
Report on the 2023 country visit of the IFAD Executive Board to the Republic of Uganda

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Action: The Executive Board is invited to take note of the report on the 2023 country visit to the Republic of Uganda, as contained in the document.

Technical questions:

**Executive Board country visit participants
through Dr Yaya O. Olaniran**

Minister

Permanent Representative of the
Federal Republic of Nigeria
to the United Nations Food and
Agriculture Agencies in Rome

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Report on the 2023 country visit of the IFAD Executive Board to the Republic of Uganda

A. Background

1. General background material on Uganda, including relevant sector and poverty information, details on IFAD's country strategy and portfolio, and on work of the Independent Office of Evaluation of IFAD (IOE) in Uganda, is available in appendix II and on the IFAD and IOE websites.¹
2. **IFAD in Uganda.** IFAD is one of the few international financial institutions that invests in smallholder farmers in Uganda. Its comparative advantage lies in its experience of working with and understanding grassroot communities; and its capacity to use inclusive approaches for their participation in key value chains and for transforming and empowering marginalized households in a manner closely aligned with the Government's objectives through household methodologies and through facilitation of private sector engagement and support.
3. IFAD is building on the **Government of Uganda's Third National Development Plan (NDPIII 2020/2021–2024/2025)**, which aims to harness government and private sector strengths by promoting investment to enhance agricultural production and productivity, agroprocessing and infrastructure; create a skilled, better-motivated and healthier workforce; and address youth unemployment through the **Agriculture Sector Strategic Plan (2020/2021–2024/2025)**, **2015 National Climate Change Policy** and Nationally Determined Contributions.
4. IFAD's country strategic opportunities programme (COSOP) 2021–2027 is based on the theory of change that there are **specific agricultural commodities that can lead to the transformation of rural households as they have the potential for value addition to increase incomes and employment, and can improve food diversity and nutritional status.** The COSOP has the overall goal of contributing to rural transformation in Uganda by enhancing sustainable growth, productivity and competitiveness in selected value chains with high potential for enabling smallholders to increase their incomes, improve their livelihoods and overcome poverty on a sustainable basis. The theory of change also postulates facilitating the **inclusion of women-headed and poor households** and attracting **young people** by offering them the chance to acquire new skill sets that create opportunities for rural employment. It follows three interdependent strategic objectives (SOs) aimed at ensuring the inclusion of women, youth, nutrition and climate change adaptation measures, and at contributing directly to the SDGs:
 - **SO1:** Support increased production, productivity, value addition, competitiveness and inclusion of smallholders within selected value chains (vegetable oil, livestock and aquaculture) that have been identified as key and listed as priority commodities in the Third National Development Plan.
 - **SO2:** Strengthen environmental sustainability and climate change resilience of poor rural people's livelihoods and economic activities.
 - **SO3:** Enhance sustainable livelihood development for marginalized and poor households, especially women and youth.

These strategic objectives are to be achieved through sovereign and private sector lending and through non-lending activities.

5. The COSOP's **primary target groups** are (i) poor smallholder households who are willing and have the potential to engage in economic activities; (ii) women and young people interested in engaging in productive enterprises; (iii) small and

¹ <https://www.ifad.org/en/web/operations/w/country/uganda>; <https://ioe.ifad.org/de/w/country-visit-of-the-executive-board-to-the-republic-of-uganda>; <https://www.ifad.org/en/web/knowledge/-/investing-in-rural-people-in-uganda>.

medium-scale players along value chains to strengthen linkages and create employment opportunities for the rural poor; and (iv) farmers' and women's groups, youth groups, and community savings and credit groups.

6. IFAD's **ongoing Uganda portfolio** includes the:
 - National Oil Palm Project (NOPP) (2018-2029)
 - National Oil Seeds Project (NOSP) (2019-2028)
 - Project for the Restoration of Livelihoods in the Northern Area (PRELNOR) (2014-2022/24)
 - Yield Uganda Investment Fund (since 2017)
 - Financing Facility for Remittances (since 2006)
 - African Rural Climate Adaptation Finance Mechanism (ARCAFIM) (since 2024)
 - Economic Enterprise Restart Fund (since 2023/2024)
7. IOE's **country strategy and programme evaluation (CSPE) 2021** highlighted significant positive results in technologies developed and disseminated, agro-processing and market linkages strengthened, improved outreach and sustainable access to financial services at community level, and a positive and wide-ranging impact on rural poverty. Efficiency in **disbursement** levels was considered low based on administrative processes and staff turnover; impact was less clear on **nutrition** and tended to be limited to **policy, rural finance and value chains**. IOE recommended **expanding** IFAD's effective **value chain approach to other commodities** with greater beneficiary outreach potential; **mainstreaming climate change adaptation** more extensively with direct approaches; delivering more **transformative approaches** and interventions tailored to the specific needs of **women and youth**; developing a non-lending strategy that systematizes **knowledge management, partnerships and country policy engagement** (and providing the necessary resources for this); and strengthening **monitoring and evaluation, reporting and financial management to bolster governance and anticorruption measures**; and improving the **assessment of results**, especially at the impact level.

B. Proceedings

8. The main objectives of this mission were to:
 - (i) Visit projects co-funded by IFAD and the Government so as to increase the Executive Board's knowledge of activities on the ground and allow Board representatives to meet beneficiaries, government officials, private sector and other partners;
 - (ii) Promote dialogue with project beneficiaries, and state and local authorities on IFAD's role in Uganda, among other themes;
 - (iii) Provide an insight into the importance of public policy and how it influences the promotion of rural development;
 - (iv) Understand the lessons emerging from the 2021 CSPE, which covers the period from 2013 to 2020, what the Government and IFAD have learned from this CSPE, and how they have used it to prepare a new strategy and enhance the portfolio;
 - (v) Provide Board representatives with a more comprehensive perspective on the country situation and the challenges faced by IFAD operations; and
 - (vi) Enable Board representatives to provide all members of the Executive Board with guidance on strategic and operational matters to enhance their critical oversight and strategic role.

9. The Executive Board members wish to thank the beneficiaries, IFAD field office and headquarters staff, and government representatives involved in the preparation and conduct of the visit. They congratulate the Government on the livelihood transformation achieved through investments in the smallholders they met, which was made possible through the collaboration between the Government and IFAD.

C. Overview of the field visits

10. The Board members spent four days visiting various sites in Uganda, as follows:

- **Nwoya District – Kamp Group Limited (Yield Uganda Investment Fund)**
 - Livestock feed milling plant and distribution centre
 - European Union/IFAD private fund
 - Maize and soybean smallholder farmers from northern Uganda
 - Watwero farmers’ association
- **Gulu District – Lakoki farmers’ group (PRELNOR)**
 - Road and bridge project: Local government and IFAD for market linkages and infrastructure
 - Lakoki farmers’ group: Village savings and loan associations
 - Targeted support to vulnerable households (mentoring programme)
- **Kalangala – Oil palm production and processing (NOPP and NOSP)**

11. In addition, meetings with the Government and with development and private sector partners were held in Kampala. While the IFAD country office is small, it is now led by a Kampala-based country director and it plays a central role in addressing collaboration and coordination challenges along with other actors on the ground.

D. Impact of IFAD programming and issues affecting its success

12. While a Board visit can give only brief glimpses into the quality, impact and implementation of a country programme and projects, Board members gained a **very positive impression** of the impact of IFAD programmes on smallholders in Uganda, with the organization of smallholders into groups and associations being an important factor for success and sustainability. IFAD is **targeting areas, regions and stakeholders** where the living conditions and economic base were quite low from the outset and the **need for support** appeared high. The poor living conditions in northern Uganda were mostly a consequence of a long conflict and activities of terrorist groups in these areas, which lasted until the early 2000s. With the upcoming support, farmers are enthusiastic and ambitious, some hoping to double or triple their yields.
13. The **theory of change** of the COSOP is based on the premise that specific agricultural commodities can lead to rural household transformation, providing potential for value addition, increasing incomes and employment, and improving food diversity and nutritional status. The **visit** to Kalangala Island was an opportunity to see this. IFAD’s longstanding engagement there began with a first visit to the island in 1991, followed by the launch of the NOPP project in 1998, with a value of US\$210.4 million. To date, 30,800 vulnerable rural households have sustainably increased their livelihoods with an efficient **oil palm industry** that is

compliant with modern environmental and social standards.² NOPP's **predecessor – the Vegetable Oil Development Project (VODP)** – transformed the entire region in 20 years. **Many elements** had to come together to make this happen (introducing oil palm, creating infrastructure, providing advice/extension services and finance, assessing environmental and social impacts, etc.). Most of the concerns foreseen did not materialize in the project area. However, **bringing smallholders into the value chain and the low productivity** of smallholder farms remain a challenge. Beyond financing and infrastructure, it is **equally important to invest in people, their long-term capacity and their organization**. In addition, **proper land allocation** is a **critical area for protection of forests, lake areas and wetlands**. This requires good cooperation and consultation with the local government.

14. Uganda's self-sufficiency rate in palm oil is 24 per cent. This has a substantial implication for Uganda's foreign exchange (2021 about US\$260 million per year for imports). Increasing production is thus **driven by the need to attain self-sufficiency** rather than to export, according to the Government. Production in Uganda has steadily increased, mostly through an expansion of the production area and not yet through a significant increase in productivity. Members visited one of the two industrial oil palm mills through which NOPP is building linkages between small-scale growers and primary processors, based on an innovative public-private producer partnership arrangement. The mill receives 70 per cent of the oil palm from smallholders. The Kalangala oil farmers' trust has enabled 2,000 smallholder farmers to organize themselves. The trust owns 10 per cent of the mill and benefits from technical assistance, loans for seedlings and fertilizers and maintenance works. The profits from this shareholding are also used to buy fertilizers and to create a farmers' bank.
15. One of the lessons learned from oil palm production in Kalangala under the VODP and NOPP was the **need to draw special attention to alternative livelihood strategies** (e.g. vegetable production for food and nutrition security, livestock, apiculture) and training, which are all part of the NOPP project. Oil palm is a perennial crop, and it often displaces food production. Alternative livelihood strategies and diversification thus become imperative. Members spoke with non-oil palm producing households that had received **support and training in agriculture intensification for food crops and livestock and in vocational and labour skills**. Some were opening commercial activities after participating in credit and savings associations that allowed them to borrow to fund their activities or make various investments (e.g. school fees, buildings and land). Farmers on Kalangala have the potential to increase their annual income significantly, with women (40 per cent of smallholders) performing significantly better than men. Board members witnessed cases of conscious **diversification** to balance price fluctuations: for example when visiting a woman who had invested in oil palm on her land (replacing coffee and bananas) and then decided to also grow passion fruit, banana and tomatoes. Her daughter, a recent college graduate, translated the interaction, providing a good example of the importance of **investing in gender transformation**.

² The project created **considerable debate** in the Executive Board due to **environmental and social safeguard concerns** and elicited **clarifications and additional commitments by Management** (see disclosure of Environmental and Social Impact Assessments (ESIAs); EB 2018/123/R.9/Add.1 and paragraphs 35 and 36 of the minutes of the 123rd session of the Executive Board [EB/123] of 29 June 2018). Four members abstained on the Board's decision. The concerns were: **deforestation of natural forest, risk to biodiversity, soil erosion and siltation, pollution of the lake with fertilizers and agrochemicals, land tenure issues** (compensation packages, land ownership, land grabbing, etc.), the **effects on food prices/self-sufficiency** (high need for land leads to planting oil palm trees instead of food crops, thus more food imports from the mainland creating the issue of affordability, etc.) and **low productivity of smallholders** (field and pest/disease management). Oil palm plantations must be approved by the national environmental agency, with mandatory ESIA clearance through a rigorous process. Buffer zones and distancing of protected zones were followed, according to IFAD staff and local interlocutors. According to the government officials met on site, specific maps indicate the development areas and protected wetlands allowed.

16. IFAD's theory of change also sees investment in supportive physical and marketing **infrastructure** as an important element to help smallholders **increase production, productivity and access to markets**. Although infrastructure remains a bottleneck in the areas visited, in cases where it has been built, it proved to be an enabler. IFAD engagement (e.g. on feeder roads to communities and markets) was needed as **markets remained distant and/or disconnected** preventing smallholders from growing through functioning value chains. Members recognized that local roads and bridges opened up significant economic opportunities for smallholders; however, questions remained about the availability of funds for maintenance despite climate-smart construction methods and the basic maintenance work being done by farmers and community members. According to the CSPE for Uganda, the prospects for **maintenance** of the higher-grade community access roads are better than those for lower-grade roads due to their greater resilience and future access to the Uganda Road Fund. However, the maintenance and sustainability of infrastructure is a challenge that will require the Government to allocate more financial resources after IFAD financing ends.
17. Members observed the positive impact of **private sector engagement** on sustainable economic development and community and skills development in a rural context, as long as these are built on a solid economic rationale. Integrating smallholder farmers profitably into the value chain and connecting them to local, regional or even national **markets and small and medium-sized enterprises** is an important driver in regional economic development. At an animal feed production plant in Nwoya District, smallholder farmers were brought into the value chain as sellers. This is a win-win-situation, providing a sustainable business solution for the private investor, an opportunity for farmers to have another predictable and reliable outlet to sell part of their produce at the market price, and opportunities for local workers to obtain training and find a job in the factory. For both the animal feed production and the private sector collaboration on Kalangala Island, members had the impression that success was also due to the **long-term collaboration** with IFAD in a particular area, to **commitments from all sides** and to a **package that included training, capacity-building, financing and infrastructure development**.
18. Another aspect of **private sector development** is the availability and cost of **rural financing**. While the COSOP, under SO1 and SO2, calls inter alia for facilitation of access to financial services, members noted that smallholder demand was not always met: access was too complicated or costs were too high. Thus, focusing on access to rural finance and other financial products (e.g. agricultural insurance) remains relevant. Discussions pointed to the importance of creating and strengthening savings and credit cooperatives (SACCOs) and local village savings and loan associations (VSLAs), which IFAD had insisted on for every group it supported. Members saw this as the right approach. Training on financial literacy and budget management is important. Representatives of the formal financial sector in Kampala showed openness to and interest in IFAD's work with smallholders, also in light of potential (future) competition from non-traditional sources such as mobile phone- or Internet-based financial institutions.
19. The **strengthening** of intermediaries in the form of **stakeholder groups, cooperatives and associations** is central to the provision of rural finance. This was witnessed during the visit with the Lakoki farmers' group. Extensive training (even at household level) and capacity-building are seen by many interlocutors as key for success. Agricultural techniques, better seeds and infrastructure that can facilitate access to the market have a positive effect and help strengthen the resilience of vulnerable groups. But the vision of the group visited went beyond agriculture. It encompassed entrepreneurial skills, better housing and roofing, better schooling, health and sanitation, creation of a store and a storage facility and community development: all issues that often had to be addressed by agricultural

extension workers due to lack of public services and funds. IFAD's collaboration with government and bilateral and multilateral partners in these fields could be very relevant. The **importance of "soft" factors like training and capacity-building to increase productivity and food security** became clear.

20. Facilitating the **inclusion and access of women, youth and other disadvantaged groups** to inputs and employment, skills and infrastructure is an important part of the COSOP. Efforts to achieve **gender** balance and targeted transformative approaches are being implemented in IFAD projects in Uganda. These are helping women to be recognized as farmers, despite not having all the resources needed. Board members were also impressed with the transformation of the lives of **persons with disabilities** due to targeted IFAD household mentoring programmes. Through participatory rural appraisal methods and mentoring/coaching, training and small-scale financial support to buy initial inputs, the economic situation and social standing in the community of one family visited was sustainably transformed. Targeted intervention and inclusion for disadvantaged groups is essential and is often the most efficient approach for poverty reduction. Challenges were seen in scaling of these types of activities beyond the local level and in ensuring knowledge management and institutionalization (e.g. through training of trainers).
21. Whereas some farmers sensitive to climate risks showed interest in **diversifying** to less commonly grown crops and other markets as an opportunity to balance risks and increase income, investments in the **sustainable use of natural resources** (like intercropping) did not feature frequently at the top of farmers' agendas. Given farmers' **high vulnerability to falling (back) into poverty and the risks associated with climate change**, members consider that **climate adaptation** remains an area meriting close attention from the Government and IFAD.
22. The visit demonstrated that multiple factors are responsible for the success of IFAD projects and programming. While projects should be implemented at a steady pace, members felt that the Government needed to respond more rapidly. **Close interaction, clear targets, long-term commitments, willingness to bring in all stakeholders and a joint understanding of risks and challenges to be addressed** are important. In addition, a **clear link to Government policies and priorities** (even appropriation/ownership) **and stakeholder priorities** remains key. Regular interaction is instrumental and necessary to achieve and scale up results. The level of government commitment visible in NOPP was not observed in other IFAD projects. Soft components like technical assistance as well as private sector engagement are key to making support sustainable.

E. IFAD's capacity in policy engagement

23. Members met with the national Minister for Finance, Planning and Economic Development, the Minister of State for Agriculture and the Permanent Secretary of the Ministry of Local Government of the Republic of Uganda, as well as development partners. Board members presented their findings and listened to the perspectives of the various ministers. **Government officials** were aware and supportive of IFAD's work in Uganda. They delivered a clear message to IFAD regarding its efforts to **integrate the poor population better into the economy, improve the access of smallholders to markets** (including regional markets) and strengthen **collaboration and coordination** between different actors. IFAD's projects, as exemplified by NOPP, were seen as **strong on impact**, producing positive effects beyond the agricultural sector. The Government was also looking to IFAD for support in **livestock** (dairy and meat). This was already under discussion with IFAD. There was recognition of the need to pay attention to **sustainability, skill development and training**. The ministries delivered a clear message on the need for IFAD to support Government priorities and programmes and to clearly articulate any stumbling blocks encountered. This provides opportunities for policy engagement for IFAD.

24. **Development partners** pointed to the need for **increased collaboration among the Rome-based agencies**, for example by addressing the large number of refugees in need of support to make a living through farming. The challenges of economic **vulnerability** linked to persisting economic risks and **poverty, population growth** and **climate change** were areas of concern for the development partners. This required improvements in **productivity** to cope with future challenges with **land**. Another challenge was how to scale up good results at the community level. There was consensus on the important role of **women in agriculture** and in managing small enterprises. **Access to and availability of financing, funding and land titles** often remains an issue for them. **Climate change adaptation** was seen as an area where IFAD had a lot to offer and where it could help to channel Green Climate Fund (GCF) resources closer to the ground, mobilizing more climate adaptation funds for smallholders. Acute changes linked to climate change needed preparation and preventive efforts, given the sensitivity of crops like coffee to temperature changes. **Lack of donor coordination** as well as **scope for increased sector dialogue** with government ministries and for coordination with relevant ministries presented a continuous challenge for most development partners. This was compounded by the fact that some development partners currently lacked close cooperation with the Government due to **concerns in the political and human rights arenas**. While the robust judicial system was seen as an asset, implementing laws and regulations and reducing the backlog in commercial and land ownership cases (which included public infrastructure projects and land acquisition) presented a bigger challenge.
25. **Private sector** representatives gave positive feedback on IFAD's work and on the benefits of mutual learning on how to do things faster and closer to clients (including through digitalization). Financial sector partners pointed out that logistics and costs often prevented them from opening branches near client groups. They also saw the need for more **capacity-building** and technical assistance. This was equally necessary for **VSLAs and SACCOs**, which – according to representatives from the traditional financial sector – often needed to be better organized and to place more emphasis on the sustainability and credit-worthiness of their customers. Private sector representatives expressed the need for **de-risking** as a continuing important issue to incentivize their engagement with smallholders. With fintechs and telecom companies increasingly joining the market, **smallholders were becoming more interesting to banks** to stay relevant, independent from donor financing (“customers must grow in order for us to grow”). In that context, two banks mentioned that they highly valued their ongoing cooperation with IFAD as a way of expanding their services to smallholders. More attention should be paid to tapping into **remittances**, which need much lower transaction costs to become successful. Work with IFAD on preparing **ARCAFIM** had been useful in considering how to measure and monitor results and impact.
26. **United Nations and other multilateral organization partners** saw scope for more joint work. This included collaboration on commercial **forestry**, the need to address institutional changes, more investments in **technology, machinery and inputs** (like fertilizers) and in **addressing water scarcity**. **Productivity** is too low in the sector and requires investment in **efficient** land use, labour and capital. Joint work on **resilience** and on tapping into IFAD's financial expertise to work with **refugees** was also mentioned. However, partners felt there was a **need for a better coordination structure at government level** to reduce fragmentation. With only one partnership forum held in five years, it was clear that more work is needed by the Government, the development partners and the United Nations system (the latter with its own internal coordination challenge to “deliver as one” in the agricultural sector). It was considered important that the Boards of the **RBAs** pressure the organizations even harder to work more together. However, this depended on the willingness and initiative of individual United Nations colleagues on

the ground. Compiling a limited list of five flagship areas could be a good start in this respect.

F. Recommendations

27. The following paragraphs stem from talks during the Board visit and should be read on the premise that a one-week mission does not constitute a review or evaluation of IFAD activities in the country.
- (a) We were impressed by the women entrepreneurs and farmers on Kalangala Island and the farmers' groups in the northern region (Gulu, Lakoki), who showed initiative and thought beyond the short-term, diversifying their crops and income base to ensure investment in their children's education. We also saw the private sector's contribution to community and skills development. **IFAD and the Government should thus respond positively to the energy and demand of local smallholders and the (local) private sector and further support diversification of rural activities and nutrition improvement.**
 - (b) Local **markets** need to be developed and connected, and **access to (affordable) rural financing** needs to be improved for well-functioning value chains. The proper conditions for greater reinvestment in local communities need to be created. Formal banks in rural areas have not yet met that demand. A more systematic analysis and emphasis should be considered in the next COSOP. **IFAD should collaborate with financial institutions, the Government and other development partners** active in the subsector to promote better access and services in rural and remote areas. Actions could include **strengthening SACCOs and VSLAs**, while **the Government** could create the **necessary institutional and regulatory framework conditions**.
 - (c) For local markets to develop, providing finance and investing in hard infrastructure and technology alone is not sufficient. We recommend supporting **a mix of infrastructure, access to finance and "soft" support, and investment in people and their capacities** (e.g. technical assistance, capacity-building, extension services, use of science, building knowledge, innovation).
 - (d) Integrating smallholder farmers profitably into the value chain through small and medium-sized enterprises drives regional economic development. We saw evidence of this at a feed plant supported by IFAD: linking the private sector can be a powerful tool for IFAD and the Government to expand their targets. Board members suggest to continue to look for possible opportunities with other **commodities in which private sector investment could help to promote further economic growth. Private sector involvement is instrumental for local economic development in the rural context.**
 - (e) **Commitment, ownership, a joint vision and medium- to long-term engagement by IFAD and the Government** are important to enable poor farmers to lift themselves out of poverty and transform their production systems, including through **stimulating market forces** in the right way. The visit in Kalangala showed that this can work.
 - (f) Continued engagement and **investment of sufficient resources**, including with the Government to **ensure post-project availability of funds for operations and maintenance** of infrastructure as an enabler of value chain development.
 - (g) There is readiness on the part of smallholders to address climate and environmental concerns. We met stakeholders who embraced the urgent need to diversify their livelihoods in view of the effects of climate change, environmental challenges and biodiversity loss. IFAD and the Government

must ensure that **environmental and social safeguards** as well as **climate resilience** are brought into play. **A deliberate effort is needed to increase green activities and investment, to create the basis for increasing production sustainably.**

- (h) **Proper targeting**, including of **persons with disabilities**, should continue. Smallholders represent a variety of people, opportunities and needs. We saw a compelling example of inclusion and “leaving no one behind”.³ Building up the **capacity, skills** and **confidence** of local actors, **learning and listening**, and sometimes mentoring and developing sustainable approaches with local partners **pays off in terms of results and sustainability**. It requires commitment from both the Government and IFAD. Management and IOE should review lessons on the progress of mainstreaming the inclusion of persons with disabilities in programming and implementation.
- (i) We recognize that Uganda shares many of the core values we embrace at IFAD, such as support for **women and youth empowerment**. We saw successful women farmers and entrepreneurs who managed to pull themselves out of poverty. IFAD and the Government need to continue to **invest in transformative approaches for women and youth, and in climate adaptation approaches to reduce the risk of falling back into poverty**.
- (j) We look forward to the **planned impact evaluation** and recommend that the Government and IFAD examine carefully **potential lessons on how to improve the sustainability of support** and how to improve assessment of results and impact. For IFAD, **strengthening M&E** and working together on **data** with the Government remains as important as reporting and financial management to bolster **governance** and **anticorruption measures**.
- (k) There is a **need to strengthen regular and strategic coordination** between IFAD, the Government and international partners in agriculture. This includes increasing RBA collaboration and using South-South and Triangular Cooperation mechanisms. A **non-lending strategy** that builds on knowledge management, partnerships and policy engagement is important. **Lessons learned should be fed into the national policy dialogue**.

G. Conclusions

- 28. The visit provided insights into the **challenges facing Uganda’s agricultural and rural development sectors today**. These challenges **will likely increase** with a growing (young) population, climate change and biodiversity loss. Instabilities in neighbouring countries will – through the inflow of refugees – also affect IFAD’s programmes in parts of Uganda. To strengthen the necessary stability in those areas affected, **good governance** and respect for fundamental rights will be required.
- 29. While the **private sector** is **not a panacea** for solving poverty problems in Uganda, collaborating with the private sector and supporting value chain development creates **more options** for growth and **poverty reduction**. IFAD should also work with the Government in addressing the continuing high demand for rural and local **financing**.
- 30. It is clear that the Government needs to increase its spending on agriculture and rural development to incentivize development partners and the private sector to invest more. The country is far from reaching the Maputo/Malabo targets.

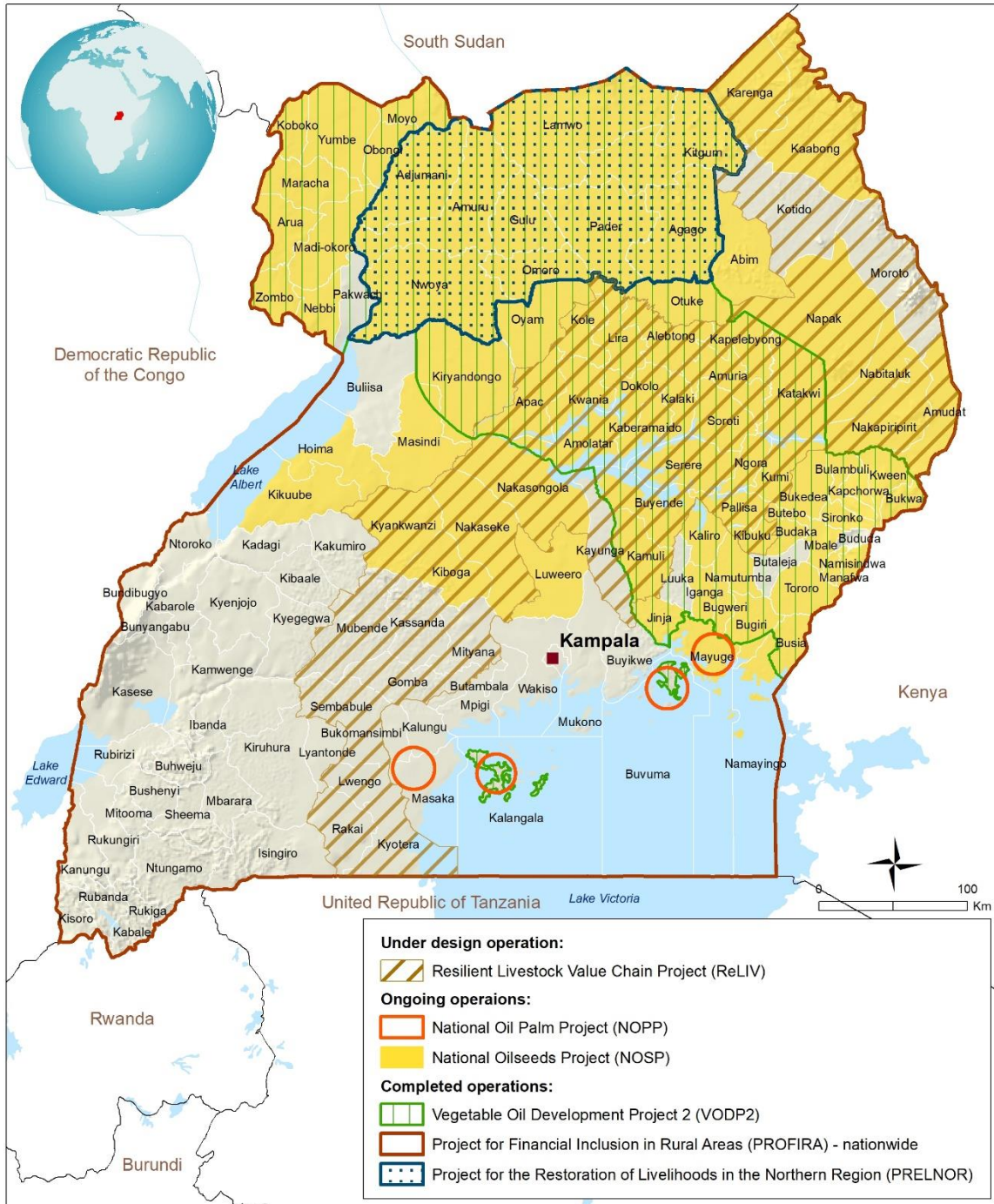
³ In December 2022, the Executive Board approved IFAD’s Disability Inclusion Strategy 2022–2027 (EB 2022/137/R.7), which established achieving more systematic and consistent disability inclusion in IFAD-supported operations throughout its programmes and project cycles (making it the norm rather than an exception) as a critical goal in the pursuit of IFAD’s mission. Management reported progress on the inclusion of persons with disabilities in programmes in the Report on IFAD’s Mainstreaming Effectiveness (RIME) 2023.

31. The Government has expressed its interest in supporting the livestock sector. A concept note has already been approved for a **livestock** project. We look forward to closely aligning on the timeline in order to obtain Executive Board approval next year.
32. The visit underlined once again that the Board, IFAD Management and the partner country need to work together to advance projects and programmes as **fast** as possible from planning to implementation. Good monitoring and evaluation of results and impact and a strong methodology and willingness to apply lessons will remain the comparative advantage of IFAD.

H. Acknowledgements

33. The visits and the interactions in Kampala, Gulu and Kalangala provided a rich source of impressions and information and an opportunity for substantive exchanges. Participating Board members wish to congratulate the Government and IFAD on the livelihood transformation achieved so far through investment in smallholders and vulnerable rural groups, made possible through collaboration between the Government, IFAD and stakeholders. Their feedback left us with the clear impression that IFAD's interventions are **relevant** and **produce results**, as they are designed in a holistic manner, are **well aligned to national policy priorities** and are **based on stakeholder demand**.
34. The Board members participating in the mission wish to thank His Excellency, The Honourable Matia Kasaija, **Minister for Finance, Planning and Economic Development; The Honourable Fred Bwino Kyakulaga, Minister of State for Agriculture;** Her Excellency, **Elizabeth Paula Napeyok**, Ambassador and Permanent Representative of the Republic of Uganda to Italy and the Rome-based agencies, and her deputy **Siragi Wakaabu**, Alternate Permanent Representative. We also thank all the **officials** accompanying us in the field for their support and insights during the visit.
35. Special thanks go to the project participants and programme partners who hosted us; to the **IFAD field office** – country director Mohamed El-Ghazaly and his team; to the IFAD Regional Office for East and Southern Africa, who made the visit a success by providing the mission with support, advice and extensive knowledge about the country and the portfolio; and to the IFAD headquarters staff who supported the visit with insights, work and planning.

Map of Uganda



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.
 Map compiled by IFAD | 24-04-2024

Additional background information

1. The Republic of Uganda is a low income country with an estimated population of 47 million. Its GDP per capita was USD 964.2 in 2022 (ranked 100th out of 196 countries). The share of the population living in poverty (using 2,15 USD per day in PPP/purchasing-power-parities terms) decreased from the turn of the century until 2012 (from >60% to >45%) and 2023 stands around 41,7%. A period of low growth of GDP (only 1.0% per year per capita and high population growth) between 2011 and 2022 corresponded with a period of multiple shocks and with a deceleration of the pace of poverty reduction (WB, 2023). During the last seven years, Uganda's poverty line fluctuated, influenced by shocks that tested the resilience of the people in the face of low productivity and high vulnerability. In FY 2022/23 the GDP growth rose to 5.3%, up from 4.7% in FY 2021/22. Recovery of the economy from the COVID-19 pandemic is attributed to the full re-opening of the economy, government support to the private sector, and prudent fiscal and monetary policies. Uganda's economic growth is expected to accelerate to above 6% per year in the medium term. The recovery in tourism – combined with the government's export diversification and agro-industrialization efforts and investments to support export of crude oil - will boost growth further. The major downward risks remain disruptions in global financial conditions, governance and political stability in the region, and increasingly volatile weather and climate shocks. Given limited adaptation capacity of households, the poverty reduction pace will also depend on evolution of food access and affordability.
2. Uganda's economy is predominantly rural, although the country's economic structure has changed from agriculture to manufacturing and services. Agriculture's contribution to GDP declined from 53% in 1990 to 24% in 2022. However, agriculture remains critical as it contributes 71% to employment and is the main driver of poverty reduction. The sector has been beset by lack of quality inputs, limited post-harvesting facilities, climate change risks and the need to build resilience. Agricultural development, which is key for poverty reduction, has not experienced substantial changes in production practices, making growth dependent on weather conditions.
3. Rural poverty is a challenge in Uganda. Past economic growth contributed to reducing poverty from 56.4% in 1993 to 20.3% in 2020.⁴ However, vulnerability to poverty remains high (60% of rural Ugandans are vulnerable to poverty, compared to 26% in urban areas) and safety nets limited. Poverty and vulnerability are concentrated in rural areas, where 89% of the poor live. Rural areas, especially in the Northern and Eastern regions of the country, exhibit the highest poverty rates. Causes of poverty include low skills and education levels, lack of assets and uncertain land tenure, inability to find employment, high fertility rates, vulnerability to climate change and the growing frequency of natural disasters. Working in agriculture and lack of education are the strongest predictors of high poverty; gender is also an important correlate of poverty (WB, 2022). Uganda's Human Development Index score was 0.525 in 2021, placing it 166th out of 191 countries.
4. Uganda has the world's second-youngest population, with 70% under the age of 30. Youth unemployment is on the rise and was estimated at 13.3% in 2022. The service and industry sectors, despite growing faster than agriculture, have not generated enough jobs. Remunerative participation of youth in agriculture is constrained by challenges including limited access to land, capital and financial resources.
5. Uganda has made considerable progress in addressing gender inequality. However, deeply entrenched beliefs and practices discriminating against women and other genders in parts of Uganda have stymied progress. Uganda's 2018 Gender Development Index score was 0.863, placing it in the low-equality in human development achievements between women and men group. Women's participation in the labour force was estimated at 67% in 2019. Recently, due to legislation

⁴ Poverty rate at national poverty line, which is lower than the USD 2,15 per day poverty line used by the World Bank (which was at about 42% in 2019 vs. 20,3% for the national poverty line).

enacted, concerns about respect for human rights were raised by the UN-SG who called upon Uganda to fully respect its international obligations including the principle of non-discrimination and the respect for personal privacy.

6. Approximately 66% of Uganda's population is food-insecure and rural households are twice as likely to be short of food (40%) as urban families (26%). With a Global Hunger Index of 30.6, Uganda has a serious level of food deprivation. Malnutrition is a major risk factor for morbidity and mortality in children. While stunting has diminished from 33 to 29% and wasting is around 4%, there is still a public health problem in several Ugandan regions.
7. Uganda is using its natural resources at a massive scale, which can cause challenges to sustainability. Forests, providing 90 % of the country's energy, are being reduced by 5 % annually. Soil degradation is also a problem. Climate change also threatens Uganda's efforts to end poverty given the country's dependency on natural resources. Since 1960, mean temperatures have increased by 1.3°C and (annual and seasonal) rainfall has become more unpredictable. Extreme weather events (droughts, floods and landslides) are increasing adding to the vulnerability of the rural population and agriculture.