CIVIL SOCIETY BUDGET ADVOCACY GROUP (CSBAG)[1]

MAKING THE AGRICULTURE SECTOR BUDGET PRO-POOR AND GENDER RESPONSIVE

Position paper on the Agriculture Sector FY 2012/13

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AUGUST 2012

[1] The CSBAG was formed in May 2004 as an ad-hoc, loose coalition of Civil Society Organizations (CSOs) and individ[illegible] advocate for pro-poor budget policies in Uganda. The major aim is to ensure that the views and concerns of the po[illegible] marginalized people are incorporated into local and national budgets.

This paper presents the views and concerns of the CSOs working in the agriculture sector regarding the sector budget for the FY 2012/13 and putting in consideration the concerns and interest of the poor people and gender.

Budgets are central to the development process and are, not only tools for collecting and allocating and redistributing financial resources, but also powerful instruments for shaping the future of nations in ways that advance or retard social and political progress. Since 2005, civil society organizations through the Civil Society Budget Advocacy Group (CSBAG) have been actively participating in the budget process to ensure improved service delivery and to influence allocations to key priority and pro-poor sectors that have a direct bearing on the poor. While a number of achievements have been realized since the inception of this participatory process, most especially increased allocations to some key priority sectors such as; education and agriculture for this financial year 2012/13. However, allocations to some other key sectors such as agriculture 5.2% (2011/12, 3.4% 2012/13 MTEF and water and environment 2.8% have remained relatively low. Uganda's social indicators such as maternal and infant mortality have remained relatively poor and if unchecked are likely to undermine Uganda's efforts of meeting the Millennium Development Goals by 2015.

2.0 The Agriculture Sector

It is a well known fact that agriculture is the main stay of Uganda's growth and poverty reduction. Its performance is critically important for a pro-poor pattern of growth since it employs over75% of the country's population majority of who are in rural areas. It provides a base for the improvement of the livelihoods of both rural and urban populations. Agricultural production constitutes the base for the creation and expansion of value adding processing industries for domestic and regional markets, and for packaging/marketing operations for both domestic and export markets. For the vast bulk of Uganda's farmers, the level of use of improved farming technology is very low, with 93% dependent on the hand hoe for cultivation.

In the previous FY 2011/12, low agricultural production and productivity has been the major cause of previous food inflation, which peaked at 50.4% due to failure to meet the increasing demand for agricultural products. As a result of the above, the inability of the government to substantially raise agriculture spending will therefore have serious implications on poverty reduction and food security in Uganda.

While we commend the government for increasing the budget for the sector in this current financial year 2012/13 to 5.2% from the 4.8% in the previous financial year 2011/12, but the sector is still faced with a lot of infrastructural, administrative, technical and budgetary bottlenecks which need to put consideration as early as possible.

As CSOs, we have been raising numerous pertinent issues which is hindering the full utilization and exploitation of agriculture sector in Uganda among which include budget priority as well as lack of agricultural financing, infrastructure, rural electrification etc. we do acknowledge the role of this committee to tackle or to some extent address some of above changes as we have been rinsing in the different fora we have been interfacing with you including the meeting we had early this year in May in this same building.

We are equally very optimistic about the potential of the sector and more so her recognition by the minister of Finance in her budget speech she asserted that in the last financial year 2011/12, there was only one sector which had positive growth and that was the agriculture sector.

Today, we have come with basically four concerns to share with you regarding the budget and performance of the agriculture which conclude;

1. Agricultural financing/access to credit
2. Budget allocation and utilization
3. Management and utilization of indirect budget such as in water
4. 18% tax on water pipes
5. Issues of irrigation

1. **Prudent utilization of budget resources**

Notwithstanding the fact that the agricultural sector is poorly funded and indeed requires more funds, the sector has exhibited high levels of inefficiencies in the utilization of the allocated funds. Public Expenditure Reviews (PER) in agriculture have indicated great inefficiencies in resource utilization in this sector. As a result, there are substantial resources that have been and continue to be invested in agricultural sector without any tangible impact on the farmers.

Studies have noted value for money concerns as regards to procurement of goods and services in the sector especially at the MAAIF headquarters. For instance, according to a report by EPRC (2009[2]), a total of US $225,007.9 (Ug.Shs 427,515,010) wasted in the procurement of vehicles that worked for less than two years and that are currently grounded. In addition, there is evidence that goods procured locally cost less and are less prone to wastage and leakage than goods procured centrally[3]. For instance, the unit cost of items procured centrally is quite high e.g. the cost of procuring a Boer goat is Ug.Shs 892,000 compared to Ug.Shs 250,000-300,000 at the district level. A local goat was centrally procured at Ug.Shs 70,000 as compared to Ug.Shs 50,000 at the local government level.

The current budget FY 2012/13 indicate that good proportion of the 5.2% sector money will be going to semi autonomous agencies in the sector hence causing a rise in administration cost which account for the poor performance of the sector **refer to the attached excel sheet for the analysis.**

Recommendation:

We recommend that there in need for a sector legal and institutional review to address the infrastructural gaps in the ministry that greatly contribute to the inefficiency in the sector.

Secondly procurement procedures according to the PPDA which is one size fits all may also be partly responsible for the inefficiency in the sector and need to be considered for review. The nature of

Business in the sector (season driven) in many cases fall short of either the procedures or the need of farmers. For instance where seeds need to be procured, they reach the farmers off season.

Thirdly, the ministry need to emphasize out based planning. The outputs need to be clear not only for implementation but also monitoring of performance. The current planning format is hard for implementation and therefore monitoring.

2) Prioritizing Irrigation as a method of Production:

Uganda's agriculture is still rain-fed, rendering the sector erratic and unpredictable. The bulk of financing is left to donors under such projects as Water for Production, Livelihoods Support Programme, and Community Agricultural Infrastructure Improvement Programme (CAIIP) among others. Irrigation as a method of production has been neglected, despite the simplicity of its basic technology and its enormous potential in Uganda's agricultural sector. The 2011/12 national budget earmarks 250,000,000 Million shilling for construction of irrigation scheme. Although the target is not clear in terms of how many schemes to be constructed, the allocation is so insufficient. Insufficient allocations cause inefficiency and aids misappropriation. In addition about 48.6 Billion shillings are allocated for water for production. The amount may be sufficient but the item s.

3) Agricultural financing/Access to credit:

This is a very big constraint in the sector and we are disappointed it has not yet been fully taken care of in this current financial year. Farmers cite shortage of capital and credit as their single biggest constraint to improving production and productivity.

Proposal: The ministry of Finance through her component on micro finance should specifically earmark funds for lending to small scale farmers at affordable interest rates**.** In addition right from this financial years, Government through the MFPED should be seen to exploit the possibility of establishing an Agricultural Bank that will explicitly focus on farmers' credit needs, hedge against risks like crop failures and volatilities in the prices of agro-products.

4) **Allocation to research**

The budget proposal 2012/ 13 proposes about 48.9 Billion for research. We wish to congratulate Government upon this consideration. We are however concerned about the actual allocation of this money. Times not dictate than ever before to invest in our own research especially as we are building Intellectual Property related legislations for example the PVP Bill. With exclusive rights to breeders who in the case of the proposed Bill are not to be Ugandans but funders of the research, our agricultural sector shall then be up for grabbing

***5)* Allocation to food security priorities.**

Reference is made to the allocations within the sector as for the budget proposal 2012/ 2013. There is a lot of assumption to food security with no strict allocations to such areas that directly portray our commitment to food security. The sectors given priority (cotton, coffee, oil palm and diary) do not directly impact on food needs at household and national level. Unfortunately such critical areas like seed were among the unfunded priorities.

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