



**SMALL-SCALE FARMERS'
ASSESSMENT
OF THE AGRICULTURE BUDGET
ALLOCATION FY 2020/21**



Brief About The Agriculture Sector

Uganda has rich, fertile soil and ample rainfall. The agriculture sector is vital for the development of Uganda. The sector is a significant economic activity for over 64% of the households in Uganda, 7 per cent in industry, and 25 per cent in services. Meanwhile, 25 per cent of GDP comes from agriculture, 20 per cent from industry, and 47 per cent from services (World Bank 2019). Women small scale farmers play a significant role in the sector with over 75%¹. The sector is critical to the achievement of the National Development Plan (NDP) III and Vision 2040. The sector contributes over 45% of foreign exchange earnings and expected to continue contributing to wealth creation and employment opportunities. The sector, however, is growing at a slow pace of 3.8%² – below the 6% target under the Comprehensive Africa Agriculture Development Programme (CAADP) commitment to creating the wealth needed for rural communities and households to prosper. It is further noted that Uganda is experiencing a population growth rate of 3.4% per annum which should be of great concern to all stakeholders for a sector that is at the heart of the economy and livelihoods of the majority of Ugandans.

Introduction

The Budget for this Financial Year (FY) 2020/21 is under the theme **"Stimulating the Economy to Safeguard Livelihoods, Jobs, Businesses and Industrial Recovery."** Both this Budget theme and that of NDP III: **"sustainable industrialization for inclusive growth, employment and sustainable wealth creation."** – reflect Government's investment focus on the fundamentals and foundations for economic takeoff especially in light of the unprecedented economic context triggered by the recent COVID-19 pandemic .

Among the Government's investment focus areas to boost the country's economic takeoff is the agriculture sector. This sector has been pegged as a fundamental economic pathway to achieve economic growth. It is generally recognized that Uganda's comparative advantage lies in its abundant natural resources including its fertile soils, regular rainfall throughout the year and agricultural biodiversity. Relatedly, this significance has been reflected in Uganda's national development trajectory for the last 40 years, and more recently to achieve Uganda's Vision 2040. However, notwithstanding this status, the current COVID-19 pandemic (including a series of vulnerability reduction and containment measures to curtail its transmission) comes at a time when Uganda's agricultural sector is still grappling with serious pre-existing burdens including; (i) low agricultural production and productivity; (ii) poor storage infrastructure; (iii) poor market access and low competitiveness for products in domestic, regional, continental and international markets; (iv) low value addition; (v) limited access to agricultural financial services and critical inputs; (vi) invasion of pests like locusts, (vii) poor coordination and inefficient institutions for planning and implementation of agro-industrialization; limited entrepreneurial skills; and limited risk mitigation measures such as agriculture insurance among others. This has created undue restlessness and uncertainty within the 70% of small-scale farming with over 65% women that solely depend on the sector as a source of livelihoods.

To revamp and stimulate the economy into recovery, the Government through the Ministry of Finance formulated a stimulus and growth package through the Financial Year 2020/21 budget. The objectives of the stimulus package are⁴;

- i. To restore household incomes and safeguard jobs
- ii. To re-ignite business activity
- iii. To provide tax relief to business
- iv. To enhance economic infrastructure and
- v. To improve good governance and maintain security law and order.

Facts About FY2020/21 Budget

- 1.** | The National Budget for FY2020/21 is UGX45,493 Trillion compared to last years' budget FY (2019/20) of UGX 40.487 Trillion, reflecting an increase in the budget by 5.006 Trillion.
- 2.** | Of the UGX 45.49Trillion, 32,972.39 Billion (72.5%) is domestic revenue while 12,521.34 Billion (27.5%) is external financing.
- 3.** | FY 2020/21 is the first fiscal year of implementation of the third National Development Plan to which the Plan's medium-term growth and development objectives are anchored.
- 4.** | The agriculture sector allocation for the FY2020/21 is UGX1,321.05.6 Trillions.
- 5.** | The agriculture sector accounts for 3.7% of the national budget (FY2020/21) from the 3.2% in FY2019/20 way below the recommended 10% Malabo declaration of 2014
- 6.** | The sector grew by 4.2% in FY2019/20 below the average goal of 6% per year over the period 2015/16- 2019/2020 of the 2014 African Union Malabo Declaration.

Sector Priorities and Budget Actions For FY2020/21

Agriculture Sector Priorities

The agriculture sector budget 2020/21 has been aligned with the national budget strategy. Furthermore, the planned activities are in line with the NDPIII theme of promoting Industrialization for Job Creation and Shared Prosperity; and the Plan's strategic objectives. It is however unfortunate that the strategy made no attempt to mainstream the response and management to COVID-19 pandemic.

However, to enhance agro-based industrialization, the Government in FY 2020/21 will:

1. Organize famers into producer cooperatives or groups linked to important commercial farmers/processor.
2. To put more focus on agriculture extension services (5,000/3,827/ 1:500-1:1800) to improve production and productivity
3. Facilitate market access for agricultural products through export development
4. Provide water for Agriculture Production
5. Increasing access to agricultural finance and insurance.
6. Coffee Development for Export Promotion (current 5.67 million 60kg bags to 20 million bags by 2025)
7. Agro-processing, value addition and storage among others

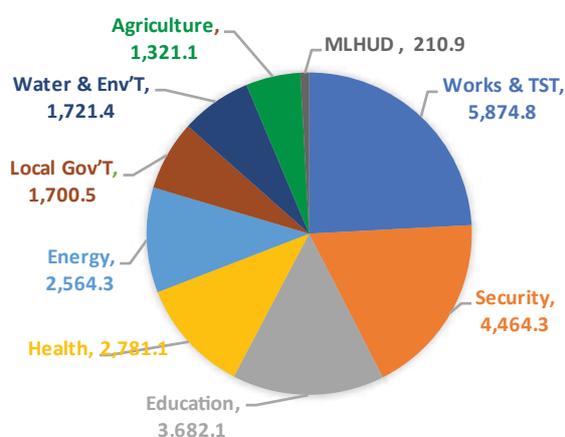
Agriculture Budget share from the National Budget FY2020/21

The total budget allocation to agriculture sector increased from UGX1,053.6 Trillion in FY2019/20 to UGX1,321.05 Trillions in FY2020/21. This thus increased the sector's percentage share of the national budget from 3.2% to 3.7% respectively. We commend the Government's efforts in the steady increments to the sector (FY2017/18: 846.7, FY2018/19: 901.1, FY2019/20: 1,053.65, FY2020/21: 1,321.05), seen as a tangible step towards prioritization of this sector in the realization of this sector's as a foundation for economic takeoff and alignment of the sector budget to national development plans (NDP) III.

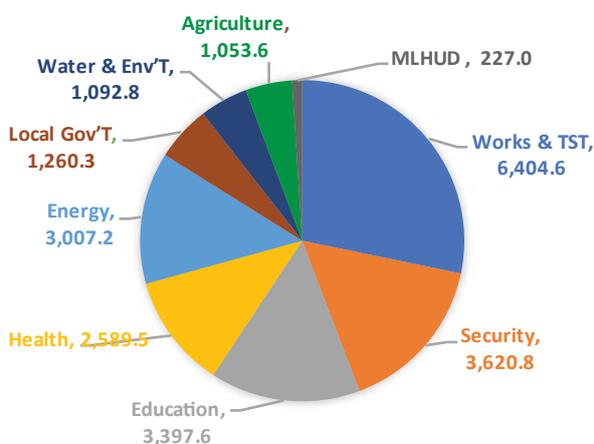
SECTORS	FY2019/20	SHARE (%)	FY2020/21	SHARE (%)
WORKS & TST	6,404.60	19.60%	5,874.8	16.3%
SECURITY	3,620.80	11.10%	4,464.3	12.4%
EDUCATION	3,397.60	10.40%	3,682.1	10.1%
HEALTH	2,589.50	7.90%	2,781.1	7.7%
ENERGY	3,007.20	9.20%	2,564.3	7.1%
LOCAL GOV'T	1,260.30	3.90%	1,700.5	3.85%
WATER & ENV'T	1,092.80	3.30%	1,721.4	4.7%
AGRICULTURE	1,053.60	3.2%	1,321.05	3.7%
MLHUD	227.04	0.70%	210.9	0.6%

Source: Approved Budget Estimates FY 2020 and National Budget Speech FY 2020/21

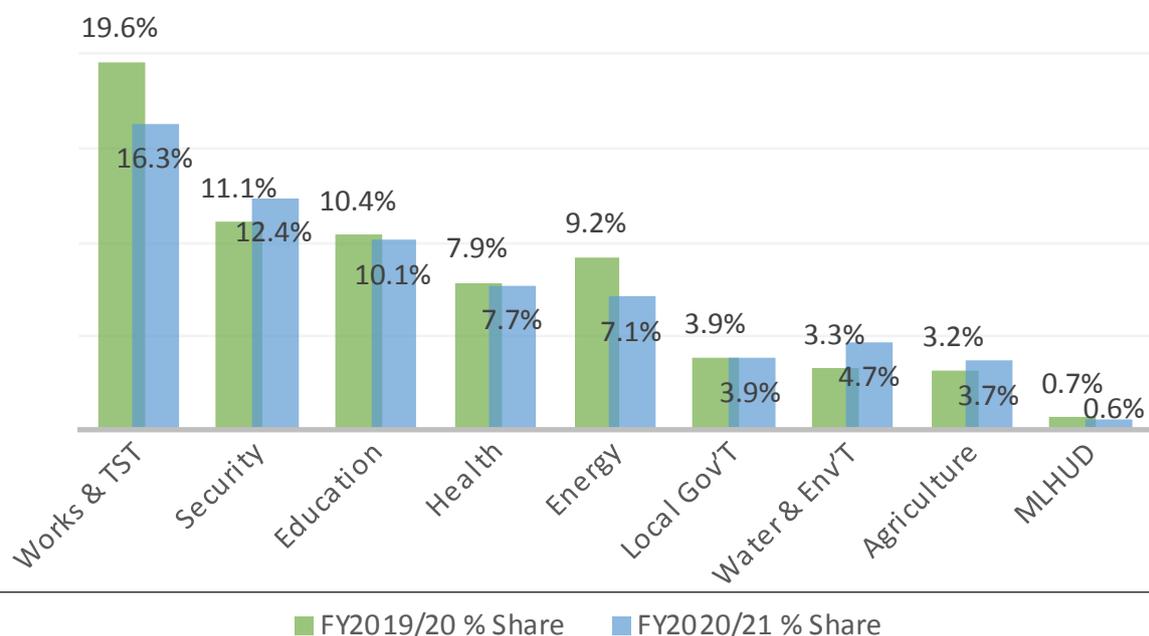
A Pie Chart showing Agriculture Budget share from the National Budget FY2019/20



A Pie Chart showing Agriculture Budget share from the National Budget FY2020/21



A Bar Graph showing Agriculture Budget share from the National Budgets FY2019/20 and FY2020/21



Budget Allocations to Votes under the Agricultural Sector, FY2020/2021

The sector's major objectives will still be managed by a number of Government institutions within the sector including: Ministry of Agriculture Animal Industry and Fisheries (MAAIF), the National Agriculture Research Organization (NARO), National Agriculture Advisory Services (NAADS), Dairy Development Authority (DDA), Cotton Development Organization (CDO), National Animal Genetic Resource Centre and Data Bank (NAGRC&DB), Coffee Development Authority(CDA), Kampala Capital City Authority(KCCA) and Local Governments(LG). Below are the inter-sectoral vote allocations as approved for this FY 2020/21 compared to the last FY 2019/20.

VOTES	Allocations (Billions) FY2019/20	Allocations (Billions) FY2020/21
Agriculture, Animal Industry and Fisheries	519.49	727.9
Dairy Development Authority	10.13	10.02
National Animal Genetic Res. Centre and Data Bank	63.24	73.06
National Agricultural Research Organization (NARO)	79.66	110.00
NAADS Secretariat	145.89	152.03
Uganda Cotton Development Organization	8.64	8.62
Uganda Coffee Development Authority	96.70	105.88
LG Agriculture and Commercial Services	122.60	126.86
KCCA Agricultural grant	7.19	7.19

Source: Approved Budget Estimates Vol. 1 FY 2020/21

The agriculture sector for the FY 2020/21 has allocated 166.46 Billion to Local Governments (12.5%), a figure higher than 122.60 Billion allocated in FY 2019/20. We commend Government for this increment as all sector project and program implementation and service delivery is done at the local government under the district production and marketing department. It is however noting that this increment is still minimal to create a material change in production and productivity at lower local governments. The Agro-Industrialization program of the NDPIII can only be achieved with a strong foundation at the Local Governments.

Agriculture Intra- Vote Allocations, FY 2020/2021

INTRA-VOTES	Approved budget (FY 2019/20)	Approved budget (FY 2020/21)
Crop Resources	270.18	415.73
Directorate of Animal Resources	107.91	93,735
Directorate of Agricultural Extension and Skills Management	3,564	4,936
Fisheries Resources	21,038	13,845
Agriculture Mechanization and Water for Agric. Production	48,436	48,390
Policy and Planning Unit	68,053	150,751

Source: Approved budget estimates FY 2020/21

For FY2020/21, the sector has allocated 415.73 Billion (60%) to crop resources of MAAIF budget, while Directorate of Agricultural Extension (DAE) takes the least UGX 4.936 Billion (0.42%). This is despite the Ministry acknowledging that the sub-sector continues to face the challenge of insufficient number of extension workers and facilitation. With this allocation, it will be difficult to realize prudent extension service provision of 1:500 from 1:1800 of extension worker to farmers as well as advisory services to small scale farmers in the face of covid-19 crisis, impacting the realization of Industrialization for Job Creation and Shared Prosperity.

Recommendations

Due to recent emergences specifically the COVID-19 pandemic, locusts invasion among others, there necessitated additional interventions and resource allocations after the Budget was approved by the Minister of finance. Consequently, the Minister called on the budgets of all Ministries, Agencies and Local Governments to be revised to align them with the nine (9) strategic priorities and 14 production lines articulated by His Excellency, the President. We therefore recommend that;

1. Government reviews and revises the budget allocations to the agriculture sector for the FY2020/2021 after a full impact assessment of COVID-19 on small scale farming has been conducted.
2. Government should increase resource allocation to Agriculture sector in areas of agriculture extension and skills management as it is the heart and soul of a functional agricultural system. Increments in areas like this will boost the total sector budget

percentage closer to the 10% 2014 Malabo commitment of the annual public expenditures.

3. The Ministry of Agriculture to heed to the Parliamentary Committee recommendation of aligning the Sector Investment plans to the NDPIII to avoid a false start of the Plan as this is the first year of implementation.
4. Government considers the establishment of a central institution to consolidate smallholder agriculture funds so far scattered under different institutions and programs which will reduce duplication, rationalize operational costs and outcomes.
5. Government develops concrete annual plans starting from the budget of July 2021/22 that will ensure progressive and speedy realization of the AU Malabo Declaration 2014.
6. Government allocates at least 1% of the agriculture budget to responsive participatory research on agroecology and indigenous varieties to purpose the need for food diversification.
7. Government invests heavily in knowledge provision and dissemination through extension services to train small scale farmers on sustainable farming methods that increase production and productivity.

Conclusion

Amidst the COVID-19 crisis and other disasters like desert locusts, agriculture is cushioning the economy and will continue to be after the pandemic. Government therefore needs to rethink its planning and budgeting mechanisms to focus on agricultural production and productivity, value addition and export. This means that adequate and prudent financing for the sector will provide the much-needed resources to build resilience of the sector against the covid-19 pandemic, locusts invasion and other natural disasters to perform optimally.

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ABOUT THE SMALL-SCALE FARMERS' MOVEMENT

Eastern and Southern Africa Small-scale Farmers' Forum (ESAFF) Uganda exists to create a platform to bring together small scale farmers into a farmer-led advocacy movement to influence policies and practices at the local and national level and contribute through ESAFF to policies and practices at regional, continental and global levels.

ESAFF Uganda is a small scale farmer-led advocacy movement formed to facilitate processes through which small scale farmers' development concerns can be solicited, articulated and ultimately addressed through policies and programs. ESAFF Uganda focuses on advancing economic empowerment, agroecology and food sovereignty. ESAFF Uganda is currently having a membership of 1359 farmer groups with 48210 individual small-scale farmers of which 64 per cent are women in 54 districts (under the administration of 30 historical districts' forums).

ESAFF Uganda currently focuses on four strategic focus areas:

1. Farmer-led advocacy movement-building,
2. Agriculture financing,
3. Promoting food sovereignty,
4. Economic Empowerment

ESAFF Uganda appreciates that agriculture and food security policy frameworks at the global, continental and regional level have direct linkages to agriculture development policies at the national level. ESAFF Uganda focuses on widening the policy engagement scope to make sure that voices of small scale farmers, especially women and youths, are reflected in all policy process. ESAFF Uganda is targeting empowering more than 1,560,000 small scale farmers, especially women and youth in the next five years to be self-reliant through nurturing their participation in sustainable development processes.

To learn more about our work, please visit www.esaffuganda.org

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