WHAT MPs SHOULD CONSIDER WHEN DEBATING THE AGRICULTURE BUDGET 2017/18

Agriculture Sector Position Paper on the Uganda National Budget Framework Paper FY 2017/18

Developed by the Civil Society Budget Advocacy Group and Presented to the Agriculture Committee of Parliament by PSAs and CSOs mobilized by EEA

23rd January 2017

1.1. Introduction

This paper presents the views and concerns of the poor people and gender concerns that should be incorporated into the national budget priorities for the next national budget for FY 2017/18.

About CSBAG

The Civil Society Budget Advocacy Group (CSBAG) is a coalition of 85 civil society organizations (CSOs) jointly formed in 2004 by Uganda Debt Network, Forum for Women in Democracy (FOWODE), Uganda National NGO Forum and OXFAM GB in Uganda. CSBAG brings together CSOs at national and district levels to influence government decisions on resource mobilization and utilization for equitable and sustainable development. CSBAG members are committed to working together and to providing collaborative support to civil society budget work in Uganda.

Acknowledgement

CSBAG would like to thank Food Rights Alliance, PELUM Uganda, ESAFF Uganda, Ministry of Finance Planning and Economic Development, Uganda Seed Trade Association, Uganda Coffee Federation (UCF) Advocacy Coalition for Sustainable Agriculture (ACSA) Young Farmers Coalition of Uganda (YOFACO) Feed the Future Uganda Enabling Environment for Agriculture Activity (EEA), Recreation for Development and Peace(RDP) for participating in the development of the position paper.

Agriculture remains the backbone of Uganda's economy. In 2012/13, the sector accounted for 25.3% of the country's GDP from 24.7% in 2010/11. It employs about 72% of the total labour force (formal and informal), 77% of whom are women, and 63% are youth, mostly residing in the rural areas.[1] This demonstrates the importance of the sector to poverty eradication and economic sustainability, especially for women. The sector is largely private sector led, majorly by Small Scale Farmers, with government left with expenditure in research, seed multiplication and certification, extension services, pest and disease control.

In the FY 2017/18, the sector seeks to pursue this mandate through investment in the following key areas of opportunity;

- Strengthening of the OWC programme to increase access to quality farm inputs,
- Improve the control of pests and diseases
- Ensuring availability of water for production
- Strengthening policy and regulations to improve standards of inputs and agricultural products.
- Support farmers with appropriate farm power
- Enhancing post-harvest handling and
- Strengthening of the Agricultural Extension system to improve agronomic practices at the farm level.

The delivery of these key areas of opportunity shall be achieved through key sector institutions under Ministry of Agriculture, Animal Industries and Fisheries (MAAIF), National Agriculture Research Organization (NARO), National Agriculture Advisory Services (NAADS), Dairy Development Authority (DDA), Cotton Development Organization (CDO), National Animal Genetic Resource Centre & Data Bank (NAGRC & DB) and Coffee Development Authority. Communities and sector beneficiaries receive services of this sector through local government structure of the Production and Marketing office.

1.2. Compliance to NDPII

NDPII prioritizes agriculture as number one key growth opportunity sector in the realization of the planned goal of propelling the country towards a middle-income status by 2020. The NDP II development indicator objective 1 is that agriculture labour productivity to be USD 977.77 by FY 2019/20 using a bae of USD 581 as at FY 2012/13. For the NDP II period, focus is placed on investing in the following agricultural enterprises along the value chain: Cotton, Coffee, Tea, Maize, Rice, Cassava, Beans, Fish, Beef,

[1] The National Development Plan II

Milk, Citrus and Bananas. We note that the sector allocation for the FY 2017/18 (UGX 883.581bn) is over and above the NDP II indication (UGX 875.7) to a tune of over UGX 7bn.

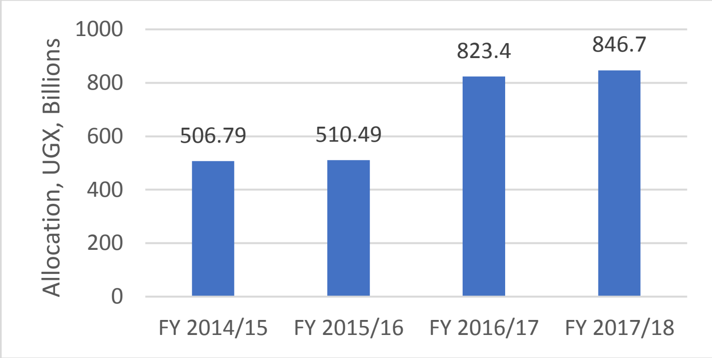
1.0 Sector Budget Trends and Performance

In this section, we highlight the sector budget allocation trends and performance; with both financial and physical output aspects.

1.1 Sector financial trends

The sector for the last 3 FYs 2014/15, 2015/16, FY2016/17, has experienced consistent budget allocation increases especially in regards to inputs under OWC.

Figure 1: Agriculture sector allocation trend



Source: Ministry of Finance Palnning and Economic Development

Table 1 below shows that the increase in the agriculture sector goes to the NAADS secretariat for inputs provision. In the FY 2017/18 the sector projects to spend 38% of proposed budget on provision of inputs.

Table 1: NAADS budget proportion to sector allocation

	Agriculture sector allocations	NAADS budget	Proportion of NAADS budget to total sector allocation
FY 2014/15	506.79	160.7	32%
FY 2015/16	510.49	178.97	35%
FY 2016/17	823.4	318.61	39%
FY 2017/18	846.7	319.702	38%

Source: Approved Budget Estimates and NBFP FY 2017/18

1.2 Financial and physical Performance FY 2015/16

Whereas we commend government for having allocated UGX 510bn for the agriculture sector in the FY 2015/16, we note with concern that only UGX 451.35bn was released for the period under review. This translates into a UGX 59bn budget short fall making hard for the sector to realize the aspirations. Worse still of the 541.35bn[2] only 439.98bn was spent. The net loss from the approved budget was therefore UGX 70.51bn.

In terms of outputs within specific votes, we are concerned about the inconsistence in performance against set targets as reflected in FY2015/16, for instance, NAGRC&DB recorded a very low performance of less than 50% against the targets said to be achieved on chicks, piglets, compound feeds and liquid nitrogen. NAADS on the other hand, recorded a performance of above 300% against set targets in the same FY2015/16.

[2] National Budget Framework Paper FY 2017/18

2.0 Observation and concerns on Sector BFP FY 2017/18

In this section, we highlight the areas that need more attention from the sector to enable it realize the set targets and objectives.

2.1 Non-alignment of sector strategic interventions to the NDP II

NDPII prioritizes agriculture as number one key growth opportunity sector in the realization of the planned goal of propelling the country towards a middle-income status by 2020. The NDP II development indicator objective 1 is that agriculture Labour productivity to be USD 977.77 by FY 2019/20 using a bae of USD 581 as at FY 2012/13. For the NDP II period, focus is placed on investing in the following agricultural enterprises along the value chain: Cotton, Coffee, Tea, Maize, Rice, Cassava, Beans, Fish, Beef, Milk, Citrus and Bananas.

Table 2: NDP II interventions Vs the NBFP FY 2017/18 agriculture strategic interventions

NDP II agriculture intervention	Agriculture BFP sector interventions FY 2017/18
Strengthening research	▪ Budget cut to UGX 67bn from UGX 107bn in the FY 2016/17
Identifying and building key human resource capacity	▪ No mention
Technology adaptation at the farm level including modern irrigation technologies	▪ UGX 10bn for Hoes and UGX 15.3bn for tractors ▪ Providing portable water pumps to be shared between at least 10 neighboring households. ▪ UGX 23.36bn for valley dam construction in the sub regions
Up-scaling the transfer and utilization of food-production and labour - saving technologies for women farmers	▪ No mention
Enhancing extension services	▪ UGX 4bn for Quality assurance, monitoring and support to extension services
Increasing access to and use of critical farm inputs;	▪ UGX 25.53bn for Seed & planting materials for beans, maize, cassava, cowpeas, bananas
Promoting sustainable land use and soil management	▪ No mention
Increasing access to agricultural finance with specific attention to women.	▪ No mention

Source: NPD II and the NBFP FY 2017/18

The comparison in table 1 above indicates that there are still gaps in as regards identifying and building key human resource capacity, promoting sustainable land use and soil management, agriculture finance and food production and labour saving technology. We note that out of the 8 strategic interventions pointed out for the FY 2017/18 only 4 were aligned to the NDP II.

Recommendation

The committee should task the sector to align its interventions to the NDP II to enable realization of the NDP II goals as we aim for middle income status by 2020.

2.2 Lack of targets for allocated funds

We observe with concern, that in the Ministry of Agriculture (Vote 10), out of 6 programmes, only two had set targets for the FY 2017/18 yet they all had funds allocated.

Table 3: Vote 10 programmes, targets and allocation

Programme	Targets set	Allocation (UGX, bns)
Crop Resources	Yes	103.747
Animal	Yes	112.793

Resources		
Agriculture Extension and skills managements	No	29.04
Fisheries Resources	No	8.859
Agric Infrastructure Mechanization & water for agric production & mechanization	No	28.349
Policy, Planning & Support Services	No	29.442

Source: NBFP FY 2017/18

From the illustration in table 3 above, it shall be hard for value for money to be attained for UGX 95.65bn. This implies that up to 30% of the MAAIFs budget has no specific targets for the programme interventions as per the NBFP FY 2017/18.

Recommendation

The committee should task the MAAIF to indicate clear targets to all the programmes for which resources are allocated for the FY 2017/18.

Inadequate Facilitation to the Recruited Agricultural Extension Workers

Agricultural extension 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. Farming technologies such as high yield crop varieties, fertilizers, and irrigation techniques have been critical to raising yields; however, farmers in Uganda have been much slower in adopting these new methods due to lack of information regarding how to apply them. The extension to farmer ratio has remained high compared to the recommended UN ratio of 1:500. In addition, where extension service providers have been availed, inadequate facilitation have been provided to aid their delivery of services and outreach to the target beneficiaries.

We commend the government of Uganda for having increased funding for extension staff salaries that saw staffing levels at LG increase by 46% in the FY 2015/16 and projected to increase to 68% by the end of FY 2016/17, reducing the extension worker to farmer ratio from 1:2400 to 1:1500. We further commend the government for the 10.4bn allocation to non-wage vote at LG for FY2016/17. We are however, concerned that under the NBFP 2017/18, agricultural extension has set objectives without program outcomes and performance indicators and outputs.

Recommendation

The vote function program 82 district production service vote 500-501-850 under LG of 51.077bn be upheld to support the Non-wage vote function for agricultural extension service provision.

2.3 Inadequate Input Distribution System

Inputs (fertilizers, herbicides, seeds, pesticides, land opening, value addition and water for production technologies) are key determinants of performance, production and productivity in agriculture. The quality of these inputs, time of delivery and technical support given to the beneficiary is critical to the realization of their full potential. Over the years, the Uganda agricultural sector has been deeply affected by the inadequacy and all absence of an effective and efficient agricultural input distribution system. This is reflected in the public outcry across the country and amongst the various stakeholders in the sector over the poor quality, non-timely distribution, non-responsive supplies, low survival rates and low yields/output against the total input invested.

We commend the government for the substantial allocation of about 48% of the total sector budget to the NAADS secretariat to support OWC in the distribution of inputs. We are however, concerned that NBFP FY2017/18 under vote 152: NAADS secretariat, the program outcome of "increased production and productivity of priority and strategic commodities" is lower than the set objectives of increasing incomes of farming households, nutrition and food security. Further, the set targets there in focus on the input distribution and silent about the output to be realized out of the distribution which is key to the realization of the vote objectives.

We recognize the target of 260 seed inspections set to be carried out under Vote 010- MAAIF. With 112 districts in the country, this target suggests that inspections will be conducted only twice in each district for the whole year. We further note that there is no set target for inspection of other agro-inputs.

Recommendation

- In order for NAADS to realize the set objectives, a performance target on output against inputs distributed be included, monitored and reported upon at the end of the FY2017/18.
- We further recommend that separate targets be set on increase on household income, food and nutrition security
- Linkages should be demonstrated between NAADS secretariat (OWC) and the DAE and LG structures.
- To MAAIF- Increase the number of seed inspections from 260 to 520 (4 times per district per year) and also set a target for other agro-inputs

2.4 Inadequate performance and Delivery on Water for production;

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 resources all over the country. Access to appropriate technologies for water for production among smallholders has remained a challenge. Over the years MAAIF have limited the function of water for production on large scale dams and irrigation schemes and valley dams that can only serve farmers in proximity.

The BFP FY 2017/18 proposes an allocation of UGX 28.349bn. Under this budget vote MAAIF sets to construct two Irrigation schemes in eastern Uganda and construction of 720 valley tanks in water stricken areas.

Aware of the inherent mandate conflict between MAAIF and Min of water regarding this vote function, clarity in roles and delivery of the outputs has continued to affect the value or resources invested, responsiveness of the interventions and user ability of these interventions. Further, the absence of the National policy and strategy on water for production to guide planning and investment to all aspects regarding this function (irrigation, water for animals, fisheries and forestry) has curtailed performance. We are concerned that these targets are so insufficient to respond to public outcry on appropriate technology on water for production accessible affordable and available for users at different scales within the production systems.

Recommendation

- We recommend that Parliament and cabinet intervene as a matter of urgency in resolving the current institutional dispute over conflicting mandates between the two ministries of water and Agriculture in order to fast track development of a national irrigation policy and master plan while at the same time putting in place an independent irrigation Agency/water for production (irrigation, water for animals, fisheries and forestry).

- Fast track irrigation schemes in Bukedea (Acomai), Bulambuli (Atai) and Kween (kween). The sector MTEF allocation for Capital investment is projected to decrease in FY 20117/18 compared to FY 2015/16; because of increased Government focus on the provision of Water for Agriculture production and Mechanization/ farm power. There is need for more investment in water projects (irrigation schemes, valley tanks, valley dams).

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

- Therefore, 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.

2.5 Inability of KCCA to deliver on Sector Objective

We commend Kampala Capital City Authority (KCCA) for having introduced new technologies to 1,277 small scale urban farmers and supporting 1,112 with farm inputs as well as constructing at least 13.3km of urban road (bitumen standard) in an effort to tarmac all city roads in the FY 2015/16[3]. The report further cites core challenges to the delivery of this vote function that include among others weaknesses in policy making; capacity limitations in the coordination function; inadequate alignment of the sector and district plans to the NDP; weaknesses in service delivery in special programs by the districts and inadequate staffing levels.

Recommendation

We recognize that KCCA uses this vote for a more and similar function as NAADS under OWC- distribution of inputs. We recommend that this function be saved for NAADS secretariat (OWC) for consistence in performance, structure of reporting and capacity to deliver on the vote objective. If the vote function **MUST** be maintained, KCCA should

The NBFP FY 2017/18 has maintained this vote with similar amount of money as allocated in the previous FYs. However, we observed that despite the new approach to budgeting on program outcome based approach, the stated vote outcome is lower than the objective. In addition, there are no set targets against which the vote allocation will be spent.

1) Clarify and set targets,
2) Redefine program outcome,
3) Clarify the structure of reporting and delivery
4) Demonstrate technical capacity to deliver

2.6 Reduction in recurrent budget for the FY 2017/18

[3] GAPR 2015/16 Report

A recurrent budget has a critical role of financing the day to day operations of the sector and as such it is important to ensure that it is adequately funded. However, we observe that in the FY 2017/18, the sector plans to reduce the allocation to the recurrent budget from UGX 209.699bn to UGX 195.317bn in the FY 2016/17 and 2017/18 respectively. Specifically, the wage budget did not change even when there is still a staffing gap for agriculture extension of 2,549[4] staff. The None Wage recurrent budget has on the other hand been cut from UGX 136.928bn in the FY 2016/17 to UGX 122.546bn in the FY 2017/18. This implies that the functionality of the employed staff will be compromised.

Recommendation

- The committee should consider restoring the Non-wage budget at least to the level of the FY 2016/17 but specifically seeking facilitation for extension staff.

2.7 Inadequate Financing and Programming of the Research Function under NARO

We commend NARO for the performance as exhibited in the budget performance report of FY2015/16 both on budget expenditure of 95.4% and set targets, despite having received only 72.4% of the budget estimate. According the NBFP FY 2017/18 set three objectives and has one outcome that only respond to one objective leaving two redundant (1. Develop and disseminate appropriate technologies, knowledge and information that meet client needs and respond to market opportunities; 2. Develop the human and infrastructural capacity of NARS constituents to meet the dynamics of the demand for research products and services; 3. Empower and enhance participation of stakeholders in agricultural research demand articulation, output delivery and governance.

Outcome: Increased production and productivity of priority and strategic commodities). In addition, the set targets do not reflect some of critical research technologies expected from NARO beyond varieties i.e. appropriate mechanization technologies such as technologies for value addition, land opening and tilling and water for production. Further, NARO has no targets for building the national Gene bank for conservation and consolidation of local and indigenous Germ-plasm.

We are further concerned that NBFP proposes further reduction on the amount of money allocated to NARO from FY 2016/17 approved UGX 107.865 to UGX 67.960bn FY 2017/18.

Recommendation

In order to aid responsive functionality of NARO to meet the sector objectives and NDP II goals, the NARO budget should be increased to at least the previous approved allocation of UGX 107.865bn. We further recommend that NARO defines other program outcomes against the redundant two objectives. In addition, set clear performance targets on technologies in mechanization, pasture seed and the National Gene Bank.

3.0 Conclusion

The agricultural sector has great potential to contribute to GDP growth, exports, employment and poverty reduction. Despite this however, 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 the agriculture sector in Uganda among which include inadequate budget prioritization as well as inadequate agricultural financing for prudent service delivery in the sector.

References

National Budget Framework Paper FY 2017/18 (2016), Ministry of Finance, Planning and Economic Development

Auditor General's Audit Report, FY 2015/16 (2017), Office of the Auditor General

Government Annual Performance Report (2016), Ministry of Finance, Planning and Economic Development

National Development Plan II (2015), Ministry of Finance, Planning and Economic Development

Approved Budget Estimates FY 2016/17 (2016), Ministry of Finance, Planning and Economic Development.

[4] OAG Financial Audit Report FY 2015/16.

FOR MORE INFORMATION CONTACT

CIVIL SOCIETY BUDGET ADVOCACY GROUP (CSBAG)
P.O BOX 660, NTINDA, PLOT 11 VUBYA CLOSE NTINDA NAKAWA STRETCHER ROAD
EMAIL: CSBAG@CSBAG.ORG, WEB: WWW.CSBAG.ORG