refined at project inception with the aim of ensuring the generation of reliable information for timely and accurate planning and decision-making, as well as reporting on outcomes and impact. The system would be organized at three levels: outputs, outcomes and impact (see Logframe in Annex 1). It will be fully consistent with the results framework being developed as part of the RB-COSOP elaboration.

## I. Risks

19. The key risks identified at this stage of the design, as well the envisaged mitigation strategies, are discussed below:
- While policy-makers have confirmed that a new strategy, consistent with the basic design principles of PROFIRA, is being formulated, there is still some uncertainty in this respect. The Government's commitment to the project's implementation approach, although already formally agreed with MFPED senior management, will continue to be discussed during the design process as a condition to proceed to the final approval of the loan.
  - The risk of political interference is present in any government-linked operation. This might adversely affect the operations of the supported financial institutions, in particular the community-based financial ones, such as SACCOs and savings and credit groups. The use of demand-driven selection mechanisms and private sector service providers as implementation agents is expected to reduce the risks of favouritism or political patronage.
  - In Uganda's rural finance sector, it might be difficult to find adequate numbers of appropriate institutions to participate to the demand-based activities. At design, a relatively comprehensive survey of the institutions in the sector will indicate the likely demand for the services of the proposed demand-based components and will allow an appropriate sizing of the financial resources allocated to each component.

## J. Timeframe

20. The proposed project design timeframe is as follows:

Sept 2012	OSC – Approval of Concept Note
Sept-Oct 2012	Detailed design
Dec 2012	QE
Jan-Feb 2013	Final Design
June 2013	QA
Sept 2013	EB Presentation

## K. CPMT Composition

21. An in-house CPMT has already been established, with participation of the ESA Director, the Regional Economist, the PTA Lead Advisor, the officers from LEG and CFS in charge of Uganda and some CPMs from the region with experience in the country as well as in implementation of similar projects in other countries. The CPMT has already reviewed the Identification Report produced in June.
22. A Project Reference Group (in-country CPMT) has been established under the chairmanship of the Commissioner for Microfinance (MFPED), with participation of senior officers from key Government (BoU and MTIC), private sector (AMFIU, UCA, UCSCU and UBA) and development partners (representative of the Private Sector Development Partners' working group). The Group will steer the process of design and eventually constitute the basis for the future Project Steering Committee.



## **Concept Note 2**

### **Programme for the Restoration of Livelihoods in the Northern Region (PRELNOR)**

#### **A. Justification and Rationale**

1. IFAD investment in the North is primarily justified by the widespread poverty in the region, by far the poorest in Uganda, with poverty incidence consistently above 40% and in many districts exceeding 60%, thus well above the national average of 25%. The region is currently recovering from a conflict situation lasted more than 25 years, caused by the rebels of Lord's Resistance Army (LRA), with peace finally restored in 2009. In this respect, the new project would be consistent with one of the key recommendations of the recently concluded CPE, as reflected in the Agreement at Completion Point signed between IFAD and the Government of Uganda.
2. The region is one of the areas in the country most exposed to climate-related risks. At household level, Northern Uganda registers the highest percentage of households affected by more than one climate-related disaster, because of prolonged droughts and floods that have occurred concurrently in the region, with increased frequency in the recent years. Rainfall variability is also increasing, as is the overall temperature. All these climate-related factors are greatly impacting upon natural resources, agricultural production, water and the livelihoods of the communities.
3. In spite of the above, Northern Uganda presents great potential for climate resilient agricultural development as a pathway out of poverty. This is due to the following key factors: a) an average land holding of 10.5 acres per household compared to the national average of about 5 acres per household, which presents opportunities for expansion and diversification of agricultural production; b) fertile soils and reliable rainfall, which allow in most cases two cropping seasons, although in recent years the region has been subjected to increased risk of flooding and rainfall variability; c) the area is relatively flat with gentle rolling hills which, coupled with soft soils, present great potential for the development of appropriate technology, such as animal traction, although with a risk of increased erosion if not properly managed; and d) the accelerating regional trade to countries like South Sudan and the Democratic Republic of Congo.
4. IFAD, being a recognized lead agency in smallholder agricultural development, is well placed to promote investment and build community institutional capacity to lay the foundations for the process of structured development of agriculture in Northern Uganda on which other development partners can build. Over the years, IFAD has gained a wealth of experience that gives it a comparative advantage in these areas, vis-a-vis other partners. The proposed Programme will support the capacity building and institutional strengthening necessary for a long-term development of agriculture in the region. Given the importance of climate variability and change in the region, particular emphasis will be given to enhancing the climate-smart nature of farming systems, as well as to increase resilience to environmental pressures, through appropriate adaptation measures.
5. Some key lessons from the IFAD's experience in Africa and other parts of the world in designing programmes in post-conflict situations will be given due attention in the Programme: the need to ensure participation and consensus-building, in particular by encouraging beneficiary participation and ownership during the different stages of the project, from design to implementation, monitoring and evaluation; the importance of avoiding any discrimination against the resident populations in host areas in order to facilitate the process of social integration; proper focus on equity and gender; attention to employment promotion, particularly for young women and men; support for capacity building and training; implementation of infrastructure work maximizing community participation; strong coordination with other development partners investing in the area.

## **B. Geographic Area and Target Groups**

6. The proposed programme area is broadly defined at this stage as the Northern Region of Uganda, a vast geographic area including more than 30 districts. The selection of the specific districts of intervention, expected to be a maximum of 6-8, will be done during the detailed design phase, taking into account criteria such as: poverty incidence and density; climate vulnerability; the degree of disruption of rural livelihoods caused by the conflict; the potential for development of smallholder agriculture; the complementarities and synergies with other development partners' interventions; and the need for some geographic consistency.
7. The primary target group will be those households experiencing food and income insecurity, but with potential to take advantage of Programme interventions to improve their livelihoods in a sustainable manner. Special attention will be paid to inclusion of the poorest and most vulnerable sections of the communities, especially formerly displaced people, ex-combatants, women and the youth.

## **C. Key Programme Objectives**

8. The overall goal of PRELNOR is to contribute to reduce post-conflict poverty, food insecurity and vulnerability of rural communities in the districts of intervention on a sustainable basis. This will be achieved through the Programme objective to restore the livelihoods of poor rural people by supporting the recovery of their farming systems, while laying the basis for longer-term sustainable development in the face of increasing climate related hazards and disasters.

## **D. Ownership, Harmonization and Alignment**

9. The proposed Programme is aligned with the national objectives and priorities as outlined in the NDP, the Peace Recovery and Development Plan (a framework programme coordinated by the Office of the Prime Minister for the economic recovery of the Northern Reion), MAAIF's Development Strategy and Investment Plan (DSIP) and the Ministry of Local Government's Sector Investment Plan's (LGSIP). Specifically, the Programme is consistent with the PRDP's third strategic objective, which aims at revitalisation of the economy through re-activating the productive sectors within the region, with particular focus on production and marketing, services and industry.
10. The Programme will develop synergies and complementarities with on-going activities of the relevant GoU and other donor-funded programmes/projects in the Programme area. These include: (i) the World Bank funded second phase of the Northern Uganda Social Action Fund (NUSAF2), which seeks to empower communities by enhancing their capacity to systematically identify, prioritize, and plan for their needs and implement sustainable development initiatives that improve socio-economic services and opportunities; (ii) the European Union (EU) funded Northern Uganda Agricultural Livelihoods Recovery Programme (ALREP), which seeks to ensure that the agricultural sector makes a substantial contribution to raising the prosperity for its war-affected population to a level at least at par with the rest of the country, and to increase economic growth. IFAD will seek harmonisation with other donors through the Northern Uganda Recovery and Development (NURD) donor group. Synergies will also be developed with other IFAD-supported programmes in the country like the second phase of the Vegetable Oil Development Project (VODP2), ATAAS and PROFIRA.

## **E. Components and Activities**

11. PRELNOR will consist of three main components as indicated below. The details on the approaches and implementation arrangements will be elaborated during the design process.
12. **Component 1:** *Support to Restoration of Climate Resilient Farming Systems.* This will include recapitalisation of target group households with a package of basic

agricultural inputs (seeds, tools, poultry and small ruminants) to enable them increase and diversify household agricultural production and food security promotion of appropriate technologies such as improved seeds and animal traction for increasing the acreage under sustainable cultivation practices and reducing the workload especially for women; dissemination of improved land and water management practices; promote the adoption of climate change adaptation measures to increase the resilience of the farming systems. During the project design phase an appropriate stepwise mechanization strategy will be developed that will incorporate interventions that can build upon indigenous practices.

13. **Component 2:** *Support to Community-Based Institutions and Participatory Development for Economic Empowerment.* This will include interventions targeted at strengthening community institutions and farmer groups as a tool for empowerment of marginalized communities. Groups will be supported in the areas of adaptive extension, market access and simple agro-processing and value-addition, paying particular attention to their business and market orientation. The emergence of micro and small enterprises will be supported to create non-farm income earning opportunities. Members of the most vulnerable households will be supported to change their mind sets for self-empowerment. Security of land tenure will be improved by supporting participatory processes for land surveying, mapping, registration and certification, thus encouraging investments in sustainable land management practices.
14. **Component 3:** *Rural Infrastructure Rehabilitation and Development.* This component will aim at restoring public economic and agricultural infrastructure damaged or destroyed during the civil war and, where required, develop new climate resilient infrastructure that improves living and production conditions. The Programme would finance the improvement of selected community access roads linking villages to the main roads, thereby linking important crop producing zones to markets which will also help in reducing post-harvest losses. Lessons learned/experience from programmes such as DLSP, CAIIP, NUSAF2 and any other relevant interventions will be taken into consideration at design time. The Programme will also finance the introduction of small-scale irrigation facilities in selected areas with perennial water bodies in areas where it will be technically, socially, economically and environmentally feasible, to increase agricultural production through crop intensification and diversification.

## F. Costs and Financing

15. The project costs would be elaborated as part of the detailed project design. Financing would be through an IFAD loan of about USD 30 million, an ASAP grant of about USD 10 million<sup>6</sup> and further possible co-financing for another USD 10 million to be mobilized from co-financiers or otherwise covered by the balance of the IFAD PBA for 2013-15. Various funds for climate change adaptation, such as the Climate Change Adaptation Fund, the financing mechanism for the United Nations Convention for Combating Desertification (UNCCD), the United Nations Framework Convention for Climate Change (UNFCCC), and the new Green Fund will be targeted depending on the financing needs and opportunities identified at project design.

## G. Organization and Management

16. Given the decentralized nature of the project and the strong focus on service delivery at district level, the Ministry of Local Government, which has a good track record of coordinating similar interventions, will be the implementing agency. A Project Management Unit (PMU) will be set up with a lean presence at the Ministry HQ in Kampala and most of its staff based in a field office in the programme intervention

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<sup>6</sup> ASAP will support the integrated, step-wise approach to mechanization and crop diversification as the primary unit of project interventions, which is also instrumental for ensuring connectivity of assets (natural, social and economic assets) for maximum results and impact, as well as the scaling up of multiple benefit approaches for sustainable agricultural intensification.

area, to ensure easy coordination with partners in the field and close follow-up at implementation. At the district level, the Chief Administrative Officer (CAO) will ensure integration and coherence with the District Development Plans. The PMU will support planning, implementation and financial management as well as coordination with relevant ongoing programmes/projects in the sub-region.

## **H. Monitoring and Evaluation Indicators**

17. Monitoring and Evaluation (M&E) will be undertaken at different levels to support effective implementation, maintain the Programme's focus and direction, and provide information for addressing constraints and ensuring delivery of outputs. A comprehensive project M&E system will be elaborated at design and refined at the start of the project, and will be consistent results framework being developed as part of the RB-COSOP elaboration. Some of the ASAP project selection criteria will also be adapted as appropriate indicators.

## **I. Risks**

18. The risks identified at this stage and their mitigation measures are discussed below:
- The target area is just recovering from a devastating civil war that lasted for more than two decades. The perception that as long as Joseph Kony, the rebel leader, is still at large, the possibility of a return to hostilities cannot be completely ruled out, may create uncertainty among the communities and implementers on whether to commit to long-term investments/activities. The Government would need to keep up its relentless effort to prevent a return to hostilities.
  - The transition between emergency interventions and longer-term development interventions needs to be managed with a lot of care. Emergency interventions are associated with humanitarian, 'handout' assistance geared towards survival in the immediate to short-term, which may breed a dependency syndrome. Longer-term development interventions, on the other hand, facilitate the target group to be active participants in and beneficiaries from economic activities in a sustainable manner. However, the dependency syndrome could make the target group less willing to participate. Participatory approaches will be key in building confidence and ownership of the communities around the programme.
  - The capacity of the beneficiaries to sustainably absorb the different development interventions could be a limiting factor. This again, is associated with the conditions to which the majority of the target group were subjected during the course of the conflict. Capacity building and/or counselling for the different target groups would be necessary to create an environment that would enable the beneficiaries to actively participate in and sustainably benefit from the different interventions.
  - The implementation capacity of local governments is uneven and weakening, in particular in the Northern Region. A thorough analysis of capacities will be done at design stage to orient the strategic choices in terms of implementation arrangements.
  - Climate-related risks will be addressed through promotion of climate resilient agriculture, improved NRM as well as adaptation measures for agricultural investments.

## **J. Timeframe**

19. The proposed project design timeframe is as follows:
- Mar/Apr 2014                      First Design
  - June 2014                              QE review
  - Sep/Oct 2014                      Final Design
  - January 2015                      QA review
  - April 2015                              Executive Board Presentation

## Key file 1: Rural poverty and agricultural/rural sector issues

<b>Priority areas</b>	<b>Affected groups</b>	<b>Major issues</b>	<b>Actions needed</b>
Access to agricultural advisory services and technologies	All smallholder producers	Limited outreach of NAADS; lack of inclusion/targeting of poorer farmers, women and youth by NAADS; unclear responsibilities and funding between MAAIF traditional extension system and NAADS; poor coordination between NARO and NAADS; difficult access to quality agricultural inputs (improved seed, fertiliser & other agricultural chemicals).	Improve outreach of NAADS; targeting of messages for poorer farmers, with special effort to include women, and female and male youth; clarify mandate and coordination of NAADS vs. traditional extension system; increase coordination between NAADS and NARO; promotion of private sector operators for input supply,
Soil fertility and environmental degradation	All smallholder producers	Low crop and livestock productivity; rainfall variability; declining soil fertility, soil erosion and land degradation; encroachment on forests and wetlands; climate change, land pressure and unclear land tenure systems.	Improved agricultural technologies for specific strategic crops integrated with sustainable land management practices, and rainfall risk coping strategies; attention to environmental conservation and climate change adaptation measures at plot, farm and community level; strengthening of district environmental land use management to protect wetlands and forest areas; strengthening of district land tenure administration secure land rights for smallholders.
Access to markets, value addition and rural MSMEs.	All smallholder producers	Remoteness of rural areas and lack of economic services in rural urban centres; low crop productivity and limited quantities for marketing and processing; lack of crop diversification; poor technical and business skills levels; limited bulking and primary processing at farm level; lack of access to financial services; poor enabling framework for private investment in rural areas (infrastructure).	Investments in community access roads and market centres in rural areas; increased production and quality of strategic agricultural crops; skills and agribusiness training for individuals and groups; promotion of rural organisations including producer and specific economic activity groups; improved access to rural financial services; strengthening local government capacity to create enabling local economic development framework; promotion of private sector investment in rural areas for input supply, crop marketing and primary processing.
Rural financial services	All poor rural households	Limited outreach and depth of supply; lack of financial products for agriculture; poor savings culture; lack of financial literacy among rural populations; poor understanding of governance and sustainability issues for membership-based financial organisations; lack of appropriate regulatory framework.	Promotion of savings culture; financial literacy training; savings and credit groups; establishment of viable and sustainable local rural financial service providers; linkages with formal financial sector institutions; development of appropriate financial products; governance training community-based financial service providers; appropriate regulatory framework for protection of savings and enforcement of good governance.
Marginalization of vulnerable households	Poorest smallholders, women and youth	Poorer HHs marginalised and not participating to mainstream economic and village activities; high vulnerability to falling into chronic poverty, particularly female-headed and widows; poor community planning and implementation; poor institutional human outreach for inclusion at grassroots level.	Household mentoring to empower marginalised HHs for participation into economic development; basic literacy and numeracy training; strengthening community development at district level; mainstreaming HIV, gender and youth issues into IFAD programmes.

## Key file 2: Organizations matrix (strengths, weaknesses, opportunities and threats [SWOT] analysis)

<b>Institution</b>	<b>Strengths</b>	<b>Weaknesses</b>	<b>Opportunities/threats</b>	<b>Remarks</b>
Ministry of Finance, Planning and Economic Development (MFPED)	Responsible for national growth and development policy and prepares annual budget; coordination with development partners; accessible and open to dialogue	Relies on other ministries for initiatives; long time has been needed to develop policy and regulatory framework for rural finance		Not a line ministry; implementing ministry for rural finance
Ministry of Agriculture, Animal Industry and Fisheries (MAAIF)	Key ministry for agricultural sector. Has been re-structured and partially re-located; Has completed its Agricultural policy document and its sector investment plan	Overly broad interpretation of its responsibilities; highly centralised; slow decision making, with slow operational follow-up on procurement/financial matters; re-structuring not complete, lack of full ownership of move; slow release of modern hybrid seed varieties. Many staff vacancies and high staff turnover	Shifts in political climate; limited field presence at district level; unclear division of responsibility with other bodies at district level.	Poor implementation capacity has led to decline in dev partner funding
Ministry of Local Government (MoLG)	Clear mandate to support de-centralisation and local governments; clear definition of roles and responsibilities; efficient and effective internal decision making processes	High turnover in top leadership; District splintering has weakened implementation capacity; sector approaches undermining local delivery capacity; Loss of local governments revenue source has undermined local financing capacity.	Ministry with strong implementation capacity and ability to fulfil annual targets; capable of taking on more responsibility	Project implementation success led to more funding from dev partners
National Agricultural Research Organisation (NARO)	Well-trained capable research scientists; variety of specialised research institutes and land for research trials; many new initiatives to make research more responsive to farmer needs and to bring research results to farmers	Seriously understaffed with gaps in key areas like sunflower and soybean; lack of lab facilities; a number of key research areas not covered; poor coordination with NAADS.	Working with NAADS under ATAAS for better integration of research with extension; needs to strengthen work for on-farm soil fertility and land management, and community landscape & NRM conservation and management	
National Agricultural Advisory Services (NAADS)	First phase completed with substantial lessons learned; qualified staff at district level; focus on private sector driven crop and livestock development and building linkages with private sector operators;	Unclear division of roles and responsibilities between DAO and NAADS staff at district level; financial accountability issues; lack of focus on poorer farmers.	2 <sup>nd</sup> phase funding assured under ATAAS with better integration with NARO;	NAADS is a highly politicized programme
Ugandan National Bureau of Standards (UNBS)	Semi-autonomous body with clear mandate to define coordinate and monitor food and input standards.	Insufficient staff and resources relative to enforcement of quality standards, low activity level, few standards set and managed	Good opportunity to address food safety standards and introduce controls for agricultural inputs	
District local	Close to rural communities with good	Insufficient rural infrastructure including	With splintering of districts,	There is lack of

governments (LGs)	understanding of their constraints; awareness of marketing issues; committed staff	roads, communications and power; unclear reporting lines to central ministries	insufficient staff; loss of revenue source so inadequate funding;	clarity between decentralised and sector approaches
Organised private sector service providers	Driven by profit motive; experience; in-built control to ensure financial viability and sustainability; some risk taking capacity, determined by size of provider	Small no of large "stronger" providers and large no of middle level "weaker" providers; uncoordinated, conservative, lack of interest in investing in rural areas; little empathy with poor farmers, lack of financial transparency.	Private sector is open to innovative collaboration modalities with public sector; needs market and production of smallholders	Requires high inputs of project and IFAD staff time
Informal private sector service providers	Very competitive and risk taking; profit motivated, many players, responsible for trading and marketing major share of Ugandan agricultural production	Too much competition undermines margins and capacity to upscale; difficulty accessing financing; reputation of exploiting farmers	Challenge of working with many small businesses; has high institutional cost for projects; potential to bring big income gains to women and youth	Requires high inputs of project and IFAD staff time
National and regional rural organisations	Some national organisations like UNFFE, UCA and UCSCU supporting economic activities for smallholder farmers and rural people	Difficulty in assuring financial contribution from members and financial autonomy; dependence on donors; weak capacity and challenges to play advocacy role for needs and interests of rural producers and people	Need to identify clear areas of common interest and collaboration of partnerships; not necessarily representative of constituency being represented.	Each organisation needs detailed analysis at project design
Local level rural organisations	District Farmer Associations (DFAs) good autonomy and good partners for NAADS; helps members carry out income generating activities, bulk marketing and input purchasing.	Capacity and financing gaps; lack of agribusiness and financial management skills	Good mechanism for reaching poorer smallholders; potential to hold local governments more accountable	
Commercial Banks	Privatised, re-structured and credible private banking system	Limited outreach of rural branch offices; very high intermediation costs and costs to clients; little interest in clientele with small amounts	Need to improve linkages with lower level financial service providers and develop appropriate products.	
Microfinance deposit taking institutions	Credible alternative to commercial banks	More outreach in rural areas, lighter charges to poor clientele;		
Savings and credit cooperatives (SACCOs)	Good outreach to remoter areas	Lack of security for small savers; inexperienced committees leading to weak governance	Needs training for financial management and governance to become viable and secure	Highly politicized
Village savings and loan associations (VSLAs)	Good outreach for most vulnerable, usually women	Need to be re-constituted every year; limited range of financial products	Good mechanism to reach target groups who don't participate	

### Key file 3: Complementary donor initiative/partnership potential

<b>Agency (country strategy)</b>	<b>Priority sectors and areas of focus</b>	<b>Complementarity/synergy potential</b>
World Bank (2011-2015)	<p>Key selected investment programmes relevant for IFAD:</p> <ul style="list-style-type: none"> <li>• Eastern Africa Agriculture Productivity Project (EAAPP), regional programme supporting 4 countries for creation of centres of excellence in Cassava (Uganda), Dairy, Rice, Wheat, USD 30 M, 2010-13.</li> <li>• Agricultural Technology and Agribusiness Advisory Services (ATAAS) Programme, supporting NAADS and NARO, USD 127 M investment, 2010-16.</li> <li>• Technical Assistance to MAIIF to develop Non-ATAAS Investment Programmes and Projects, USD 1.6 M, 2012 (completed).</li> <li>• Non-ATAAS DSIP Project, supporting one of the investment areas identified (see above), still at early stage of design, about USD 40 M, due to start in 2014 for 5 years.</li> <li>• Second Northern Uganda Social Action Fund Project (NUSAF2), to improve income earning opportunities and basic socio-economic services in Northern Uganda, under PRDP, USD 100 M, 2009-14.</li> </ul>	<ul style="list-style-type: none"> <li>• On-going co-financing of ATAAS (WB is cooperating institution): proactive engagement by IFAD in project implementation support for emphasis on targeting and inclusion in agenda for agricultural research and advisory services.</li> <li>• Lessons learnt from NUSAF2 to shape design of PRELNOR; potential partnership/co-financing and/or complementarities to be explored for PRELNOR in case WB will continue to invest in Northern Uganda after 2014.</li> <li>• Important partner for policy dialogue agenda: member of the Agricultural sector WG, chair of the Local Development Partners Group, and permanent co-chair of the Joint Budget Support Framework</li> </ul>
African Development Bank (2011-2015)	<p>Key selected investment programmes relevant for IFAD:</p> <ul style="list-style-type: none"> <li>• Community Agricultural Infrastructure Improvement Programme, 3 projects (CAIIP-1, 2 and 3), with MOLG, development and rehabilitation of critical economic and social infrastructure and increased agricultural productivity, total USD 190 M, last project to end in 2016.</li> <li>• Markets and Agricultural Trade Improvement Project (MATIP-1), with MOLG, rehabilitation and upgrading of markets in municipalities and town councils, USD 60 M, 2010-15.</li> </ul>	<ul style="list-style-type: none"> <li>• On-going co-financing of CAIIP-1 (closing in 2013).</li> <li>• Opportunities for co-financing of other CAIIP projects, depending on geographic complementarity with other IFAD projects.</li> <li>• Complementarities of agricultural infrastructure investment by CAIIP with other IFAD investment.</li> <li>• Possibility to use partnership with AfDB and MOLG for the implementation of infrastructure component of PRELNOR.</li> <li>• Member of the Agricultural sector WG.</li> </ul>
European Union (2008-2015)	<p>Key selected investment programmes relevant for IFAD:</p> <ul style="list-style-type: none"> <li>• Two projects in Northern Uganda: (i) Northern Uganda Agricultural Livelihoods Recovery Project (ALREP), EUR 20 M, 2010-14; (ii) Karamoja Livelihoods Project (KALIP), EUR 15 M, 2010-14.</li> <li>• Small and Medium Agri-business Development Fund (SMADF), under design, creation of an investment fund targeting small and medium agri-business enterprises.</li> </ul>	<ul style="list-style-type: none"> <li>• Lessons learnt from ALREP/KALIP (NB: livelihoods support) to shape design of PRELNOR; potential partnership/co-financing and/or complementarities to be explored for PRELNOR in case EU will continue to invest in Northern Uganda after 2014.</li> <li>• Strong potential for IFAD to be the implementing partner of SMADF for the EU (discussions on-going); strong complementarity with IFAD strategy to develop PPPs for market integration of smallholders.</li> <li>• Chair of the Agricultural sector WG</li> </ul>



Danida, Denmark	<p>Support focused on: growth, good governance and human development. Key selected investment programmes relevant for IFAD:</p> <ul style="list-style-type: none"> <li>• U-Growth: <ul style="list-style-type: none"> <li>○ Phase I – Public sector budget support (MAIIF/DSIP), Rural access roads, and Agri-business and private sector support (aBi Trust, with co-financing from SIDA, EU, Belgium and USAID), USD 88 M (of which USD 57 M in aBi Trust), 2010-13</li> <li>○ Phase II – PRDP support, Enabling environment (public sector), and aBi Trust, under formulation, USD 110 M, 2014-18.</li> </ul> </li> <li>• Restoration of Agricultural Livelihoods in Northern Uganda (RALNUC), phase II, under PRDP, investment in public works and training/extension of farmers, USD 7 M, 2010-13.</li> </ul>	<ul style="list-style-type: none"> <li>• Potential complementarities at project operational level between aBi Trust investment and IFAD-financed projects (e.g. ATAAS, VODP2) supporting smallholders.</li> <li>• Lessons learnt from RALNUC to shape design of PRELNOR; potential partnership/co-financing and/or complementarities to be explored for PRELNOR in case Danida will continue to invest in Northern Uganda after 2014.</li> <li>• Member of the Agricultural sector WG</li> </ul>
GIZ and KfW, Germany	<p>Key selected investment programmes relevant for IFAD:</p> <ul style="list-style-type: none"> <li>• GIZ - Financial Systems Development Programme, TA support to BoU: <ul style="list-style-type: none"> <li>○ Phase I – Enabling environment for the financial sector (policy and regulatory framework), Support to SACCOs in Lira District, Financial literacy and consumer protection (BoU strategy for financial inclusion), EUR 6 M, 2011-14.</li> <li>○ Phase II – still to be determined.</li> </ul> </li> <li>• KfW - Rural Finance Enhancement Programme (2012-15): <ul style="list-style-type: none"> <li>○ Rural Challenge Fund, matching grants for financial institutions financing SMEs and farmers in rural areas, EUR 8 M;</li> <li>○ Refinancing facility, credit line for onlending to farmers and agri-business, EUR 6 M.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• High potential for partnership under PROFIRA (being discussed) for policy and regulatory aspects (Tier IV) as well as for implementation of financial literacy strategy at SACCO level.</li> <li>• GIZ is a member of the Task Force overseeing the design of PROFIRA</li> <li>• Members of the Private Sector WG (including microfinance).</li> <li>• Potential complementarity of KfW programme with EU SMADF (to be explored)</li> </ul>
The Netherlands Embassy	<p>Key selected investment programmes relevant for IFAD:</p> <ul style="list-style-type: none"> <li>• Catalist – Uganda, support to cassava, potato, rice and sunflower value-chains, EUR 15 M, 2012-16.</li> <li>• Integrated Seed Sector Development (ISSD) for developing local seed businesses and improving enabling environment, EUR 5 M, 2012-16.</li> <li>• Agro-skilling in Northern Uganda, capacity building on agri-business skills, EUR 9 M, 2012-16</li> </ul>	<ul style="list-style-type: none"> <li>• Potential for partnership with ISSD on enhancing access to improved seeds for oilseeds in Northern Uganda (VODP2) through local production and multiplication.</li> <li>• Member of the Agricultural sector WG</li> </ul>
DFID, UK	<p>Key selected investment programmes relevant for IFAD:</p> <ul style="list-style-type: none"> <li>• Uganda Financial Services Inclusion Programme, design on-going, implementation to start in 2014.</li> </ul>	<ul style="list-style-type: none"> <li>• Discussions on-going on how to ensure synergies and complementarities of the new programme with PROFIRA – NB: DFID is a member of the Task Force overseeing the design of PROFIRA</li> <li>• Member of the Private Sector WG (including microfinance)</li> </ul>
USAID, USA (2011-2015)	<p>Key selected investment programmes relevant for IFAD:</p> <ul style="list-style-type: none"> <li>• Various support for NARO in biotech R&amp;D, USD 7.5 M;</li> <li>• Livelihoods and Enterprises for Agricultural Development (LEAD) Project,</li> </ul>	<ul style="list-style-type: none"> <li>• Chair of the Private Sector WG (including microfinance) and co-chair of the Agricultural sector WG.</li> </ul>

	<p>to improve farming practices, enhance market access and strengthen relationships among value-chain stakeholders, USD 36 M, 2008-13.</p> <ul style="list-style-type: none"> <li>• Support to aBi Trust, USD 20 M, 2011-13.</li> <li>• Partnership Innovation Fund, venture capital to leverage private sector investment in food security and bio-diversity, USD 17 M, 2012-16</li> <li>• Support for policy and enabling environment for private sector, USD 7 M, 2012-15</li> <li>• Public sector capacity building, institutional support for restructuring of MAAIF, USD 6 M, 2012-17</li> </ul>	
Bill and Melinda Gates Foundation	<ul style="list-style-type: none"> <li>• Various support for use of mobile network technology to enhance provision of financial services (USD 7 M) and agricultural/market information (USD 8 M), in partnership with Grameen Foundation and MTN.</li> <li>• Support to Centenary Bank (through WB/AgriFin Project, USD 2 M) to increase its outreach to rural areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Potential complementarities with PROFIRA: access for SACCOs to mobile technology and partnership with Centenary Bank.</li> </ul>
WFP (2009-2014)	<ul style="list-style-type: none"> <li>• Agriculture and Market Support/Purchase for Progress (P4P), focused on developing market infrastructure, improving post-harvest handling and diversifying local purchases, to supplement food distribution schemes in Uganda and neighbouring countries, USD 46 M, 2009-14</li> </ul>	<ul style="list-style-type: none"> <li>• Experiences working in Northern Uganda (P4P); piloted warehouse receipt systems.</li> </ul>

## Key file 4: Target group identification, priority issues and potential response

<b>Typology</b>	<b>Characteristics and Poverty level</b>	<b>Coping Actions</b>	<b>Priority needs</b>	<b>Potential programme responses</b>
Poorest smallholders (chronically poor) and most vulnerable households	Widowed, polygamous or orphan HH head; HH head with less than 3 years education; high dependency ratio (4 or more children and aged family members); scattered plots of less than 2ha, no livestock, mono-cropping; very low participation in groups and community; very limited productive assets (including land). Seasons of hunger; dependence on rain-fed agriculture.	Use of children as labour Polygamous male lives with better off wife Sale of assets and land during famine periods Girl children drop out of school early to marry.	Women need autonomous sources of income to pay school fees and children's needs; training in basic numeracy and literacy skills, income earning opportunity from agriculture or non-farm.	Household mentoring for self-empowerment;; Training in basic literacy and numeracy; simple business training; diversification and cash earning opportunities from agriculture, value addition and/or non farm activities; introduction to marketing; group formation and community participation.
Poor smallholders (transitory poor)	Male headed households with 5-6 years education, high dependency ratio (more than 4 children); wife(s) participating in some village activities; own 2 ha in better rainfall areas, 4-10 ha in semi-arid areas; some livestock, maybe off-farm activity; some crop diversification. Low crop productivity.	Both male and female HH heads engaged in some simple income earning activities; children may attend free primary school and still provide labour; have identified potential for income growth but unable to follow through; limited information about improved production and land use.	To keep children in school Improve productivity of existing enterprises, and develop new enterprises with better income earning potential; needs information and investment to expand, raise productivity, hire in labour, participate in markets.	Training in business skills and marketing; agricultural extension, use of inputs and labour saving technologies to improve crop productivity; access to markets; access to financial services for saving mobilisation and credit; participation in rural producers organisations; secure land rights, climate change adaptation measures.
Women and women headed households	Women from the poorest and poor farmer HHs and women headed HHs. Orphan caregivers. Unequal access to productive assets and resources (land, credit, etc.).	Use of children as labour; keeping children out of school; subsistence agricultural production; petty employment and sex trade.	HIV prevention, basic skills development and self-confidence. Livelihood activities which provide cash income to cover basic needs and children's school fees.	Household mentoring to help identify potential opportunities and equitable sharing of labour burden and income earnings; training in basic literacy and numeracy; business training; training in agricultural crop technologies; savings mobilisation through savings and credit groups and access to financial services. Sensitisation about HIV risks.
Youth	Both young men and women as they reach young adulthood	Petty employment for male youths, sex trade for female youth.	For all youth, HIV prevention; for young women, the avoidance of early pregnancy and school dropout, for young men employment or self-employment livelihood opportunities.	Business training, group development, development of off-farm enterprises, access to rural financial services for saving mobilisation and credit. Sensitisation about HIV risks.