



Civil Society Budget Advocacy Group

CSO POSITION PAPER ON AGRO-INDUSTRIALISATION PROGRAM IN RESPONSE TO UGANDA'S FY2025/26 BUDGET



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on 25th March, 2025



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We commend the government of Uganda for adhering to the provisions of the Public Finance Management Act 2015 and the Constitution of Uganda to accord space to Civil Society to maximally engage and contribute to the National Budget process every financial year, as a way of ensuring that budgets are inclusive and reflective of the aspirations of the poor and marginalized groups in Uganda.

The development of this Civil Society Organization (CSO) position paper on the Agro-industrialization programme in response to the Ministerial Policy Statement FY 2025/26 was conducted through an extensive participatory process involving numerous partners. These include World Vision, Caritas-Uganda, Participatory Ecological Land Use Management (PELUM)Uganda, The Nutrition Society of Uganda, The Hunger Project Uganda, Food Rights Alliance, CARE Uganda, Action Against Hunger, Advocacy Coalition for Sustainable Agriculture (ACSA), Caritas Uganda, Consent-Uganda, and Right2Grow, with stewardship from the CSBAG.

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ABOUT CSBAG

Civil Society Budget Advocacy Group (CSBAG) is a coalition formed in 2004 to bring together civil society actors at national and district levels to influence public resource allocation and accountability. Since 2004 CSBAG engages Uganda's budget process to incorporate the views of the marginalized people in the national budget. In line with this, CSBAG annually produces CSO positions on the proposed public expenditure layout for each upcoming fiscal year in response to the national budget.

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INTRODUCTION

The Agro-Industrialization Programme is among the ATMS (Agro Industrialization, Tourism, Minerals, Science and Technology) that are projected to transform the economy to a middle-income by 2030 by supporting the country's development goal to achieve higher household incomes and employment for sustainable socio-economic transformation. It remains central to Uganda's socio-economic transformation, significantly contributing to the Gross Domestic Product (GDP), food security, and livelihoods. Agriculture, employing 62.9% of the population and contributing 24.1% to the GDP in 2023 (UBOS, 2024), remains Uganda's economic backbone. Notably, 33% of Ugandans are engaged in subsistence agriculture, underscoring its critical role in food security and economic growth.

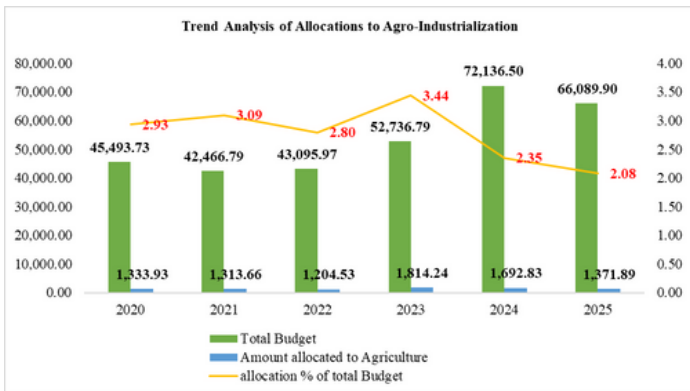
Key to note is that the FY 2025/26 will mark the first year of implementing the fourth National Development Plan (NDP IV), to which the program aligned. NDP IV has identified a sustainable increase of production, productivity, and value addition in agriculture, minerals, ICT, etc, as one of the five broad objectives of the plan. This therefore shows the role of the programme and its mantle in transforming Uganda's economy in the medium term, however, to do this, the Agroindustrialization programme requires the requisite financings as identified in the NDP IV submission of approximately UGX.2,606bn for the FY 2025/2026 as opposed to the UGX 1,371.99bn provided in the Ministerial Policy Statement.

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Agro-Industrialization Resource Allocation (FY2020/21-FY2025/26)

In the National Budget Framework Paper for FY 2025/26, the Agro-industrialization programme was estimated to receive UGX 1,689.352 trillion, a 6.86% decrease from the approved UGX 1,813.860 trillion in FY 2024/25. However, in the MPS, the programme has witnessed a UGX 317.46 Bn reduction to UGX 1,371.99bn from the initial estimate of UGX 1,689.352 trillion. Despite Uganda being a signatory to the recently concluded Kampala CAADP Declaration (2026-2035), the programme remains hugely underfunded below the recommended 10% of the National Budget.

We, however, note that the program is targeted to propel Uganda’s economic growth tenfold, for instance, generate annual export earnings of US\$ 20 billion by FY 2039/40 as a target stated in the FY 2025/26 National Budget Framework Strategy.



Source: MoFPED Budget Estimates FY2020/21-FY2025/26

UGX 317.46BN



Projected budget reduction for agro industrialisation programmes in the Ministerial Policy Statement against the projected UGX 1,689.35 Tr in the National Budget Framework Paper FY2025/26 .



4

KEY CSO ISSUES OF CONCERNS

4.1 Declining budget allocations to the Agro-industrialization program

Whereas Uganda is currently facing fiscal constraints hindering the increment of allocations to key programmes, including the Agro-industrialization programme, we are concerned about the persistent decline in allocation towards the programme despite its significant contribution to the economy. The approved budget for the agro-industrialization program in the FY 2024/25 is UGX. 1.692Tn however in the coming financial year 2025/26, the MTEF stands at UGX.1.371 Tn, which is a reduction of UGX.317Bn from the ceiling of UGX.1.689 Tn under the FY2025/26 programme Budget Framework Paper.

In the current financial year, the government's contribution to the programme stands at UGX 690 billion however, this is expected to decline to UGX. 330.66 billion, while donor funding is estimated to contribute UGX. 618.20 billion in FY2025/26. This increased dependence on external funds leaves the program and the agricultural sector highly vulnerable to shocks, instability, and economic crises as the agricultural economy becomes susceptible to changes in donor priorities and conditions.

Table 1: Comparison of the resource envelope for the Agro-Industrialisation Program for the Financial Years 2024/25 and 2025/26

| Expenditure Category | FY2024/25 (UGX. Bn) | Proposed FY2025/26 Budget (UGX. Bn) |
|------------------------|---------------------|-------------------------------------|
| Wage | 93.4 | 228.35 |
| Non-wage | 233.45 | 194.68 |
| Gou Development | 690.28 | 330.66 |
| External Financing | 675.75 | 618.20 |
| Programme Total | 1,692.83 | 1,371.89 |

Source: MAAIF, MPS FY2025/26

Recommendation(s):

- The government of Uganda should prioritize financing of the agro-industrialization program through domestic financing and particularly ensure that the government of Uganda contributes at least 75% instead of the estimated 24.1% (UGX. 330.66 billion) of the development budget for the agro-industrialization program.
- In the interests of repurposing the budget and refocusing the economy, we recommend the reinstatement of the UGX 317 billion to the agro-industrialization program.

4.2 Inadequate Agricultural Extension Service Delivery at LG Levels

Whereas we note that the government has allocated UGX 139.95Bn for boosting operational expenses for the extensional workers, recruiting, retooling, equipping, and re-orienting Government extension staff in local governments for effective and efficient service delivery as per the MPS FY 2025/2026 and the ongoing roll-out of the E-extension system to 65 District Local Governments to monitor the performance of extension workers and also for knowledge dissemination to farmers in the districts as highlighted in the MPS, provision of extension services remains minimal.

Agricultural Extension Service delivery still faces significant challenges, including a UGX 26Bn funding gap, as highlighted in the MPS FY2025/26, a staffing shortfall of 57% (3,324 positions unfilled), and the FY2023/24 audit report further highlighted that all the 2,561-extension staff in 135 LGs did not have professional certificates to provide extension services, yet MAAIF PDM operational guidelines require the Ministry to develop and institutionalize a professional certificate course to equip extension workers with practical skills, which would be a requirement to provide extension services at the Parish level. This lack of professional certification questions the quality of services provided by the extension staff.

Recommendation(s):

The government should provide the extra UGX 26Bn towards Agricultural Extension Services to effectively deliver support to farmers and promote agricultural development.

The government, through MAAIF and the PDM Secretariat, should expedite the implementation of PDM guidelines for the professional certification of extension workers. This will enable them to provide specialized services based on specific agricultural enterprises and ensure effective implementation of PDM activities at the local government level



4.3 Implementation challenges under the Parish Development Model

The Parish Development Model is designed to lift 39% of Ugandans, that is, 3.5 million households' well-being and income from subsistence to a money-based economy. According to the PDM guidelines, there are 10,594 parishes, each to have PDM Savings and Credit Cooperative Societies (SACCO) and a PRF where government targeted allocates UGX 100 million per parish. However, the FY2023/24 audit report revealed different anomalies in the implementation of the PDM, including:

- 26,525 PRF beneficiaries inspected in 69 LGs who were engaged in various crop production projects received funds out of the planting seasons due to delays
- 212 PDM SACCOs in 14 LGs could not account for the UGX 1.544 billion that was received and withdrawn from their bank accounts.
- 342 beneficiaries in 253 PDM SACCOs in 50 LGs had implemented ineligible projects.
- 170 beneficiaries in 124 PDM SACCOs in 37 LGs had non-existent projects.
- 6,679 beneficiaries from 13 LGS revealed that the 608 individuals/households who benefited from the Parish Revolving Fund amounting to UGX 1,025.027 billion also benefited from the UGX 602,5.80 billion under Emyooga.
- PDMIS records revealed that loans amounting to UGX 10.432 billion for 5,710 households were approved multiple times through 10,646 individuals.

Recommendation(s):

- The Ministry of Finance should ensure the timely release of funds to PDM SACCOs in line with the planting cycle to avoid losses.
- There should also be improved supervision and monitoring to ensure that implementation is as planned and avoid diversion of PDM funds as well as double-

4.4 Inadequate Financing for Water for Production

Water for Production is a critical factor for enhancing agricultural productivity and food security in Uganda (ASSP, 2021/22 - 2025/26). It facilitates the provision of reliable and sustainable water sources for irrigation and other agricultural uses, hence contributing to the country's economic growth and poverty reduction. We commend the government for its efforts in promoting water for production, which have led to a significant increase in the area under formal irrigation from 20,200 hectares to 23,141 hectares by FY 2023/24 against a target of 23,762 hectares. Also, there has been notable progress in constructing various irrigation schemes, such as the Acomai irrigation scheme covering 2,200 hectares in Bukedea and Bulambuli districts, with 1,000 hectares set to be used for production starting in April 2025. However, we note several issues that remained unattended, including.

i. Delayed Completion of the National Irrigation Master Plan. Despite significant government investments in water for production, the development of the National Irrigation Master Plan remains pending under the joint implementation of MAAIF and MWE. The Plan is a comprehensive guiding framework for water management and agricultural production with a proposed investment of UGX 11.6 trillion over 10 years (MAAIF, 2024). However, the absence of a finalized Plan poses a significant risk, limiting coordinated investments in water for agricultural production interventions and the effectiveness of these initiatives.

ii. Shortage of Senior Agricultural Water Engineers. There is also a decline in the recruitment of Senior Agricultural Engineers from 83% in 2022 to 67% in 2023, resulting in the under-utilization of the irrigation equipment funds in over 10 districts (LGMSD Performance Assessment, 2023). Whereas the Government has made significant strides in promoting access to water for agriculture production, only 49 (32%) out of 146 districts in Uganda have Senior Agricultural Engineers (MAAIF, 2024). This implies that 68% of the districts significantly lack the technical expertise to support and sustain these efforts.

UGX 11.6 TN



Projected 10 year investment as per the National irrigation Master Plan to be implemented jointly by MAAIF and Ministry of Water and Environment

High-Cost sharing for Micro-scale irrigation facilities under the UGiFT project. We commend the government for constructing 2,050 microscale irrigation facilities under the UGiFT co-funding arrangement in 72 districts across the country. This has gone along way in enabling smallholder farmers with less than 2.5 acres to access irrigation equipment and water for production (MPS FY 2025/2026). However, the 25% co-financing requirement has proven unachievable for small-scale farmers across the country.

In the Parliament’s budget committee report on the NBFY FY2025/26, the committee recommended that the government should revise the co-financing requirement of beneficiaries under UGiFT to at most 10% to increase the uptake of the micro-scale irrigation systems among farmers

Recommendation(s):

- The government, through MAAIF and MWE, tracks the finalization of the National Irrigation Master Plan to guide overall investments
- MAAIF should fast-track the adoption of the committee’s recommendation on revising the co-financing requirement from 25% to 10% to boost the uptake of micro-scale irrigation among farmers.
- Continuous capacity building through training of extension district staff who can offer support under the water department and the recruitment of additional water engineers technicians.
- Creating an enabling environment for the private sector, e.g., irrigation equipment suppliers and financial institutions, to participate in the provision of water for production.

25%



Co-financing for microscale irrigation facilities under the UGiFT co-funding arrangement has proven unachievable for most small-scale farmers across the Uganda

4.5 Delayed finalization of the National Agricultural Extension Strategy

We are concerned that the development of the National Agricultural Extension Strategy, initiated by the Ministry of Agriculture, Animal Industry, and Fisheries (MAAIF) in 2022, has stalled, resulting in a significant gap in the country's agricultural development framework. This stagnation has led to a lack of coordination, inefficient resource allocation, and inadequate support for agricultural extension services, ultimately hindering the modernization and transformation of the agricultural sector.

The absence of this critical strategy affects smallholder farmers, agricultural productivity, and the overall achievement of national agricultural development goals, exacerbating challenges related to food security, poverty reduction, and economic growth. These challenges are partly due to the absence of an approved National Agricultural Extension Strategy that has stalled for a very long time since the MAAIF commenced its development process in 2022

Recommendation(s):

The government should fast-track the approval of the National Agricultural Extension Strategy as a framework for guiding and coordinating agricultural extension services for improved agricultural productivity, incomes, and livelihoods

Approved of the National Agricultural Extension Strategy that has stalled since the Ministry of Agriculture, Animal Industry, and Fisheries (MAAIF) commenced its development in 2022

4.5 Delayed finalization of the Food and Nutrition Bill and the review of the 2003 Policy

Objective 3 of the agro-industrialization programme under NDPIV highlights improving food security and nutrition for all as a major outcome under the programme. We appreciate the government, especially the Ministry of Agriculture Animal Industry and Fisheries, for the remarkable progress on nutrition outcomes with a notable reduction in stunting levels from 29% to 26% and reduced child-wasting from over 5% to 3.2%. However, we remain concerned about the lack of a strong legal and policy framework, which is hindering the achievement of key nutrition outcomes and food security.

The Food and Nutrition Policy 2003 recognizes the role of food security in promoting good Nutrition and ensuring the overall health and the socio-economic well-being of a population; however, its review, although currently underway, has also lagged for so long. Additionally, the Mid Term Review of UNAP II revealed that only 20% of indicators under the plan were achieved, and this poor performance was attributed to discrepancies between nutrition indicators in the plan and the Program Implementation Action Plan under NDPIII. Despite this, efforts to draft a new nutrition plan are minimal and outside the planning time framework, which continues to threaten progress in enforcing an enabling environment for achieving food security and nutrition outcomes.

Recommendation(s):

- The government needs to fast-track the finalization of the review of the Food and Nutrition Policy, 2003, to provide a policy framework that will guide and shape nutrition interventions in Uganda.
- MAAIF, OPM, and the Ministry of Education and Health should conduct a review of UNAP and draft a new action plan related in tandem to the NDPIV and the new strategic direction.
- Parliament needs to prioritize the enactment of the Food and Nutrition Bill into a law to enable a mechanism that supports the implementation of the food and nutrition policy

4.7 Inadequate prioritization of post-harvest handling, Storage, and Value addition

We commend the government of Uganda for allocating UGX. 10.63 billion to support the warehouse receipt system to operationalize the non-functional agro-processing centers under the MPS. We also commend the government for achievements made in processing and distributing 265 tons of livestock feeds as well as the establishment of seven coffee huller structures, 2 fish handling structures, and 5 grain stores.

However, we are concerned about the consistently low public investments in the storage, agro-processing, and value addition sub-programme, whose budget has revolved around UGX 39 billion. In addition, while efforts have been made to improve storage and value addition of grains and priority crops, the challenge of high post-harvest losses for perishable products, particularly fruits and vegetables, remains a challenge among small-scale farmers.

Recommendation(s):

- The government of Uganda should adopt the NDP III Mid-term Report recommendation to allocate at least UGX 173 billion towards Storage, Agro-processing, and Value addition for improved Post-Harvest Handling and Storage of Agricultural Products.
- The Ministry of Trade Industry and Cooperatives should continuously prioritize part of the 9 billion to plan and build capacities of agro-processing MSMEs/produce cooperatives to attain and comply with market requirements and standards.

UGX 173BN



CSO recommended allocation for Storage, Agro-processing, and Value addition for improved Post-Harvest Handling and Storage of Agricultural Products.

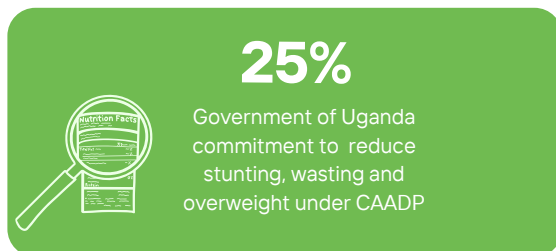
4.8 The Ministerial Policy Statement is not Nutrition sensitive

Nutrition-sensitive budgeting reflects a significant shift from narrow focus on agriculture-led growth to agri-food systems approach. This shift is informed by understanding complex interplay between agriculture, nutrition and economic development and other sectors. Under CAADP, the government of Uganda committed to achieve zero hunger; reduce stunting, wasting and overweight by 25%. To achieve these, there is a need to deliberately plan for and budget for nutrition specific interventions under Agro-industrialisation.

Recommendation(s):

To ensure that the budget is nutrition-sensitive, we recommend the following specific interventions.

- Encourage diversification of Agricultural production and consumption of nutritious traditional and indigenous African Crops
- Encourage the cultivation of diverse nutrient-dense crops, including the adoption of Biofortified crops varieties, and strengthen the value chain
- Enhance extension services and mainstream nutrition education
- Strengthen Nutrition Policies and programs, nutrition education, and consumer education



25%

Government of Uganda
commitment to reduce
stunting, wasting and
overweight under CAADP

5 CONCLUSION

The Agro Industrialisation programme is one of the critical areas envisioned in the transformation of Uganda's economy from the \$50 billion to \$ 500 billion in the next 15 years however, the continued budget cuts hinder the programmes development. We therefore call upon the government to refrain from repurposing the programme's budget, invest in extension services, and prioritize addressing nutrition concerns across the country.

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Report of the Auditor General to Parliament for the financial year ending 30th June 2023

Vision

A Uganda with a people centered budget that dignifies humanity.

Mission

Working towards ensuring that resource mobilization, allocation and utilization is inclusive for a transformed Uganda.

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