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**MINISTRY OF AGRICULTURE, ANIMAL, INDUSTRY AND FISHERIES (MAAIF)
ALTERNATIVE STATEMENT FY 2022/2023**

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MARCH 2022

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Executive Summary

Agricultural sector provides the best opportunity to alleviate poverty, create jobs and wealth if appropriately planned and funded. To date agriculture contributes tremendously to Uganda's socioeconomic development at 23.7% of GDP and 31% of export earnings FY 2020/2021¹ and especially through generation of incomes both at household level and export. The sector if well prioritized can also reduce hunger; grow trade volumes of the country, increase investments, grow industrialization especially agro industries, and diversify economy.

Aware that as a country, the agricultural sector can continue to be essential to Uganda's development and fully realize the goals of Vision 2040 of "A Transformed Uganda Society from a Peasant to a Modern and Prosperous Country within 30 Years²".

Note that Vision 2040 prioritizes and recognizes the role of agriculture in this transformation process. The vision of the National Agriculture Policy 2013 is "A Competitive, Profitable and Sustainable Commercial and Agriculture Sector" with an overall objective of promoting food and nutrition security and also to improve household incomes after coordinated interventions that over sees enhanced sustainable agricultural productivity and value chain addition; provide employment opportunities, and promote agribusinesses, investments and trade³.

Despite all the policy interventions by government to realize vision 2040, the sector is still faced with many challenges including among others; Inadequate budget allocations to the sector, Inadequate provision of Extension and advisory services to farmers across the country, limited access to Agricultural Credit, the delayed implementation and finalization of the National Irrigation policy, low uptake of Agro-Processing technologies, low prices of Agricultural products on the market, High cost of Agricultural inputs and associated problem of counterfeit on the market, Pre-harvest losses, the problem of land ownership among others⁴.

To address the above issues arising in the Agricultural sector ,it require that all stakeholders including among others farmers, government ministries, local governments, the private sector, civil society and development partners closely work together.

The Alternative Policy statement 2022/2023 is a result of close consultation and reviews in Budget allocations to the Ministry, the Budget Framework paper

¹ UBOS Estimates 12/Nov/2021, Agriculture performance.

² Uganda Vision 2040-Green growth Knowledge Platform

³ Agricultural Sector Strategic Plan 2015/2016-2019/2020

⁴ Policy paper on Transforming smallholder farming to Modern Agriculture-National Planning Authority 2013



2022/2023, the Ministerial Policy statement 2022/2023 and the performance reviews of the Ministry of Agriculture, Animal Industry and Fisheries.

The alternative policy reviews include among others; Implementation of the National Agricultural finance policy, revamping the national seed company, harmonizing the two sister Ministries of Agriculture and Water, expediting the Agricultural extension Bill 2017, provision of adequate funding to the Ministry, adequate provision of extension services to local famers among others.

Key emerging issues affecting the sector;

- a) Inadequate provision of Extension and Advisory services in the Agricultural sector that has reduced production and productivity. Currently there are 3820 extension workers which translates to a ratio of 1:800 against the recommended ratio of 1:500.
- b) Limited access to Agricultural Credit Finance by many Agricultural households that has impacted heavily on the budget balances and also constrains on Agriculture production. Majority of the targeted beneficiaries lack capacity to develop the required business proposals and collateral to benefit from the facility. Additionally the processing of the loans takes a long time. A beneficiary requires about 100 days to process a loan
- c) The need to finalize the delayed National Irrigation Plan to boost Agricultural production. The sum of the external and internal renewable surface water resources (the average annual river flow generated from precipitation) in Uganda amounts to 43.3 billion cubic meters per year though the dependence ratio (proportion that originates outside the country) is still 60%.
- d) High cost of Agricultural inputs and counterfeit on the market. The dramatic rise in fertilizer prices in recent months is a key factor in rising input costs. This in addition to counterfeit products on the market and sometimes the unfair price increases by dealers and traders further makes it impossible for any practicing farmer to earn out of Agriculture
- e) Limited market access and poor market information by farmers and producers. Uganda Export Promotion Board (UEPB) has not done enough to fill this gap because of limited financial resources. More so the information available on the regional market through agencies of government for example the UEPB, MTIC is inadequate to address production, processing and marketing entities in the country.



- f) Inappropriate financing of the Agriculture sector. This has been caused by the delays in the implementation of the National Agriculture Finance policy 2013 that prioritizes the key sector of Agriculture.
- g) Poor quality of Agricultural products exported both with in the region and international markets. This has been caused by lack of quality packaging capabilities, insufficient storage facilities, poor post-harvest handling practices, Ugandan producers often find it difficult to meet sanitary and phytosanitary standards required to export goods to Europe and the United States. All these have affected farmers' incomes and increased poverty amongst the population that depend directly on Agriculture

Key possible alternatives;

- a) Government should endeavor to implement the Maputo Declaration on agriculture and Food Security and in particular the 10 percent national budget allocation to agriculture development that was endorsed by Uganda Government to prioritize the key sector financing of Agriculture.
- b) Government should implement the National Agriculture Finance Policy. The Policy will aim at improving timeliness, regularity, relevance and coordination of policy response to the agriculture financing issues along the agriculture value chain and addresses the needs of the Agribusiness Sector.
- c) Government through an act of parliament should establish a National Food Regulatory Agency to control and regulate issues of food quality and food safety that are critical for market access.
- d) Government through an act of parliament should provide for a legal regime that facilitates contractual farming and agricultural products price stabilization to empower farmers and promote farming as a wealth and job creation tool.
- e) Government should invest in a national Food storage system to remedy post-harvest losses, guarantee food security and improve market access and entry.
- f) Government should revamp the National Seeds Company to ensure provision of quality and improved seeds to farmers throughout the country. It will ensure provision of quality seeds and subsidized inputs to farmers throughout the country.
- g) Government through an act of parliament should establish a National Bank of Agriculture to avail affordable credit to the farmers within a framework that relates to agricultural practice.



- h) Government should harmonize the two sister ministries of MAAIF and Ministry of Water and Environment to implement and finalize the National Irrigation Master plan
- i) Government should expedite the Agricultural Extension Bill 2017 and provide funds to facilitate one hundred percent recruitment and deployment of extension officers at sub-counties as per the Local Government structure.

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List of Abbreviations and Acronyms:

MAAIF	Ministry of Agriculture, Animal industries and Fisheries
FY	Financial Year
ICT	Information and Communication Technology
ACF	Agricultural Credit Facility
GoU	Government of Uganda
BoU	Bank of Uganda
MOA	Memorandum of Agreement
UDBL	Uganda Development Bank Limited
PFIs	Participating Financial Institutions
NRECCLWM	Natural Resources, Environment, Climate Change, Land and Water Management
UCDA	Uganda Coffee Development Authority
AfCFTA	African Continental Free Trade Area
WTO	World Trade Organization
UEPB	Uganda Export Promotion Board
MBAU	Monitoring and Accountability Unit
PMA	Plan for Modernization of Agriculture
NARO	National Agricultural Research Organization
KeFAAS	Kenya Forum for Agricultural Advisory Services
CMA	Capital Market Authority
PDM	Parish Development Model
ADB	African Development Bank
IDA	International Development Association
IFAD	International Fund for Agricultural Development
OFID	OPEC Fund for International Development
USD	United States Dollar



DDA Dairy Development Authority

NAGRC & DB National Animal Genetic Resource Centre and Data Bank

CDO Cotton Development Organization

KCCA Kampala Capital City Authority

NDPIII National Development Plan (Phase iii)

KRA Key Result Area

OIE Office International des Epizooties

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CHAPTER 1: BACK GROUND TO THE ALTERNATIVE STATEMENT

1.1 Legal Provision;

The authority to present this Alternative Policy Statement is derived from Section 6E (2) of the Administration of Parliament (Amendment) Act, 2006, which requires and empowers various Shadow Ministers to present Alternative Policy Statements on the floor of the House for consideration and possible Implementation. Section 6E(4) of the Administration of Parliament Act, 2006, "the Leader of the Opposition is Mandated to study all policy statements of government with his or her Shadow Ministers, attend committee deliberations on policy issues and give their party's Views and opinions with possible alternatives".

1.2 Sectoral Overview;

Agricultural sector remains the mainstay of Uganda's economy; employing 68% of the total population and 70% youth. Although Its mandate is to promote and support market oriented Agricultural production, food security and household incomes ,the sector is growing at a very low pace of 3.8% below the 6% target under the comprehensive Africa Agriculture Development Program (CAADP)committed to creating wealth needed for rural communities and household prosperity. In fiscal year 2020/2021, Agriculture sector contributed 23.7% of GDP in 2021⁵ and 31% of export earnings just below Industry at 26.18% and Services sector at 43.01%.

Despite the 44.77 Trillion shillings National Budget approved by Parliament for year 2020/2021⁶ and with adverse effects of Covid 19 pandemic, the sector suffered budget cuts from 1.3Trillion to 799Billions. This impacted negatively the sector and our comparative advantage the country has in the region. This among others affected the provision of seeds/seedlings and other inputs to farmers, which is vital in the improvement of agricultural production and productivity in the country.

The sectoral objective is linked to NDPIII Mission of transforming the sector from subsistence to commercial Agriculture. The BFP 2022/2023 that focuses on Agro Industrialization with Agricultural Value chain Development Strategy 2021-2026⁷ that prioritizes the Parish Development Model Pillar 1 of Production, Storage, Processing and Marketing. However, the model needs further scrutiny given the past experiences of OWC, Ntandikwa, Emyoga, Bona Baggaggawale among others. The model seeks to distribute UGX **100million/=** per parish. This is without

⁵ Ministry of Trade and Industries

⁶ The independent News Paper Uganda

⁷ The Third National Development Plan 2020/2021-2024/2025



regard to the land area or population distribution or number of households in a parish.

The model is therefore based on the current number of parishes in each region and no consideration is made on the population size for example the Eastern region with a 2021 projected population of **10,862,100** people and **1,536,144** Households, has a total of **3,273** parishes. By simple mathematics it is entitled to UGX **327.3billion/=** and the western region, with a 2021 projected population of **10,668,200** people and **1,912,902** Households has **2,517** Parishes and therefore will be entitled to a total of UGX **251.7billion/=**

Another example is the Northern region, with the 2021 projected population of **8,630,800** people and **1,099,663** Households has **2,300** parishes and therefore will be entitled to a total of UGX **230billion/=** and finally the Central Region, with a 2021 projected population of **11,953,000** people and **2,303,229** Households has only **1,701** Parishes and therefore will be allocated the least amount of UGX **170.1billion/=**.

From the above figures, it is evident that the size of allocation is in proportion with the number of parishes, and does not correlate positively to the population size and the number of households in all the regions especially in regard to the central (Buganda) region where you have the biggest population with the biggest number of households but with the least number of Parishes and the least allocation. This is glaringly unfair distribution of the resources per household and population size given that the government seeks to target the 39% population in subsistence to graduate them into commercial farming.



CHAPTER 2: Budget Analysis of the sector

The situation analysis is based on and has been derived from the budget allocations to the Ministry in the National Budget. It should be noted that out of the 44.77 Trillion shillings National Budget approved by Parliament for year 2020/2021, Agriculture sector was allocated 1.32 Trillion(2.94%) which was further reduced to 799.158 Billion by the budget cuts due to Covid pandemic. This impacted on the government strategy of Agro industrialization as a main driver to transforming the economy from subsistence to commercial .Programs like the purchase of seeds and seedlings and Agricultural inputs were affected.

2.1 Budget Allocation

Table 1: The following Table shows budget allocations for different Votes under the Ministry for the year 2022/2023.

		MAAIF	DDA	NAGRIC & DB	CDA	UCDA	LGs	NARO	NAADS
Recurrent	Wage	13.214	4.977	4.636	2.013	10.125	80.453	34.233	2.185
	Non-Wage	31.487	4.951	5.462	3.793	20.542	198.448	21.366	21.643
Development	Gov	23.572	0.553	52.717	1.927	4.273	77.790	28.575	13.236
	Ext. Fin	376.784	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Gou Total		68.272	10.481	62.815	7.733	34.940	356.692	84.175	37.065
Total GoU+ Ext. Fin(MTEF)		445.058	10.481	62.815	7.733	34.940	356.692	84.175	37.065
Arrears		0.000	0.000	0.063	0.000	0.000	0.000	0.144	0.000
Total Budget		445.058	10.481	62.877	7.733	34.940	356.692	84.319	37.065
Total Vote Budget		445.058	10.481	62.815	7.733	34.940	356.692	84.175	37.065

Source: Ministerial Policy Statement 2022/2023



Table 2: The following Table shows budget allocations for different Votes under the Ministry for the year 2021/2022.

		MAAIF	DDA	NAGRIC & DB	CDO	UCDA	NARO	NAADS
Recurrent	Wage	13.214	4.977	4.636	2.013	10.125	34.233	2.185
	Non-Wage	36.261	5.495	6.335	1.818	73.674	24.604	3.156
Development	Gov	105.762	1.150	61.344	4.211	3.063	51.473	99.145
	Ext. Fin	392.461	0	0	0	0	0	0
Gou Total		155.238	11.622	72.315	8.042	86.862	110.310	104.486
Total GoU+ Ext. Fin(MTEF)		547.699	11.622	72.315	8.042	86.862	110310	104.486
Arrears		5.563	0	1.047	0	0	0.298	0
Total Budget		553.262	11.622	73.362	8.042	86.862	110.608	10.486
Total Vote Budget		547.699	11.622	73.315	8.042	86.862	110.310	10.486

Source; Approved Budget 2021/2022 excluding Local Governments

Table 3: The following Table shows budget allocations for different Votes under the Ministry for the year 2020/2021.

		MAAIF	DDA	NAGRIC & DB	CDO	UCDA	NARO	NAADS	KCCA
Recurrent	Wage	13.033	1.570	4.636	2.013	7.672	33.233	2.185	0.20
	Non-Wage	35.755	4.804	7.078	2.393	95.149	25.291	1.343	0.652
Development	Gov	114.75	3.642	61.344	4.211	3.063	51.473	148.5	6.334
	Ext. Fin	564.531	0	0	0	0	0	0	0
Gou Total		162.860	10.016	73.059	8.617	105.884	109.997	152.028	7.188
Total GoU+ Ext. Fin(MTEF)		727.391	10.016	73.059	8.617	105.884	109.997	152.028	7.188
Arrears		2.411	0	0.141	0	7.373	0.020	2.940	0
Total Budget		729.802	10.016	73.199	8.617	113.257	110.017	154.968	7.188
Total Vote Budget		727.391	10.016	73.059	8.617	105.884	109.997	152.028	7.188

Source: The National Budget FY 2020/2021

Budget Movements per vote for the last two years and proposed Budget 2022/2023

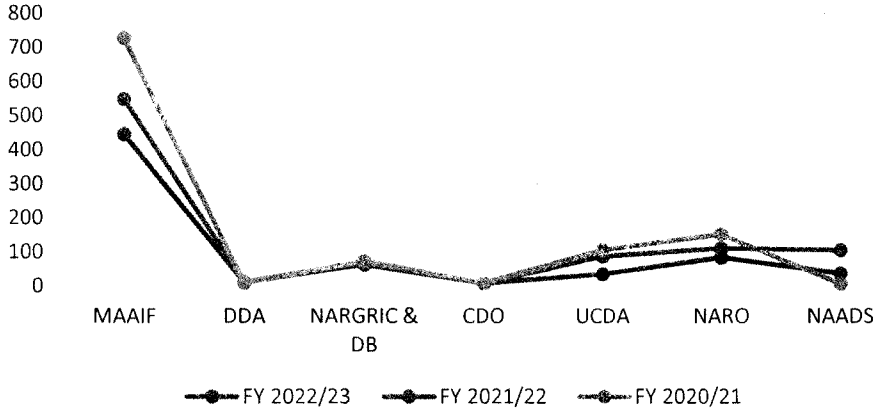


Table 4: Table showing variations between approved BFP figures and IPF 2022/2023

VOTE CODE	VOTE NAME	BUDGET (BN) FY 2022/23	IPF
010	MAAIF	578.95	445.058
011	LGs	13.275	356.69
121	DDA	11.55	10.48
122	KCCA	7.188	7.19
125	NAGRC&DB	71.775	62.81
142	NARO	108.33	84.17
152	NAADS	103.424	37.06
155	CDO	8.018	7.73
160	UCDA	85.59	34.94

Source; Committee on Agriculture, response to the National Budget Framework Paper 2022/2023

Observations;

- a) The allocations for Agriculture is 2.9% of the total budget which falls far below the Maputo declaration of 10%
- b) Ministry of Finance ignored the approved BFP recommendations as per the Parliament Budget approvals.
- c) Apart from the Vote for Local Governments, all the other votes were contracted ignoring the recommendations of Parliament and its mandate of appropriation.
- d) Votes like UCDA were contracted by 60%, rendering this very important Agency unable to perform their mandate. NAADS vote was contracted by 64% from the recommended figures of BFP.

Table 5: The following table shows Agro-Industrialization Programme key unfunded priorities for FY2022/23 that need urgent attention

Vote	Vote Name	Item Description	Funding Required(Ugx Billion)	MTEF Provision(Ugx Billion)	Funding Gap
010	MAAIF	Extension policy Support	5.629	0.629	5
010	MAAIF	Ox-Ploughs and Accessories	10	0	10
010	MAAIF	Bush Clearing and Land Opening Equipment	18	8	10
010	MAAIF	Water facility construction equipment	28	8	20
010	MAAIF	Fisheries Aquaculture Ponds	32	2	30
121	DDA	Rehabilitate and Equip Mbale Dairy Factory	6	0	6
142	NARO	Develop and update soil and crop suitability maps	5	1	4
160	UCDA	Coffee seeds and seedlings	19.2	0	19.2
152	NAADS	Value addition equipment for Cocoa	2	0	2

Source; Ministry of Agriculture performance reports and proposed Budget spending pressures for FY2022/2023

From the above Budget allocations, the following observations should be put into consideration;

- a) We have noted that over 70% of the Agricultural Budget is financed externally which leads to delays in implementation because of the long negotiations involved in External Borrowing and the poor absorption of the funds causing losses to Government. It is important that Agricultural sector is funded largely by our own revenue.
- b) Some Agencies of Agriculture like UCDA have been giving seedlings to local people meaning they have been indirectly implementing the Parish Model and can be given opportunity to implement such programs. The agro industrialization budget should focus on key commodity value chains and finance them appropriately to become competitive instead of spreading thin. The Key commodities include Coffee, Palm Oil, Milk, Beef, simsim and Fish among others. The Budget 2022/23 should provide for adequate funding to UCDA as approved by parliament in the National Budget Framework Paper 2022/23 of 19.2 Billion to support the implementation of Coffee roadmap to achieve the national target of 20 million bags and increased revenue earnings for the country.



CHAPTER 3: EMERGING ISSUES AFFECTING THE SECTOR AND PROPOSED ALTERNATIVES

i. Extension and Advisory services in the Sector

Inadequate provision of Extension and Advisory services in the Agricultural sector⁸ that has reduced production and productivity. While the government reformed the extension services in FY2014/15 to facilitate access of value chain for actors, knowledge and ICT, the same year it introduced the Single Spine Extension system aimed at enhancing agricultural production, productivity, value addition, food security, household incomes and increasing exports⁹. It should be noted that only 3,820 extension workers were recruited far below the ratio of population in the sector with only 454 extension workers trained in enhancing their capacity in FY 2020/2021. The recruitment represented only 77% of the targeted 5000 (116 districts) number in FY2020/2021. The ratio of 1:800 extensions is far below the recommended 1:500. It should also be noted that the number of districts have increased to 135 excluding 11 Cities¹⁰ with staffing levels at 68% and 38% at Central government of which 8.3% are substantive while others are in acting positions. Staff mobility at the district and sub counties is still limited by inadequate transport means even when 113 Motor Vehicles and 1034 Motorcycles were procured in FY2020/2021. On the adoption of ICT and other Agricultural best practices, only 17 varieties were submitted to variety Release Committee/protocol types by research institutions. This is 15% of technology generated far below the optimal utilization and uptake estimated at 28%. This in turn is locking 68% of Agricultural households in subsistence production and outside the money economy¹¹.

Alternative;

Government should expedite the Agricultural Extension Bill 2017. Government should provide for funds in the FY2022/2023 to facilitate one hundred percent (100%) recruitment and deployment of extension officers at sub-county level as per the Local Government staffing structure.

Government should provide for funds in the 2022/2023 Budget for recruitment and deployment of extension officers at the parish/ward level within the municipalities

⁸ Agricultural Extension and Advisory Services in Sub-Saharan African Countries

⁹ Budget Monitoring & Accountability Unit (BMAU),
Ministry of Finance Planning and Economic Development

¹⁰ Uganda Bureau of Statistics abstract 2020

¹¹ Operation Wealth Creation-Uganda



and cities to remedy the gap of extension officers for the parish development model.

Government should recentralize veterinary services to align with international requirements (World Organization for Animal Health /OIE) in the control of major animal diseases and epidemics. This will go a long way to eliminate the current animal epidemics that have ravaged the animal industry and caused heavy losses to the farmers and the economy. Government should urgently review and amend all obsolete laws under the ministry of agriculture including Veterinary Surgeon's Act and Animal Disease Control Act to meet international standards and facilitate extension services.

Strengthen NAADS to coordinate Agricultural organizations and forums involved in Agricultural extension in the country to offer best practices and technology transfer to the farmers .For example in Kenya, they have a Forum for Agricultural Advisory Services (KeFAAS)¹² a network organization with a core objective of bringing under one umbrella all actors in agricultural advisory and extension services. The rationale is to network and coordinate all agencies in the sector to eliminate duplication of efforts and resources in the agricultural sector.

ii Limited access to Agricultural credit and finance

Limited access to Agricultural Credit Finance by many Agricultural households¹³ that has impacted heavily on the budget balances and also constrains on Agriculture production. Even when the Agricultural credit facility was created in 2009 to increase access to finance in Agricultural sector targeting more the small holder farmers, the responsibility of Marketing the scheme was left to participating Commercial Banks and other financial institutions. They instead market their own credit products that in turn our farmers fall short from the program because they don't have business proposals, collaterals to present to these institutions. This has in turn remained a big challenge to our farmers' ability to adopt modern methods and machinery in promotion of commercial Agriculture. It should be noted that since its inception (ACF), GoU has only remitted UGX 188.78 billion to the ACF to cover disbursements¹⁴ and Participating Financial Institutions (PFIs) have matched the GoU contribution in line with the Memorandum of Agreement MoA (2018). The commercial banks and UDBL contribute 50

¹² KeFAAS.Org Advisory services 2020

¹³ Global Development Network/Access to credit by small holder farmers

¹⁴ Bank of Uganda Annual Report 2021



percent to each loan on-lent to a farmer or an agro-processor while credit institutions and micro deposit taking institutions contribute 30% of the loan value. The remittances from Government include UGX 1.80 billion advanced to cater for ACF marketing activities. In addition, the semi-annual Budget Monitoring and Accountability unit (MBAU) report FY 2020/21 ¹⁵noted that delayed processing of Loans by an average of 100days was one of the challenges of access to ACF.

Alternative;

Government through an act of parliament should establish a National Bank of Agriculture to avail affordable credit to the farmers within a framework that recognize the uniqueness of agricultural practice. The lending policy of an Agricultural Bank must consider the differences in Agricultural enterprises including maturity and harvests of the crops / Animals involved.

The Agricultural Bank will take on the role of support in enterprise development and monitoring of the projects that access Agricultural funding for better performance of the beneficiaries. In South Africa for example the Land and Agricultural Bank has succeeded in prioritizing retail and whole sale finance to small and commercial farmers¹⁶ which has greatly transformed the Agricultural sector and the incomes of the beneficiaries. It has strategically contributed to rural poverty reduction through easy finance to emerging farmers, enhanced economic and sustainable development of the country through Agricultural sector and food security.

Government should provide for the funds in the budget in FY 2022/2023 to kick start the Agricultural Bank and we propose 200Billions and channel part of the funding under UDB to Agricultural Bank to finance Agricultural projects.

iii. Delayed finalization of the National Irrigation Plan.

The need to finalize the delayed National Irrigation Plan to boost Agricultural production¹⁷. Irrigation is an essential Agricultural requirement and its deficiency affects moisture supply for plant growth through transporting essential nutrients, flow of water in diluting salts in the soil. It should be noted that Uganda has one the highest irrigation potential in the world with over 15% of her surface area covered by fresh water resources. The sum of the external and internal renewable surface water resources (the average annual river flow generated from precipitation) in Uganda amounts to 43.3 billion cubic meters per year though the dependence ratio (proportion that originates outside the country) is still 60%. If the full irrigation

¹⁵ Ministry of Finance Planning and Economic Development

¹⁶ Land and Agricultural Development Bank of South Africa, Agricultural finance to emerging farmers

¹⁷ Ministry of Water and Environment Uganda

