



USADF PROJECT: Lessons for poverty reduction programmes

OVERVIEW

The Government of Uganda (GoU) has initiated a number of programmes to reduce poverty and foster social economic transformation amongst rural communities. These include *Entandikwa*, National Agricultural Advisory Services (NAADS), and Prosperity for All (PFA). However, results have been mixed with varying levels of success.

The purpose of this policy brief is to highlight the performance of the United States African Development (USADF) project in transforming rural communities and serve as a benchmark for poverty reduction interventions.

KEY LESSONS

1. The program implemented a comprehensive development package for each beneficiary with both funding and Business Development Services (BDS). This is critical for addressing multi-faceted poverty issues.
2. Sustainability of projects was ensured through due diligence and technical backstopping of each beneficiary throughout the project life.
3. All prospective beneficiaries were scrutinized with strict criteria to ensure deserving persons were selected.

Introduction

The United States Africa Development Foundation (USADF) is an independent Foreign Assistance Agency established by the US Congress in 1981. It funds economic and social development projects in 20 African countries. In order to achieve greater impact of its programmes, USADF enters into Memoranda of Understanding with host countries in Africa for a co-funding arrangement (Strategic Partnership) known as the PROMO Programme.

The strategic partnership between the USADF and GoU was established in November 2006 through a Memorandum of Understanding (MoU). The major aim of the programme was to promote smallholder agricultural producers and development of agribusiness, and small and medium size enterprises (SMEs) in Uganda that are not served by commercial financial institutions.

Under this strategic partnership, implementation of project activities for beneficiary SMEs and communities was conducted under a comprehensive framework that ensured transformation of the beneficiaries. Elements in this programme included; provision of funding, technical assistance (enterprise development services, business development services, market linkages and leveraging additional funding), monitoring and evaluation of performance of funded projects and project impact assessment.

Project Implementation

Prospective beneficiaries were vetted against USADF criteria to ensure that only deserving beneficiaries were selected to benefit under the project. Support was extended in the form of two grants; Enterprise Development Investment with a maximum threshold of US\$100,000 for each beneficiary and Enterprise Expansion Investment (EEI) with a maximum of US\$250,000.

Beneficiaries under EEI were organizations with limited capacity in terms of managerial human and financial resources. The support was designed to help such organizations develop capacity and systems that are critical to the functionality of an organization i.e. development of financial systems and technical personnel.

Beneficiaries under EDI were organizations that seek to strengthen their systems and ability to trade. The major objective of the grant was to develop organizations into sustainable business entities. Support included; provision of large volume value addition machinery, storage facilities, transport, development of financial systems and technical personnel.

Eligible beneficiaries collaborated closely with Uganda Development Trust (UDET) the local partner to USADF to implement their respective projects. The role of UDET was to provide; hands on training, continuous backstopping, monitoring and evaluation for each project throughout the project life cycle (three years). UDET tracked each beneficiary against clearly developed indicators for each group that were assessed annually from the year of baseline to project end.

The table below shows indicators used to measure performance against each beneficiary.

Table 1: UDET beneficiary indicators

1	Sales revenue of Organization
2	Net Income of Organization
3	Farms or Artisans supplying the ¹ principal raw materials
4	Farms or Artisans supplying the principal raw materials (Female)
5	Value of Principal's raw material purchases from farms
6	Increase in annual quality of produce (Organization)
7	Increase in annual quality of produce grown by farmer members

Source: USADF

Achievements

Since inception in 2006, the project has supported a total of 66 agricultural projects with funds amounting to Ug Shs 28.4 billion, aimed at improving food security and livelihood amongst participating communities.

Table 2: Overall Project Impact

INDICATOR	BASELINE (2006)	DECEMBER 2015
Number of jobs created	98,411	147,251
Increase in farmers income	29.4 billion	181.2 billion
Increase in sales revenue	57.5 billion	308.3 billion
Increase in Export revenue	36.7 billion	251.2 billion

Source: USADF

This success is attributed to the fact that throughout the project life, all beneficiaries were subjected to continuous technical backstopping and monitoring by the local partner UDET to ensure sustainability.

¹ Beneficiary

A strict criterion was employed to ensure deserving beneficiaries were selected such as;

- The organization must be legally registered according to the Ugandan law (Company ACT, Cooperatives ACT).
- The owners of the organization must demonstrate that they have successfully worked together (minimum two years).
- The ownership and management must be in agreement on the problem(s) to be addressed and have a commitment to benefit their community.
- There is sufficient management, technical and financial resources available for project success.
- The outcome of the project must provide real (measurable) benefits to the community. Benefits include job creation, increased income levels, improved market access, and quality of life improvement.

USADF implemented projects in various subsectors such as coffee, tea diary and grains (maize, millet).

A review of beneficiaries in the coffee subsector under the project was done owing to the fact coffee is the major export earner of Uganda. Due to the intervention of the project, beneficiaries in this subsector registered increased sales and income because of their ability to bulk large quantities of produce thus eliminating middlemen. This was possible because of the provision of stores under the project.

Export earnings of some groups increased because the project enabled them to trade in specialist coffee markets such as fair trade and organic coffee thus earning higher premiums on their exports (Table 3).

Table 3: Progress registered by beneficiaries in the coffee subsector

ENTERPRISE	INCOME		SALES		EXPORT	
	Baseline	December 2015	Baseline	December 2015	Baseline	December 2015
Gumutindo Coffee Cooperative Enterprise Ltd	1,656,308,330	23,699,720,919	1,618,267,000	27,702,737,079	1,618,267,000	32,201,043,483
Kibinge Coffee Farmers Cooperative Society Limited	142,600,000	4,409,825,612	183,028,000	4,065,952,906	1,276,104,579	-
Ibanda Coffee Growers Capacity Building Project	90,300,000	287,178,155	102,900,000	367,386,990	-	-
Bukonzo Organic Coffee Farmers Expansion Project	1,248,000,000	7,441,780,000	1,357,574,000	5,710,396,000	5,170,133,000	-
Rubanga Cooperative Society Coffee Expansion Project	33,446,250	1,809,282,905	82,297,750	1,964,361,120	-	-
Businzigo Coffee Growers Capacity Building Project	0	98,557,290	-	-	87,757,900	-
Kabonera Coffee Growers Capacity	226,015,843	87,281,643	260,795,000	-	-	-

Building Project						
NIHACOFA Capacity Building and Marketing Support	608,102,000	5,261,237,620	690,587,000	5,439,324,530	345,293,000	2,013,079,433

Source: USADF

Conclusion

The programme registered success in transforming and improving the quality of life of its beneficiaries because it employed a comprehensive development package that combined both funding and provision of Business Development Services (BDS) on a continuous basis throughout the life of the project.

In addition, aspects such as collecting baseline data and project monitoring and evaluation are emphasized which enables the tracking of each project throughout its lifecycle to ensure that targets for each beneficiary are adhered to. Therefore, this model serves as a benchmark to ensure that

poverty reduction initiatives undertaken by Government.

Recommendations

1. The GoU should ensure that poverty reduction initiatives provide a comprehensive package of support services to the beneficiaries since poverty is multi-faceted.
2. The GoU should adopt continuous technical backstopping and participatory monitoring of beneficiaries in its poverty reduction schemes to ensure mindset change and transformation amongst the beneficiaries.

References

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