



BMAU BRIEFING PAPER (2/14)

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Agricultural sector performance: Are set targets for public spending and service provision being met?

Overview

The mission of the agricultural sector is “To transform two million (50%) subsistence agricultural households to market oriented production through commodity value chains by 2020” (MAAIF, 2013).

The Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), its semi-autonomous agencies and local governments have set targets for spending and service provision to achieve this mission. Targets focus on control of pests and diseases; advisory services, inputs and technologies; support to strategic selected enterprises; promotion of exports; research and technology development; and irrigation, mechanization and labour saving technologies.

This briefing paper examines the extent of achievement of spending and service provision targets in the sector, specifically focusing on development expenditures during FY 2009/10 to FY 2013/14 and using an indicative sample of eight MAAIF programmes. Evidence is drawn from various Budget Monitoring and Accountability Unit (BMAU) reports, Budget documents and the Integrated Financial Management System (IFMS) data.

Service provision trends

Analysis based on quantifiable service delivery performance indicators for the sampled MAAIF programmes (Table I) shows that during the period FY 2009/10 to March 2014, the sector met about half (52%) of its set targets for the sampled projects or programmes. Performance was relatively higher for donor funded than Government financed programmes; the sector met 60% - 100% of the set targets for donor funded programmes compared to 0% - 50% for the (government of Uganda (GoU) funded programmes.

Key Issues

- The agriculture sector is under-performing in terms of meeting its service provision targets. Over the past five financial years, the sector met only a half (52%) of the set targets for the sampled programmes.
- Performance was lower in fully Government financed programmes (0%-50%) compared to donor funded programmes (60%-100%). However, disbursement of donor funds has been below target at 53% of budgeted resources.
- Under costing of capital investments, late initiation of procurement processes, slow/low disbursement of donor funds, poor allocative efficiency and inadequate staffing were the main contributory factors to under performance.

Good achievement of set targets was associated with speedy procurement of goods and services; availability and timely disbursement and utilization of donor funds; adequacy of competent manpower; and presence of efficient institutions/ staff to implement the programmes.

Low achievement of set targets for service delivery was primarily due to under-costing or poor budgeting for capital investments; late initiation of procurement processes; low levels of disbursement of donor funds; inadequate staffing in Local Governments; poor allocative efficiency and delayed release and accountability for funds.

Table 1: Planned against actual performance in service delivery in the agricultural sector

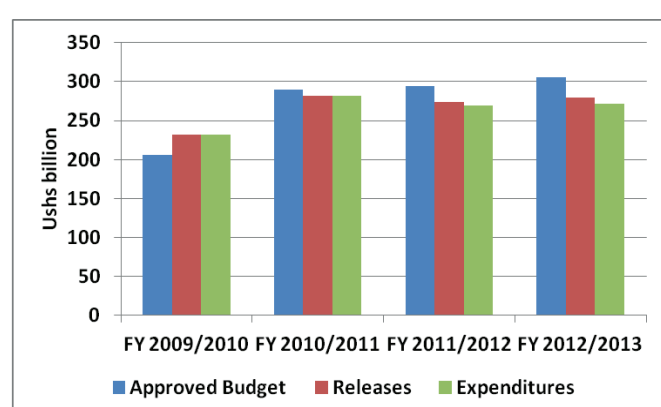
Project/period of implementation	Key Targets	Achieved***	Main source of financing	Remark/key constraints
Farm Income Enhancement project (FY 2009/10-2012/13)	Rehabilitation of Mubuku, Doho and Agoro schemes in FY 2012/13	0% by MAAIF by FY 2009/10. 100% by Ministry of Water and Environment (MWE) by 2012/13	African Development Bank (ADB)/ African Development Fund (ADF)	MAAIF exhibited poor allocative efficiency; by FY 2009/10, 87% had been spent on general operating expenses such as workshops, allowances and travel and the schemes were not built. The project was transferred to MWE in May 2011; and with sufficient skilled manpower, the project was completed.
Labour Saving Technologies and Mechanization (FY 2011/12-2012/2013)	Procure 3 sets of heavy earth moving equipment	100%	US\$ 5 Million from Government of Japan	Speedy procurement; fund disbursement was handled by a private company Crown Agents on behalf of MAAIF.
	20 tractors procured	0%	GoU	Delayed initiation of procurement; contract was awarded to company that was not pre-qualified and later cancelled. Process was restarted.
	Set up 35 small scale water harvesting sites	7 procured (20%)	GoU	Limited fund absorption (37%); land disputes and delayed compensation of land owners. Some of the technologies were not appropriate.
Uganda Meat Export Development Programme (2009-2013)	Map and demarcate 2 Disease Control Zones; Construct 1 central abattoir; Establish Uganda Meat Export Company; Establish 20 feed-lot demo units; Maruzi Ranch rehabilitated; and 15,000 farmers trained	Most targets not achieved 4 feedlots established (20%); 2 water dams established Some farmers trained.	GoU/Nortura/ Ministry of Agriculture and Food Norway	Only US\$ 1,153,356 (2.2%) of the required financing for the interim phase (US\$ 52,729,600) was disbursed. Rehabilitation of Maruzi ranch was replaced by Artificial Insemination (AI) that was delegated to Uganda Meat Producers Cooperative Union. Over 700 cows were inseminated; 21% artificial insemination failure rate reported.

<p>Vegetable Oil Development Project (VODPII) (2012- Feb 2014)</p>	<p>Acquire 4700 ha for small holders scheme in Kalangala district. 2,800 farmers receiving advisory services in FY 2013/14 10,000 ha of land acquired in Buyuma by 2017 136,000 households participating in oil seeds production.</p>	<p>3,900 ha acquired in Kalangala (83%) 1,600 farmers had received services by Feb 2014 (57%) 4,500 ha of land acquired by Feb 2014 (45%) 6,463 households in oil seeds (5%)</p>	<p>International Fund for Agricultural Development (IFAD), Oil Palm Uganda Ltd (OPUL) and GoU</p>	<p>For the oil palm component, most targets have been achieved ahead of the 2017 target year. Timely disbursement of GoU and donor funds and efficient implementation structures for VODP were critical factors. The oil seed component underperformed due to untimely delivery of demonstration seeds to farmers and unfavourable weather conditions. Poor allocative efficiency for donor funds as 41% of expenditures were on salaries, allowances and operating costs.</p>
<p>Export Goat Breeding and Production (FY 2009/10-FY 2012/2013)</p>	<p>350 exotic breeding goats procured; 54,000 indigenous goats procured; Farmers marketing cooperative established; local and international markets for goats.</p>	<p>350 exotic goats procured (100%); 22,788 indigenous goats procured (42.2%); all other targets not achieved (0%)</p>	<p>GoU</p>	<p>The key targets were partially achieved. Under-costing of capital expenses by MAAIF; delayed start of the project, untimely release of funds and inadequate extension staff contributed to low performance.</p>
<p>Support to Implementation of Quality Assurance for Fish Marketing (2009-2013)</p>	<p>Clean water and sanitation facilities established in 20 fishing land sites. 9 district fisheries offices constructed and equipped</p>	<p>Facilities established in 12 sites (60%) Target achieved 100%</p>	<p>Icelandic International Development Agency (ICEIDA) and GoU</p>	<p>Targets for facilities were partially achieved because of under estimation of costs for infrastructure development. Donor disbursements increased by US\$ 1,993,000 above the original cost estimates to cater for additional infrastructure.</p>
<p>National Agricultural Advisory Services (July 2013- March 2014)</p>	<p>100% of Local Governments procure and disburse inputs to farmers</p>	<p>56% of sampled local governments met target</p>	<p>GoU</p>	<p>Delayed initiation of procurement; late accountability for funds used in previous periods; inadequate staffing, untimely disbursement of funds and slow implementation. 51% of funds at NAAADS Secretariat were spent on recurrent expenses.</p>
<p>Plan for National Agricultural Statistics (2009 – Feb 2014)</p>	<p>Develop sustainable Agricultural Data System. 20 computers procured to equip 20 local governments Capacity for data collection, processing built at all levels</p>	<p>Limited achievement of set target Statistical Unit established at MAAIF; 20 computers purchased (100%) but not given to local Governments Some capacity building done</p>	<p>GoU</p>	<p>Project was receiving about Ushs 300 million annually; expenditure figures for received funds not provided. Computers that were procured for the districts were diverted to the Statistical Unit at MAAIF. The presence of the project in the districts was not felt; all had undeveloped systems for collecting agricultural data. Inadequate staff in MAAIF Statistical Unit to build capacity in local governments.</p>

Agriculture sector spending patterns

Government of Uganda resources: Over the past four years, the Government has met its disbursement and spending targets for GoU resources. On average, releases of GoU resources were at 97% of the approved budget while absorption by the spending entities was at 99% of released funds (Fig 1).

Fig 1: Agricultural sector GoU financial performance FY 2009/10-FY 2012/2013



Source: MFPED Annual Budget Performance reports.

Donor resources: About a half of the projects in the sector depend substantially on donor funds. Evidence shows that the Government performance has been poor in terms of meeting targets for disbursement of donor funds in the sector. Since FY 2009/10, donor disbursements have averaged at 53.5% of the budgeted resources (Table 2). Slow disbursement is associated with inadequate/untimely release of GoU counterpart funds; low absorption capacity by sector; faulty project designs and procurement delays.

Table 2: Trends in disbursement of donor funds to agricultural sector

FY	Budgeted	Disbursed	% disbursed
2009/10	37,031,273	18,280,131	49.4
2010/11	17,270,807	23,835,008	138.0
2011/12	30,427,567	5,179,791	17.0
2012/13	9,568,566	3,144,906	32.9
Total	94,298,213	50,439,836	53.5

Source: MFPED Aid Liaison Department.

Conclusions

The Agricultural sector is underperforming in terms of meeting service provision targets especially for GoU financed projects; despite the fact that 97% of the budgeted resources are released every year and 99% of the released funds are spent. Only 52% of the set performance targets for service delivery for the 8 sampled programmes were met in the last five years. This implies that the sector is unlikely to meet its mission of transforming agriculture. Donor funds have contributed significantly to achievement of sector targets especially through infrastructure development.

Recommendations

- ❖ The MAAIF and sister agencies should improve budgeting for capital investments especially in multi-year infrastructure programmes.
- ❖ The MAAIF should reduce the proportion of funds earmarked to workshops, allowances, and travel relative to development expenses.
- ❖ The MAAIF and Local Governments should initiate procurement processes early.
- ❖ The MFPED and Ministry of Public Service should strengthen and enforce performance contracts for accounting officers to ensure that agreed activities are implemented on time and targets are met.

References:

- MFPED Approved Estimates of Revenue and Expenditure FY 2012/13;
- BMAU Monitoring Reports FY 2011/2012 – FY 2013/2014.
- MAAIF, 2013. Ministerial Policy Statement
- MFPED Annual Budget Performance reports
- MFPED Reports on Loans, Grants and Guarantees (FY 2011/2012, 2012/2013).

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