



CSBAG Position paper on the Agriculture sector MPS FY 2016/17

1.0. About CSBAG

Civil Society Budget Advocacy Group (CSBAG) is a coalition formed in 2004 to bring together civil society actors at national and district Levels to influence Government decisions on resources mobilization and utilization for equitable, gender responsive and sustainable development.

Since 2004, CSOs under the umbrella of CSBAG have engaged Government in influencing the budget process to ensure that both the local and national budgets address the needs and aspirations of the poor and marginalized groups of people in Uganda.

This analysis was done by CSBAG and partners from Private sector Organisations.

1.1. Introduction

It is a well-known fact that agriculture is the main backbone of Uganda's growth and poverty reduction. To date, there is no contention about the importance of the agriculture sector in Uganda. The sector contributes 24.8%¹ OF Uganda's GDP and employs 66% of the working population but in a more significant way employs 80% of the women in Uganda. This demonstrates the importance of the sector to the poor, especially women who derive their livelihood from agriculture. The sector is largely private sector led, with government left with expenditure in research, seed multiplication and certification, extension services and disease control.

1.2. Compliance to NDP and Gender

The sector BFP will focus on the core mandate and functions of MAAIF and the sector contribution to the NDP through investments under four Programmes representing the key areas of opportunity; Enhancing Production and Productivity; Improving Access to Markets and Value

¹ Rebased GDP estimates for 2013/14

Addition; Creating and Enabling Environment for investments in the sector, and Institutional strengthening; which are also the key sector objectives in the Agriculture Chapter of the DSIP². This to ensure efficient and effective provision of critical agricultural public goods, and services.

According to the NDPII the sector should have a funding tune of UGX 782.5bn in the FY 2016/17 but the NBFY indicated that only UGX 656.976bn translating into a 16% funding gap.

2.0. Financial performance FY 2014/15, 15/16 and funding for the sector FY2016/17

2.1. Budget Financial performance FY 2014/15 and 2015/16

The approved budget for the sector for the FY 2014/15 was UGX 505.844bn including taxes. Out of the above budget, UGX 384.452bn (67.9%) was GOU funds while the UGX 91.716bn (25.5%) was donor (external financing), UGX 5.213bn (1%) was specifically to pay taxes and UGX 27.744bn (5.5%) was Non Tax Revenue.

The composition of the budget by expenditure category was as follows; Wage constituted UGX 55.40bn, Non-Wage Recurrent was UGX 65.711bn, GoU Development was UGX 223.442bn.³

By the end of the Financial Year a total of UGX 525.853bn (103.8%) was released representing a release performance of 89.5% of the approved budget. UGX 497.591bn was spent out of the release representing absorption of 95.0%

At vote level, the highest absorption rates was reported by CDO and NARO at 100% then UCDA, MAAIF and NAADS at 99.8%, 99.2% and 98.4% respectively.

Table 1: Release performance for Agriculture sector FY 2014/15 and Q2 FY 2015/16 (GoU)

VOTE	MDA	2014/15 (bns)	Release. 14/15 9 (bns)	2015/16 Budget (bns)	Release H1 15/16 (bns)	15/16 performance
10	MA AIF	63.864	92.607	93.2	16.108	17.30%
121	DDA	5.044	4.51	5.044	1.081	21.40%
125	NAGRCDB	4.05	4.984	4.15	1.235	29.70%
142	NARO	36.868	36.715	37.61	10.102	26.80%
152	NAADS	160.703	160.235	178.974	12.82	7.20%
155	UCDO	5.991	5.218	5.301	0.956	1.80%
160	UCDA	22.18	36.739	27.912	12.926	46.30%

² National Budget Framework Paper FY 2016/17

³ Annual Budget performance report FY 2014/15

Grand Total	298.7	341.008	352.191	78%	11%
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Source: Budget Performance Report FY 2014/15 and release performance report for FY 2015/16

2.2 Sector Budget trend; FY 2014/15 – 2016/17

The sector GoU budget increased from UGX 344.553bn in the FY 2014/15 to UGX 386.863bn 2015/16. The projection for the FY 2016/17 budget is UGX 481.355bn according to the Sector BFP for the FY 2016/17. The budget for the FY 2016/17 besides has increased by 42.3bn more than that in the current allocation to the 15/16 budget. However, we still believe that some intended targets will not be achieved. Such as delivering the promises that are being made by the presidential candidate for the ruling party; the hoe project.

In unfunded priorities of the sector, 6.4% of the GoU for FY 2015/16 UGX 384.452bn and total unfunded priorities in FY 2016/17 to UGX 24.628bn.

Table 2: Sector budget trends FY 2014/15 - 2016/17

	FY 2014/15 (outturn)	Approved budget FY 2015/16	2016/17 projection
MAAIF	56.771	126.957	192.755
DDA	4.504	5.044	5.044
KCCA	1.304	9.859	6.809
NAGRC&DB	4.953	4.950	5.150
NARO	32.213	98.24	83.682
NAADS Sec	71.726	178.683	278.683
UCDO	3.357	7.786	7.395
UCDA	7.907	43.792	46.926
LGs	149.568	30.532	30.532
Total	332.302	505.844	656.976

Source: NBFY 2016/17

We note with appreciation that the sector budget has gradually increased from UGX 332.302bn (outturn) in the FY 2014/15 to UGX 656.976bn (projection) in the FY 2016/17. We however remain concerned that the sector budget has not reached the NDP II expectation and as such might not achieve the sector priorities.

3.0. MAKING AGRICULTURE EXTENSION SYTEM WORK

3.1 The need to support full scale implementation of agriculture extension.

Agricultural extension service delivery is the primary mechanism used to assist farmers in expanding their ability to adopt and implement new methods and to relay information to producers concerning new technologies. Improved farming technologies such as high yield crop varieties, chemical fertilisers, and irrigation techniques have been critical to raising yields; however farmers in Uganda have been much slower in adopting these new methods due to a lack of information regarding how to apply them. ***Access to reliable information is an integral part of any farmer's ability to raise productivity.***

Agricultural Extension Services include interventions/activities by government and non state actors that facilitate the access of farmers, their organizations, and other value chain actors to knowledge, information, and technologies; mediate their interaction with other relevant organizations; and assist them to develop their technical and management capacity in agriculture and family life.

3.2 A sense of urgency – the risk of not accelerating support for extension is high

The lack of attention to the benefits of an appropriately funded extension system has persisted for some time. This creates enormous risks for the sector's needed increased productivity.

Over 25 African countries have listed extension as one of the top agricultural priorities for a poverty reduction strategy. In Uganda, numerous agricultural sector organisations have ranked adequate support for extension services as the top budget priority for the coming year. Already there have been reports in the press of cattle deaths resulting from inappropriate use of tick dip solution. The situation will only get worse, to the sector's great detriment, if an adequate budget allocation for extension is not assured. Changes to extension will amount to nothing if there is not an adequate budget for staff or staff facilitation.

MAAIF has carefully developed a plan for the gradual hiring of extension staff over the coming 5 years. But we need to move faster. Agricultural yields are far too low. The rate of subsistence farming is unconscionably high. Uganda cannot afford to miss the opportunity to accelerate the provision of extension services. Parliament must do its part to continue the momentum behind more visible extension delivery for the agricultural sector.

4.0. SECTORAL ISSUES

4.1 Recruitment of extension workers

Observation

In FY 2015/16, MFPED provided an additional UGX 10 billion for recruitment of extension staff at the districts and sub counties. The process is still ongoing. The sector MTEF for FY 2016/17 for extension wages has been further increased to UGX 39.41 billion. MAAIF however still requires UGX 16.20bn to fully recruit the critical staff and pay salaries for the remaining critical vacant extension staff in all districts and sub counties in accordance with the new staff structure.

Recommendation.

- We strongly recommend that Parliament allocates UGX 16.20bn to facilitate the ministry to recruit the desired staff.

4.2 Poor funding for implementation of the single spine extension system

There is need to increase the Agricultural conditional grants to districts; following the closure of district NAADS operations and giving a larger mandate of implementing extension to the district/sub county Production Departments. The Departments therefore require operational funding. The current Production and Marketing Grant (PMG) to districts has been constant at UGX 10.4 billion for the last 8 years.

Observation.

Operation funds are critical otherwise the officers going to be recruited will remain redundant leading to further wastage of resources. It should be remembered that the number of districts has increased to 112 districts; The sector requires UGX 39.6bn to offset the stopping of district operational funds formerly in NAADS, and so government should avail operational resources for the single spine extension system at the district and sub county level, facilitate collection of statistics as well as facilitating all other functions of disease control, regulation and enforcement.

Recommendations

- We strongly associate ourselves with the need to provide financial capacity for the district extensions services to perform under the new strategy and therefore recommend that a funding gap of UGX 39.6 billion be closed.

4.3 Operationalization of the Directorate of Extension Services

According to the MAAIF MTEF, the wage is at the same level as FY 2015/16, whereas the non-wage recurrent allocation to Vote 010-MAAIF has decreased from UGX 42.36 billion in FY 2015/16 to UGX 42.20 billion in FY 2016/17. In FY 2015/16, the DAES and its departments were allocated a total of UGX 3.082 billion under non-wage recurrent expenditure and UGX 3.807 billion under development expenditure. In addition to the existent projects, it is expected that the ATAAS and ACDP projects will have operational components implemented by the DAES in FY 2016/17. However, due to the nature of its operations, the DAES requires UGX 4 billion in non-wage

recurrent funds for FY 2016/17 and has UGX 3.332 billion under non-wage. This leaves a funding gap of UGX 0.668 billion in the non-wage recurrent allocation of Vote 010-MAAIF. To carry out recruitment in the Directorate, there is need for an additional UGX 0.26 billion in the wage recurrent budget of MAAIF. This gives a total funding gap of UGX 0.928 billion in this area

Recommendation

- We strongly recommend that UGX 0.928bn be provided to support the Directorate to implement effectively the single spine Agriculture extension system.

4.4 Inability of OWC to deliver on Sector outcomes

Under the opportunity area that focuses on enhancing agriculture production and productivity, the NAADS secretariat under Operation Wealth Creation reported physical outputs that will not support the sector mid-term policy objective to increase incomes farming HHs. For example, 2,744.8 tons of maize were procured and distributed to 548,996 HH covering 103 DLGs. This means that each HH received 5Kgs of Maize. Also 2,000.85 tons of beans, 134.22 tons of soya beans and 12 tons of rice were distributed to 224,448, 13,422 and 960 HHs covering 94, 9 and 3 DLGs respectively. This translates to 8.9kgs of beans, 10kgs of soya beans and 12.5kgs of rice per HH receiving each of these enterprises.

Observations

HHs are supposed to plant these inputs, produce enough to consume and sell the surplus. But of course this on assumption that the farmer will plant the maize and get much more to eat and sell the surplus which assumption is flawed by the poor quality of the seed that is supplied to the farmers. In the long run the farmer fails to improve incomes but also food and nutrition security is under threat. We are concerned that this is increasingly creating a critical mass of citizens who are aware of the right of government to take care of them and forget their responsibilities and this is not sustainable.

The question of whether farmers need inputs as opposed to quality extension services should always be at the fore from of policy dialogues until have the sector and government stop the leakage/hemorrhage of resources through providing inputs. The idea that farmers are too poor to buy own inputs is populist and discourages creativity and innovation among citizens. Let government provide the enabling environment like good regulation to ensure quality seed is on the market with fertilizer at a subsidized price; set up required access roads and price regulation mechanisms that can be designed in having storage facilities for the farmers' excess produce. This will smoothen farmers' incomes during price shocks and definitely increase their income.

Recommendations

- OWC should be designed to boost extension services provision and enforce market regulation for agriculture inputs as opposed to giving out inputs

4.5 Lack of clear relationship between the performance targets and funding

Under agriculture production and productivity, there is no indicator that speaks to the provision of quality extension services. All the targets reduced under this item but the allocation is proposed to increase for the UGX 2.521bn allocated in the FY 2015/16 to UGX 2.821bn in the FY 2016/17. Under the control of pest and diseases in priority commodities, 60 BBW interventions and backstopping were done at a cost of UGX 0.042bn but in the FY 2016/17 the sector proposes to have 63 interventions at a cost of UGX 0.779bn. This points to the end that the budget is not efficient in its allocation.

Recommendation

- The performance targets should be reviewed and aligned the sector outcomes

4.6 Limited planning & prioritization of Water for production, Climate Change and agriculture production and productivity.

Uganda's agriculture has remained significantly rain fed despite recent changes in weather the country has not invested strategically in Irrigation despite the availability of water sources all over the country. Access to appropriate technologies for irrigation among smallholder has remained a challenge as major focus is given to large scale irrigation schemes that can only serve farmers in proximity. There is no performance recorded for No. of small scale irrigation demonstrations constructed and No. of new crop based irrigation schemes designed. This makes scaling down irrigation to the people that need it difficult. Out of the UGX 3bn that was allocated in the FY 2015/16 for construction of irrigation schemes, no money was spent by the end of September. However, UGX 34.107bn is proposed for the FY 2016/17.

Recommendation

- Fast track irrigation schemes in Bukedea (Acomai), Bulambuli (Atai) and Kween (kween). The sector MTEF allocation for Capital investment is projected to increase in FY 2016/17 compared to FY 2015/16; because of increased Government focus on the provision of Water for Agriculture production and Mechanization/ farm power. Therefore there is need for more investments in water projects (irrigation schemes, valley tanks, valley dams).
- Department of Farm Development (DFD) within the Ministry of Agriculture, Animal industry and Fisheries needs to be revitalized on their responsibility and mandate on spearheading sustainable agriculture through the provision of guidance and strategies in, among others, irrigation, drainage and water harvesting.

4.7 Revival of Farmer/producer Cooperatives:

Government should support and strengthen Cooperatives to promote collective marketing and stable prices for farmers as well as enabling the farmers to enjoy other benefits that accrue for such associations/cooperatives. To revitalize agriculture as an engine of Uganda's development, the government must revive cooperatives and the cooperative bank.

Recommendation

- Government through the MoFPED should 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. Access to credit is a very big constraint in the sector, Farmers cite shortage of capital and credit as their single biggest constraint to improving production and productivity.

5.0. LOOKING AHEAD.

National Agricultural Extension Policy (NAEP) is in final stages to guide, harmonize and regulate the provision of agricultural extension services to farmers, farmers' groups, and other actors in agriculture value chains throughout the country. Under the policy, MAAIF will lead the formulation and implementation of a structural and institutional framework for effective coordination of all public, private, and civil society actors.

This policy is in response to government's commitment to realize an agricultural revolution in the country in line with the National Agriculture Policy (2013) and the overall national policy framework. It is intended to address past shortcomings in agricultural extension service delivery and cause sustained progression of smallholder farmers from subsistence agriculture to market oriented and commercial farming.

The policy objectives reflect countrywide consensus generated during highly interactive consultation across the country. The policy introduces innovations that are aimed at contributing to ending hunger, achieve food and income security, improved nutrition as well as promote sustainable agriculture in the country. Agricultural extension, therefore, will be provided through a more pluralistic, inclusive, equitable, decentralized, integrated and harmonious system that links all categories of extension users along the value chain with appropriate services, innovative technologies and the market.

The **National Agricultural Extension Strategy (NAES)** is a detailed implementation plan for operationalising the Policy. The proposed 5-year budget for NAES is UGX758 billion divided as follows, and factoring in a gradual hiring of extension staff over time so as to be in line with the NDPII allocation to the sector.

Proposed Budget for the NAEP/NAES (billions of USh)

	2015/16	2016/17	2017/18	2018/19	2019/20
Wage	11	47	58	58	58
Non-Wage	107	102	107	107	102
TOTAL	119	149	16	165	160

The budget allocation to extension is to be complemented by funds from other sources including Development Partners.

In the next financial year 2017/18 we shall count on Parliament's support to have the policy fully implemented by appropriating the required resources.

6.0 Conclusion

The agricultural sector has great potential to contribute to GDP growth, exports, employment and poverty reduction. The sector growth rates and outputs remained low for many years, as CSOs, we are raising these pertinent issues which are hindering the full utilization and exploitation of agriculture sector in Uganda among which include budget priority as well as inadequate agricultural financing for prudent service delivery.