Republic of Uganda

Country Strategy and Programme Evaluation Agreement at completion point

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A. Introduction

1. This is the second country strategy and programme evaluation (CSPE) in the Republic of Uganda conducted by the Independent Office of Evaluation of IFAD (IOE). The main objectives of the CSPE were to: (i) assess the results and performance of the country strategic opportunities programme (COSOP) 2013–2020 and the IFAD-financed programme in Uganda for the same period; and (ii) generate findings and recommendations for the next COSOP and the future partnership between the Government of Uganda and IFAD for enhanced development effectiveness and rural poverty eradication. The CSPE also assessed the extent to which: (i) the recommendations of the 2013 Country Programme Evaluation were followed up, and (ii) programme performance has improved.

2. The CSPE assessed the IFAD-Government partnership pursued under the 2013 COSOP. To inform the assessment, the CSPE covered: (i) the lending portfolio (US$1.45 billion across nine loans approved or effective between 2013 and 2019); (ii) non-lending activities (knowledge management, policy dialogue, partnership-building, and selected grants); and (iii) performance of IFAD and the Government.

3. This agreement at completion point (ACP) contains recommendations based on the evaluation findings and conclusions presented in the CSPE report, as well as proposed follow-up actions as agreed by IFAD and the Government. The ACP is signed by the Government of Uganda (represented by Minister of Finance, Ministry of Finance, Planning and Economic Development) and IFAD Management (represented by the Associate Vice President of the Programme Management Department). The signed ACP is an integral part of the CSPE report in which the evaluation findings are presented in detail, and will be submitted to the IFAD Executive Board as an annex to the new country strategic opportunity programme for Uganda. The implementation of the recommendations agreed upon will be tracked through the President’s Report on the Implementation Status of Evaluation Recommendations and Management Actions, which is presented to the IFAD Executive Board on an annual basis by the Fund’s Management.

B. Recommendations and proposed follow-up actions.

4. Recommendation 1: Expand IFAD’s effective value chain approach to other commodities with greater beneficiary outreach potential. There are opportunities to expand marketing hubs to the entire country and regionally, built around key commodities identified in the Third National Development Plan, e.g. livestock, especially dairy; horticulture; and fisheries. IFAD should: (i) identify opportunities for small-scale producers to improve income diversity around production and processing; (ii) enhance access to reliable markets and raise product quality; (iii) expand mechanisms such as the Yield Fund to help build private sector capacity; and (iv) strengthen synergies between the programmes, where relevant and practical.

5. Proposed follow up. The new COSOP (2021-2027), covering two PBAS cycles will explore the opportunities, in value chain development, of key commodities identified by the Government of Uganda. Currently the following have been

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1 IFAD financing in the same period is a total of US$430 million
identified – vegetable oils; livestock and fisheries. While this is not a definitive list, the commodities chosen for investments will take into account the following aspects: (i) greatest relevance for smallholders, including women and youth, ensuring increases in incomes and/or employment; (ii) geographical targeting where highest levels of poverty exists; and (iii) high potential for growth while dovetailing existing investments (past and current).

6. The first strategic objective of the COSOP, therefore, focuses on the aspects of increasing production, productivity, value addition, competitiveness and inclusion of smallholders. In line with the NDP III, significant investments in productive physical and marketing infrastructure are expected, ensuring accessibility to markets.

7. Mechanisms such as the Yield Fund, will be actively pursued under the new COSOP (two potential NSO operations are currently in the pipeline) as supplementary funding to the investments over the next two PBAS cycles. These will be assessed in relevant chosen value chains to ensure potential to provide inputs or markets (fish, dairy to small holders but need investment capital (processing capacity such as cold storage, milk chillers, transport) and working capital (to purchase milk and crops) to grow.

8. To ensure synergies between programmes, and to ensure a consistent learning approach across the lending and non-lending portfolio, including identifying opportunities for scaling up, the new COSOP includes the development of a country level strategy for knowledge management. This will include mechanisms for inter/intra cross learning between IFAD projects and projects of other development partners.

Responsibility partners: Government of Uganda and IFAD
Timeline: Beginning in 2021, until the end of the COSOP i.e. 2027

9. **Recommendation 2.** Mainstream climate change more extensively with direct approaches in the new COSOP, given the growing urgency in Uganda. Climate change has been indirectly addressed in the past COSOPs. IFAD’s portfolio going forward contains more category A projects than before. Therefore IFAD should: (i) build into the next COSOP stronger support for the measures under the Social, Environmental and Climate Assessment Procedures, including social and environmental safeguards, as well as the technical expertise to supervise category A projects; and (ii) partner with the most appropriate government entities (Ministry of Water and Environment, Ministry of Works and Transport), non-government and donor partners to undertake climate mitigation and adaptation measures more directly around the supported value chains.

10. **Proposed follow up.** The second strategic objective in the new COSOP addresses the issues of climate adaptation and mitigation by ensuring a strengthening of environmental sustainability and climate change resilience of poor rural people’s livelihoods and economic activities and enterprises.

11. **Current measures for the appropriate technical expertise, in the Category A project are in place and followed closely by the projects and IFAD country teams. While IFAD projects do not have investments implemented by the Ministries of Water and Environment or Ministry of Works and Transport. Linkages to those Ministries are made, as required, by the main implementing partners within the existing projects through formal channels and/or through their representation in project steering committees and at the District Local Government level.

12. **The SECAP, within the new COSOP, addresses specific challenges in potential value chains that for consideration over the next two investment periods. It also provides recommendations and the required additional assessments at the time of project/programme development, to ensure that all measures also contribute**
to the climate change adaptation and mitigation targets set out in Uganda’s Nationally Determined Contributions (NDC).

13. Value chain investments should focus on climate proofing incorporating production, storage, processing and marketing stages of the chain. Specific considerations should be given to the siting, design and construction of any infrastructure included in the investments to promote climate resilience and reduce post-harvest losses.

14. In the Nationally Determined Contributions (NDC) submitted for the Paris Agreement, Uganda reiterated adaptation to climate change is a priority. Mitigation targets were included with the larger part being conditional on external support. Therefore, the Climate Change and Environmental partnerships include resource mobilization under the Green Climate Fund and the Global Environment facility. This can be explored further once the subsequent IFAD investments are agreed upon with the Government.

15. Within the COSOP, IFAD will contribute to national targets for achieving sustainable development goals and targets for gainful employment, productivity and economic transformation while adapting the agricultural sector to the adverse effects of climate change and contributing to the mitigation efforts. IFAD intends to introduce more climate-smart production systems, and introduce the use of ICT4D for the agriculture sector for access to extension, market and weather information as well as access to financial services and digital finance.

Responsible partners: Government of Uganda and IFAD
Timeline: On-going and through 2027

16. **Recommendation 3. Deliver more transformative approaches and interventions tailored to the specific needs of women and youths.** This could be pursued by: (i) including strategies and targets on these aspects in the new COSOP; (ii) mainstreaming and scaling up proven methods such as GALS and household mentoring; (iii) greater cross-project learning and use of specialized service partners to identify opportunities around constraints such as land and ownership norms; (iv) strengthening staffing in the project management unit to support and monitor the work of service providers; and (v) ensuring IFAD, in particular the Environment, Climate, Gender and Social Inclusion Division (ECG), provides better and more consistent technical oversight on gender and youth.

17. **Proposed follow up.** While specific strategies and targets for women and youth will be explored during the development of the investments under the new COSOP, the COSOP does set out a strategic objective of enhancing sustainable livelihood development for marginalized and poor households, especially women and the youth, for the period 2021-2027. The core activities will include support for household mentoring and graduation strategies within the selected value chains for greater inclusion of the marginalized, women and youth. In line with IFAD’s intention to ensure that its projects take a more gender transformative approach, women’s empowerment will be promoted through increasing women’s access to decision-making, assets especially land tenure rights, access to finance and skills.

18. The overarching target group identified, within the COSOP, are primarily, (i) poor smallholder households who have the willingness and potential to engage in productive economic activities; (ii) women and youth, interested in engaging in productive enterprises; (iii) small and medium scale players2 along the selected commodity VCs, who can help strengthen linkages and create employment

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2 As facilitators to the core target group as well as direct beneficiaries for non-sovereign lending
opportunities for the rural poor and (iv) farmer groups, women’s groups, youth groups, community savings and credit groups.

19. As is currently practiced, and will continue, technical assistance will be rolled out to project staff (harnessing the Grants currently being implemented in the portfolio) to strengthen PMU staff in the aspects of gender and youth transformation.

20. The Environment, Climate, Gender and Social Inclusion Division is actively involved and will continue to remain actively involved in the IFAD Uganda portfolio as they are a member of the project delivery team.

Responsible partners: IFAD and Government of Uganda
Timeline: On-going and until 2027

21. **Recommendation 4. Develop a non-lending strategy that systematizes KM, partnerships and country policy engagement and provides the necessary resources for its implementation.** In order to foster innovation and scaling up within Uganda, IFAD needs to have a KM system that captures project experiences and innovations so that they can be shared with partners and also used as evidence for policy engagement. This requires a documented strategy, and a stronger country presence that includes the Country Director in Uganda. IFAD’s decentralized model also requires greater coordination within IFAD. Therefore, relevant divisions (ECG, the Research and Impact Assessment Division and the Sustainable Production, Markets and Institutions Division) should be more involved in the KM process to support non-lending aims by leveraging financial and human resources from IFAD headquarters as well as the regional hub in Nairobi.

22. **Proposed follow up.** Knowledge management, which has predominantly centred around project specific activities, will be broadened and enhanced under the new COSOP. The following enhancements will be operationalized: (i) knowledge management will help disseminate the successful elements of climate resilient practices and technologies; (ii) each investment project will develop its own knowledge management plan (if one is not available); and (iii) at the country level, the cross-learning between projects will be shared through annual workshops/ portfolio reviews, policy briefs and development partner and sector working groups.

23. To ensure a consistent learning approach across the lending and non-lending portfolio, including identifying opportunities for scaling up, the country team will develop a KM strategy for the country programme, in full collaboration with partners on the ground and other IFAD divisions. IFAD will continue to support international exchanges through its networks and partnerships. These opportunities for exchange will be provided to IFAD’s primary target group, farmer organizations, financial service providers and government functionaries. Specific opportunities for learning from innovations in the region and through South-South Cooperation will be explored.

24. As IFAD’s is in the process of updating the strategy for decentralization, which will determine IFAD’s country presence in Uganda.

Responsible partners: IFAD; Project teams
Timeline: The country level strategy for knowledge management will be developed by 2022; while other activities are currently on going and will continue through 2027

25. **Recommendation 5. Strengthen M&E, reporting and financial management to bolster governance and anti-corruption measures and improve the assessment of results, especially at impact level.** Relevant IFAD divisions should ensure risk mitigation around procurement, staff advances
and related areas of financial management. In order to take a programmatic approach and to leverage IFAD’s full capacities and resources, the ICO requires a KM/M&E officer who can: (i) strengthen M&E systems in projects to ensure timely reporting and better documentation that will underpin improved governance and anti-corruption measures; (ii) aggregate results across the portfolio (for lending and non-lending) and share them with the Government and other partners; (iii) capture resources at regional/global levels (e.g. grants) for capacity development; (iv) support stronger design and analysis of impact studies to improve their statistical accuracy and delivery of more robust results, as well as include impact on reducing malnutrition; and (v) extend the use of new monitoring methods by improving the use of web-based systems, drone monitoring, etc.

26. **Proposed follow up.** The strengthening of M&E and fiduciary aspects within the portfolio commenced about 15 months ago, with addressing the specific weaknesses being identified either through missions or by the projects themselves. This will continue through 2021 and will wean down once the results emerging from the projects indicate higher levels of quality in those areas.

27. A knowledge management officer, present at the Nairobi hub office, has been supporting the KM agenda on the portfolio in the last 12 months. This is expected to continue with increased involvement and therefore, just now, it is not foreseen to hire a separate person for knowledge management at the country office in Uganda.

Responsible partners: IFAD and Government of Uganda
Timeline: On-going and through 2022

Signed by:

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Date: 19 Feb 2021

and

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