

Republic of Uganda Country Programme Evaluation

Agreement at Completion Point

Background

The Independent Office of Evaluation (IOE) undertook a Country Programme Evaluation (CPE) during 2011-2012, the first CPE carried out by IFAD in Uganda since the Fund began operations in 1981. The main objective was to assess the performance and impact of IFAD's operations, findings from which would serve as input for the preparation of the new Uganda Country Strategic Opportunities Programme (COSOP), IFAD's country strategy, which will be prepared by the Fund's East and Southern Africa (ESA) Division and the Government of Uganda (GoU) following the completion of the CPE.

This Agreement at Completion Point (ACP) contains a summary of the CPE's main findings and recommendations and also draws on the main points emerging from the CPE national roundtable workshop held in Kampala on 12 July 2012. As decided by the Executive Board, the ACP will be attached as an Annex to the new Uganda COSOP, which is expected to be presented to the EB for consideration in April 2013.

The ACP has been reached between the IFAD Management (represented by the Programme Management Department) and GoU (represented by the Ministry of Finance, Planning and Economic Development), and reflects their understanding of the main findings from the CPE (see Section B below) as well as their commitment to adopt and implement the key recommendations within specified timeframes, as agreed in section C of this document.

Main Evaluation Findings

IFAD has played an important role in supporting GoU in its efforts to reduce rural poverty in different parts of Uganda. The Fund is highly regarded by GoU and other development partners for its focus on the rural poor and for having contributed to decentralised development processes and to improving incomes among the target groups, thus enabling them to have better lives and food security. A key distinguishing accomplishment for which both IFAD and GoU must be commended is the promotion of public-private sector partnerships in the oil palm sub-sector, which can be considered innovative and far-reaching. It is in fact the first such partnership of a large magnitude in the agriculture sector in Uganda and for IFAD.

IFAD-supported strategy and operations were relevant and aligned to GoU's Poverty Eradication Action Plan (PEAP) and the Plan for Modernisation of Agriculture (PMA), which determined the trend of IFAD-GoU engagement during 1997-2007/08. This framework targeted the poor and focused on the commercialisation of smallholder farming, emphasising the role of markets and the private sector as well as the decentralisation of public services. Since 2006, changes in government policy and strategy, particularly within rural finance and agricultural advisory services, have caused debate and challenges for alignment.

The CPE concludes that the effectiveness of the COSOP has been moderately unsatisfactory, noting that, measured against the targets in the 2004 COSOP logical framework, sector-wide programmes joining government and donor efforts for promotion of sustainable rural financial services for the poor and access to land and markets have not been fully developed. Furthermore, though foreseen in the 1998 and 2004 COSOPs, IFAD did not engage in any poverty reduction intervention in northern Uganda, apart from some support through the Vegetable Oil Development Project. This was due to serious security issues during the civil conflict, before the peace agreement in 2006, and any engagement was

severely constrained, though security is now restored. After years of devastating conflict, northern Uganda is now faced with the highest level of poverty and troubling social indicators. The region has a large poorly-educated and unskilled population of youth (raised in camps) who need to be actively engaged in economic activities, to promote economic development and safeguard national unity and peace.

The major part of the IFAD loan portfolio has directly or indirectly supported the strategy of PMA to commercialise smallholder agriculture. Any commercialisation process involves winners and losers, as recognised in the PMA, and some illiterate subsistence farmers may have limited potential for delivering the quantity and quality of produce required by a value chain or for joining grassroots financial institutions. This issue has been recognised by GoU and IFAD, who have initiated a commendable and promising pilot intervention in the District Livelihoods Support Programme to mentor vulnerable households into mainstream development. Changes to the approach in the National Agricultural Advisory Services project introduced in 2007 moved towards a targeting strategy that prioritised support for model and nucleus farmers to lead and assist poorer smallholder farmers. After 2006, a change in GoU strategy for rural finance led to the exclusive focus in the Rural Financial Services Project on development of Savings and Credit Cooperatives (SACCOs), effectively closing the door to directly working with informal grassroots institutions, such as Village Savings and Loans Associations (VSLAs), which serve many of the poorest households, and women in particular. IFAD has assisted VSLAs through grant assistance for Uganda Women's Efforts to Save Orphans (UWESO).

The CPE found limited synergies among different projects and also within the local government-executed rural development projects; for example, some of the operations supported a community access road in one sub-county, introduced pineapple production in another sub-county, and a maize mill in a third sub-county, without sufficient consideration for their integration. Similarly, the development of SACCOs has not been directly linked to economic activities, but followed an administrative target of setting up one SACCO per sub-county. Support for the oil seed sub-sector has better integrated the different project activities.

In addition to the innovative partnership with the private sector for oil palm, IFAD has a strong partnership with the Government and has started to develop solid collaboration with grassroots organisations for rural finance and oil palm development. IFAD has smooth communication and cooperation with several Government institutions, although the CPE underlines there might be scope for further strengthening the role of the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), so that it plays a more central role in promoting smallholder agricultural development. The Fund has developed good partnerships with key multilateral and bi-lateral organisations, such as the World Bank and African Development Bank. Partnership with FAO and WFP has however been on the whole lacking. Opportunities for cooperation with the other Rome-based food and agriculture UN agencies could be explored more proactively in the future.

IFAD made a fairly useful contribution to policy dialogue till around 2006, for instance, by taking part in a number of donor working groups and government policy processes (e.g., the development of the Plan for Modernisation of Agriculture). However, it has had less opportunity to get involved in policy dialogue in recent years, largely due to the need to focus more on direct supervision and implementation support introduced in 2007. Another reason for moderately satisfactory results in policy dialogue relates to the ambitious objectives set in the COSOPs, which did not adequately take into consideration the level of human resources at IFAD's disposal to ensure effectiveness in this area.

Knowledge Management (KM) did not receive much space in the two Uganda COSOPs of 1998 and 2004, but more attention has been devoted in recent years. Greater emphasis has been given to KM activities since 2006, such as by the establishment of the Country

Programme Management Team (CPMT) that facilitated exchange of knowledge among key partners, development of fact sheets about IFAD-supported activities in Uganda and, more recently, the hiring of a Knowledge Management and Communication Consultant in the IFAD Country Office in Kampala. KM also gained more momentum in recent years with the hiring of a dedicated knowledge management expert in ESA at IFAD headquarters in Rome, who has, among other activities, assisted in organising thematic workshops and related learning events also covering the Uganda country programme.

Portfolio performance is by and large satisfactory. IFAD-assisted projects have delivered results, especially in small-scale infrastructure, crop development (e.g., sunflower, oil palm), extension and advisory services, gender mainstreaming, and strengthening of community organisations. Overall, apart from one of the nine projects covered by the CPE, the overall achievement of all projects in Uganda are moderately satisfactory, with opportunities for further improvements in some areas.

Sustainability received the lowest rating across the portfolio. Sustainability indicators for the SACCOs and their apex organisation are weak. Some community access roads are not being adequately maintained. Some of the agro-processing facilities supported through matching grants and leasing arrangements have not been accompanied by sufficient investments in developing the entrepreneurial, management and technical skills for the operation of the facilities. There are also other concerns related to sustainability, such as the lack of clarity of institutional arrangements and responsibilities for post-project upkeep.

There are some challenges related to Country Programme Management. The IFAD Country Programme Manager (CPM) for Uganda is based in Rome, with a national Country Programme Officer (CPO) located in Kampala since around 2006. The Kampala office also includes an Associate CPM deployed in 2011. The main concern raised by the evaluation regarding country programme management is the relatively limited time and resources available to IFAD staff to make a serious contribution to policy dialogue, KM and partnership building, which combined are essential ingredients for IFAD's scaling up agenda. One of the reasons for this is the substantial increase in time and effort (since 2007) required for direct supervision and implementation support for the four projects directly supervised by IFAD, including attention to processing withdrawal applications and ensuring due diligence of procurement activities.

Although direct supervision and implementation support is highly appreciated by GoU and other partners, the risk is that direct supervision changes the balance in favour of administration, financial management and procurement at the cost of the developmental work and expertise that government clearly seeks from IFAD. The CPE notes that direct supervision and implementation support contributes to better knowledge among IFAD staff of the ground realities, which can contribute to strengthening the Fund's effectiveness in conducting evidence-based policy dialogue. However, more time and space will have to be devoted in individual work plans for deeper engagement in policy processes.

Given the evolution of IFAD's operating model in the past few years, the particularly large portfolio, the vibrant donor community at country level, and the need for more active and timely follow-up, dialogue and communication with partners and stakeholders, the CPE considers that IFAD should strengthen its Country Office, including considering the outposting to Kampala of the Uganda CPM, currently based at IFAD headquarters in Rome. .

Finally, with regard to portfolio management, given the country risks related to accountability and adherence to good practice procedures for financial management in general, this is an area that will merit serious consideration moving forward.

Recommendations

Based on the findings and the analysis summarised above, the CPE presents five recommendations. GoU and IFAD Programme Management Department agreement on how these recommendations will be implemented are outlined below.

Recommendation 1: Expansion of the geographic coverage of IFAD operations to the northern region

The CPE recommends that, during the COSOP preparation process, IFAD and GoU identify and discuss the opportunities and constraints of investments in the northern region. Depending on the outcome of this analysis, as well as on the evolution of the region's rapidly evolving socio-economic situation over the next few years, this could be done under the overall coordinating framework of the Peace, Recovery and Development Plan, recently extended for another 3 years up to end-2015, as well as through investment project(s) that broadly contribute to furthering the development of the region, such as the on-going investment in the oilseeds sub-sector under VODP2.

The rationale for IFAD investment in the north is primarily justified by the very high poverty incidence in the region, where 80% of the population is living under the poverty line and is recovering from a conflict situation. However, as discussed in the CPE stakeholders' workshop, considerable aid investment is being planned for that area of the country over the next few years. IFAD and GoU will continue discussions on whether or not an IFAD investment is justified in view of the evolving situation in the north. Alternatively, IFAD investment would be directed towards other areas of the country, always following poverty criteria, such as the eastern region, where the greatest number of poor people is found and the poverty density is 8 to 10 times higher than in the north, due to higher population density, although only about 20% of the population is living under the poverty line.

Deadline: Investment opportunities identified and agreed as part of the COSOP 2013-18, with envisaged financing from IFAD 2013-15 Performance-Based Allocation for Uganda.

Responsible Entity: IFAD and GoU.

Recommendation 2: Support to commodity value chain development

Building on the success of VODP and its innovative public-private partnership, the CPE recommends that IFAD and GoU explore opportunities for promoting value chain development in specific sub-sectors in Uganda. In particular, it is recommended that during the COSOP preparation process, IFAD and GoU undertake a thorough analysis to determine which commodity value chain should be given priority. Moreover, the CPE recommends that efforts should be invested in exploring additional and alternative forms of public-private sector partnerships (PPPs) at different stages in the value chain, including with small and medium enterprises, commercial banks, as well as with larger private sector entities.

In the framework of the Agricultural Sector Development Strategy and Investment Plan (DSIP) – 2010/11-2014/15, MAAIF, with support from and in consultation with the development partners engaged in the agricultural sector, has undertaken a thorough analysis of various crops and sub-sectors to identify their economic potential. The results of this analysis provide orientations to GoU and development partners, including IFAD, for future investment in agriculture. In addition to continuing investments in the vegetable oil sub-sector (oil palm and oil seeds) as a priority, IFAD and GoU will identify other opportunities for investment in specific crops and value chains, based on the results of the above analysis, the agro-ecological potential of the selected geographic area of intervention and the expected pro-poor impact. This work will be undertaken during 2013-15, in line with the timetable of the on-going dialogue between GoU and development partners, in which

IFAD is participating. PPPs will be given a prominent role at strategic level in the elaboration of the COSOP. Concrete PPP opportunities will be identified and developed at design stage.

Deadline: Prominence given to value-chain approach and PPPs at strategic level in COSOP 2013-18. Identification of concrete opportunities for commodity/value-chain development and PPPs at design stage as appropriate.

Responsible Entity: IFAD and GoU

Recommendation 3: Definition of a realistic and appropriately resourced agenda for policy dialogue

The CPE recommends that, during the preparation of the next COSOP, IFAD and GoU define realistic objectives for policy dialogue and specify areas where IFAD will play a lead supportive role, in partnership with other development partners, to improve the agriculture-related policy environment. In this context, "policies" should be broadly perceived to include laws and regulations, national policies/strategies in agriculture and rural development, institutions and their functions, or just approaches and ways of doing things. The development of a joint policy dialogue agenda should be supported by relevant analyses and should largely focus on areas where IFAD can contribute relevant experiences from its work in Uganda and other countries.

Specific areas for policy dialogue will be identified as part of the COSOP formulation process. As the policy environment is constantly evolving, additional areas for policy dialogue will be identified during COSOP implementation, and COSOP annual reviews will be the opportunity to review and adjust the objectives.

Deadline: Identification of areas for institutional and policy dialogue as part of COSOP 2013-18.

Responsible Entity: IFAD and GoU

Recommendation 4: Further strengthening of project results

The CPE identifies specific measures that IFAD and GoU can implement to ensure the further improvement in project results, from moderately satisfactory to satisfactory or highly satisfactory in the future. This would also contribute to enhancing COSOP level effectiveness. The following four areas need particular attention to improve the results in the future: (i) ensuring due synergies among activities within and across projects financed by IFAD in Uganda, so that they can contribute to even more positively impacting on the lives of the rural poor; (ii) increased focus on enhancing results in two impact domains where the CPE found performance to be overall moderately unsatisfactory; namely, natural resources and environmental management, as well as human and social capital and empowerment; (iii) improving the sustainability of project benefits by, *inter-alia*, preparing exit strategies early on in implementation, as well as strengthening capacity of key institutions; and (iv) paying more systematic attention to ensuring scaling up of innovations that have been successfully implemented in the context of IFAD-financed projects.

The above issues will be given high priority during the next COSOP period (2013-18), both at strategic (COSOP elaboration and annual reviews) and operational level (project design and implementation).

Deadline: Continuous during next COSOP period

Responsible Entity: IFAD and GoU

Recommendation 5: Functional and workload analysis as a basis for determining staff requirements and division of labour

The CPE recommends that IFAD undertake a functional and workload analysis to determine the administrative resources required to ensure that the next COSOP objectives are achieved in a timely manner. This entails assessing the human and budgetary resources available for managing the Uganda country programme, including for financial management and procurement purposes. The role and responsibilities of the IFAD divisions at headquarters in Rome involved in supporting the Uganda country programme should also be clarified and defined. As part of this process, the CPE recommends that IFAD actively consider strengthening the Uganda country office, including outposting the Uganda CPM.

IFAD is already undertaking an overall corporate process of functional and workload analysis, including at country office level, which is expected to produce a comprehensive Strategic Workforce Plan (SWP). The results of this analysis will be used to assess the adequacy of the human resources available at country office level, review the division of labour in the country office and decide on an adequate annual budget allocation to ensure the achievement of the next COSOP objectives.

Deadline: Following the completion of IFAD corporate job audit and approval of SWP.

Responsible Entity: IFAD

Signed by:

H. E. Maria Kiwanuka
Minister of Finance, Planning and Economic Development
Republic of Uganda

Date: 30.01.2013

and

Kevin Cleaver
Associate Vice President
Programme Management Department
IFAD

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