

# Evaluation Brief



## WFP's Agriculture and Market Support (AMS) in Uganda 2009–2014: A strategic Evaluation (mid-term)

### Context

WFP has purchased grain and pulses in Uganda since 1991 and Uganda consistently ranks in the top ten developing countries where WFP purchases food. WFP's procurement footprint, particularly for maize, which is largely produced as a cash crop in Uganda, has been massive. The Country Office (CO) has gradually increased the volume of food procured locally and typically purchases an average of 200,000 tonnes per year valued at \$50 million.

Since the late 1980s, economic liberalisation and privatisation have been key features of Uganda's economic policy. Trading of cash and food crops has been largely liberalised. In 2000, Uganda launched the plan for the Modernisation of Agriculture. This 20-year programme outlines the Government's medium and long-term vision for shifting the agricultural sector from a subsistence-based to a commercially orientated one driven by the engine of private sector development.

### The AMS project

AMS is one of three CO strategic priorities for 2009 – 2014 together with emergency humanitarian action and food and nutrition security. The AMS goal is that farmers and traders are in a position to sell to WFP more than US\$100 million annually in locally-produced food. To achieve this, AMS includes a broad set of activities focused upon:

- developing market infrastructure to further integrate farmers in the growing agricultural market;
- improving post-harvest handling to reduce losses, ensure quality standards, ensure productivity and add value for selected commodities;
- increasing and diversifying local purchase to help stimulate growth in the agricultural sector, by creating additional market demand for Ugandan commodities.

Uganda is one of the 21 countries of the WFP Purchase for Progress (P4P) initiative. P4P seeks to use WFP's demand platform to leverage smallholder agricultural growth in some of the world's poorest countries through supply chain reforms. In Uganda, the local P4P initiative is seen as a supportive sub-set of the broader AMS project. Specific P4P outcomes and targets relate to increasing farmers organisations (FOs) marketable surpluses and their volumes of sale to WFP, improving the quality of maize produced, imparting farmers with improved business skills and enhancing their market engagement. While the P4P pilots are different in each country, the Uganda one is noteworthy in its unique inclusion of small traders, support to the warehouse receipt System (WRS) and significant infrastructure development.

### Objectives of the Evaluation

This evaluation assessed the AMS achievements thus far (accountability) and the reasons thereof to draw lessons for identifying best practice (learning). There was an important focus on the learning dimension as this is a mid-term evaluation.

The evaluation was conducted by the Overseas Development Institute (ODI) and supported by a reference group.

### Key Findings and Conclusions

**Relevance:** AMS was considered to be supportive of government policies and highly relevant. The importance of WFP's procurement footprint in the country (highest single buyer of food crops) enabled WFP to contribute to improving the market and support local development. However, this might change as WFP increases its assistance through cash and vouchers.

**Design:** The evaluation judged the project analytical basis as fairly robust and based on evidence about the impact of WFP local purchases on the development of structured grain markets. However, the evaluation questioned the prominence given to farmers organisations (FOs) in the design as the analysis had raised questions on the effectiveness of collective action in addressing market failures. Project objectives were not fully consistent in the various reference documents and targets were considered bold, notably in terms of procurement levels. Finally, the M&E system was more focussed on measuring the achievements of targets than on learning from the innovation introduced by AMS. Designing the project as an action research one would have better allowed to feed a positive learning loop.

### Performance and results

#### Food aid procurement

Local procurement by WFP in Uganda was valued at US\$33 million in 2010, which fell short of the US\$ 100 million goal. This was not surprising given the imponderables affecting WFP's ability to procure e.g. levels of production and prices in national and regional markets and the availability of funds.

Maize continues to dominate procurement and the anticipated move towards non-traditional commodities (sorghum, cassava chips, millet, sesame and fish) had not yet occurred.

While AMS aimed to increase the share of tonnage purchased through P4P modalities to 35% by 2012 that proportion had declined from 6 to 3% in 2009 and 2010 respectively. Amongst these, the share purchased from FOs through direct purchase or forward contracting had decreased as did the number of FOs concerned. By contrast, the share purchased through the Warehouse Receipt System (WRS) had increased.

#### Value addition

Considerable effort had gone in supporting value-addition: over 15,000 persons received training on post-harvest handling and FOs received a range of related equipment. Support to milling and fortification of local products was being planned.

#### Market infrastructure

Over half of the budget had been spent on developing market infrastructure, including for the rehabilitation of two large warehouses operating as Uganda Commodity Exchange (UCE)-licensed warehouses and for the construction of village-level satellite collection points and feeder roads. Utilisation will depend on the location of the infrastructure and the quality of its

management but the evaluation raised questions of sustainability.

## Developing sustainable market mechanisms

By channelling an increasing share of its food purchases through the warehouse receipt system (WRS), AMS clearly contributed to supporting the development of this system. Although the UCE/WRS achievements cannot be attributed to AMS' support only, WFP's demand has been a powerful driver. Its purchases have had positive effects on market development by expanding demand for quality grain.

The evaluation found that there were potential important benefits of holding stocks of grains in decentralised locations: facilitating access to finance on deposit and to credit as well as allowing farmers to sell when prices are high. However, thus far, few FOs had deposited in the licensed WRS compared to medium-scale farmers and traders. In addition, the evaluation noted that the system would need to operate with much larger volumes to really take off.

## Benefits to smallholder farmers

The evaluation found that falling short of the procurement volume targets has limited the potential benefits to a smaller number of smallholder farmers than planned and that those benefitting were unlikely to achieve the target of a US\$ 50 annual income gain.

However, it noted that the strategies of productivity enhancement and bulking, which are important AMS elements, were likely to boost income. Also, most smallholder farmers appreciated that AMS did cover the entire market chain from production to marketing.

## Explanatory factors

AMS has benefited from Uganda's liberal policy towards the grain trade but high and rising prices compounded the handicap of its slow procurement and financial procedures and made it very difficult for WFP to buy food through P4P modalities.

WFP had been able to identify and subcontract an important network of partners. Field level coordination was very satisfactory and dissemination activities were perceived positively from partners and helped AMS build a positive image. A number of learning events had been very useful, but poorly informed by information generated by the M&E system, which had been set up very late, and was not yet making an adequate contribution to the learning process.

Because of the flagship nature of the AMS in Uganda, the AMS team was under high pressure to deliver - notably from senior management at CO and HQ levels. This had been a very powerful drive to innovation and implementation. Yet, the management, and implementation of AMS has been arduous due to the complexity of the programme, ambitious targets, and limited experience of WFP and most of its partners in some of the AMS activities.

## Conclusions and Recommendations

### Overall Assessment

AMS is an innovative project, which covers an unusually diverse and broad range of activities along the market chain and has strong support from the Government of Uganda. These important advantages risk being undermined by the challenges of managing a large and complicated programme.

It is important that the intervention follows through coherently from the conceptual approach to implementation and M&E to avoid becoming a potpourri of different elements, which do not support each other. For instance, decisions on the location, management and maintenance of market infrastructure in a market development programme should involve close

consultation with the commercial value chain actors who are intended to use the assets.

The sustainability of WFP undertaking direct procurement from FOs is questionable. To date, this modality has been expensive, unreliable and the positive impact on farmer livelihoods is likely to be rather muted. Whilst it is important to maintain a diversity of modalities, the evaluation felt that more emphasis should be placed on the WRS. Uganda is almost uniquely well located to support a WRS, which requires to run at a much larger scale than at present to be on a financially-sustainable footing. WFP's purchasing power could assist in this.

## Recommendations

### 1. AMS should invest further in the WRS, as a market development strategy.

- Expand the share of local procurement going through the WRS/commodity exchange to provide an incentive for investment in equipment and procedures.
- Conduct a cost-benefit analysis of each modality.
- Have a clear agreement with the Government, UCE members and other stakeholders about the WRS/UCR development strategy, structure, governance and autonomy.
- Consider divesting from warehousing operations in favour of UCE-licensed warehouse operators while carefully monitoring the governance of these warehouses.

### 2. Communicate better about challenges and shortcomings in order to manage expectations.

- Make sure that all partners understand that AMS is a pilot initiative, especially regarding its non-procurement elements, which are new territory for WFP and many of its partners.
- Make sure that targets are realistic.
- Take action to reduce FO expectations of WFP as a buyer.

### 3. Learn from phase one of FO capacity development and infrastructure development by running a cost-benefit analysis in 2012.

### 4. Adapt the M&E system to make it more reactive and to help the monitoring of outcomes.

- Develop a comprehensive project logframe and monitor AMS, including in relation to assumptions and risks.
- Start logging procurement data along the entire process to allow a robust calculation of the full costs of purchases.
- Define proxy indicators to measure outcomes achievement.

### 5. Continue to strengthen AMS capacity in key areas (notably on FOs' capacity development and market institutions).



#### Reference:

Full and summary reports of the evaluation and the Management Response are available at [www.wfp.org/evaluation](http://www.wfp.org/evaluation)

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