



Lives and
Livelihoods
Fund

PROJECT FACT SHEET

Uganda, Local Economy Growth Support

Country Context

- Uganda joined IDB on 28 March 1977 and is currently a member of all the IDB Group Entities namely: Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), Islamic Corporation for the Development of the Private Sector (ICD), International Islamic Trade Finance Corporation (ITFC).
- With Kampala as its capital city, Uganda is a landlocked country bounded by South Sudan, the Democratic Republic of Congo, Rwanda, Tanzania, and Kenya. Uganda is a member of the East African Community and consists of diverse landscape, encompasses the snow-capped Rwenzori Mountains and immense Lake Victoria. Its abundant wildlife includes chimpanzees as well as rare birds
- As at 2020, the total population was estimated at 45.7 million people according to Government & UN data. Uganda population is equivalent to 0.59% of the total world population and the country ranks number 31 in the list of countries (and dependencies) by population. The population density in Uganda is 229 per Km² (593 people per mi²). Total population as of 2014 was 34.6 million and a population growth rate of 3%. Kampala has about 7.43 million people. About 77% of the population lives in the rural areas and females make about 51% of the total population.
- Real economic growth average about 6.9% over the last five years (compared with the average of 4% for Sub-Saharan Africa over the same period). The high growth performance of 8.6% in 2007 has now slowed down to about 5% but is projected to pick up. The growth slowdown is mainly due to economic infrastructure bottlenecks especially in the energy and transport subsectors of the economy and largely to the slowdown in the global economy and particularly declining commodity prices. Others include drought in some parts of the country, records inflation, weak external demand, power shortages and volatile exchange rate.
- Closing the infrastructure gap in the rural communities is critical to achieving meaningful economic growth and transformation and ensure food security.
- In collaboration with the Ugandan authorities, IDB Group prepared an IDB Group Member Country Partnership Strategy for Uganda –MCPS (2011-2015) with an estimated financing envelope of US\$500 million over 5 years.
- The MCPS has two pillars: (i) infrastructure Development and (ii) Enhancing Agricultural Productivity and Value Addition,) and two cross cutting themes (Promoting Private Sector Development and Enhancing the Human Resource Base and Institutional Capacity).
- The proposed Local Economic Growth and Support project is in line with the MCPS.



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Project Rationale

- The goal of the proposed project is to accelerate the achievement of IDB 10-year Strategic Development objectives and Sustainable Development Goals.
- The project will have vital contribution in alleviating poverty and reducing economic disparities in rural community.
- The specific objective is to improve livelihoods of farmers in the project districts by priority investments in rural infrastructure, crop and livestock production and productivity improvement, and access to Inclusive Economic Empowerment through Participative Microfinance.

Project Objectives

- Develop smallholder farmers' incomes in targeted area through agriculture output increase
- Improving socio-economic environment of farmers
- Stimulate and promote economic growth at national and local levels
- Support commercialization of agriculture through increased production and productivity
- Designate land for agro-processing & agribusiness development
- Enhance accessibility of rural communities through expansion and rehabilitation of rural infrastructure
- Create employment opportunities for women and youth

Project Components:

The project activities are based on the following components:

- ❖ Component A = Support to rural infrastructure for enhanced agriculture productivity and environmental conservation
 - Increase access to water for production & consumption for small scale farmers
 - Improve infrastructure for post-harvest handling & marketing through cooperatives
 - Enhance natural resource management for improved agriculture productivity
- ❖ Component B = Support to Household livelihood and Value Chain Development
 - Increase access to affordable and sustainable rural finance
 - Facilitate the adoption of improved agronomic/livestock practices as well as adoption of appropriate breakthrough technologies
- ❖ Component C = Support to project management and coordination



Key project information

- **LLF Impact Committee Approval:** March 2017
- **LLF Financing:** \$ 33.0 million \$ 23.0 million, OCR \$ 10.0 million, grant
- **IDB:** \$10 million
- **Government co-financing:** \$4.80 million
- **Community contribution:** \$2.60 million
- **Project duration:** 5 years from date of project effectiveness
- **BED approval:** July 2017

Expected Outcomes

- The project's overall goal is to contribute to the achievement of sustainable Development Goals (SDG) (i) No Poverty; (ii) Zero Hunger; (vi) Clean Water and sanitation; (vii) Affordable and clean energy. The objective will be achieved through provision of water for production and consumption and the construction of basic rural and market infrastructure to increase household income for small rural farmers in the project areas.
- The specific objectives are to enhance agricultural production and productivity via development of water resources for both production and domestic use, value chain development, enhancing accessibility of rural communities through the expansion and rehabilitation of rural infrastructure, enhancing the strategic role of local community by supporting commercialization of agriculture and providing Islamic Micro-finance.
- The objective will be achieved through access to drinking water increased to 75% (baseline 2016: 64%); percentage of farmers using improved seeds increased by 30%; area covered by irrigation, improved agricultural inputs and agronomic practices to double crop yields increased by 10%; energy saving and renewable energy technologies use increased by 20%; and six agricultural commodity identified for value chain development.



Benefits and impact

- Improved seeds users increased by 30%
- Improved of livestock production by 25%
- Primary school enrolment increased by 25%
- Using of renewable energy technologies increased by 10%
- Delivery in health centers improved to 60% (Baseline: 43.5%)
- Access to drinking water increased to 75% (baseline 2016: 64%)
- Second community farm has so far benefitted 62 households organized in 7 farmer groups in Sanzi, Lukubo, Ssi Bukunnja in Bukwe District. In total, the groups have accessed 900 M for agricultural inputs, appropriate farm tools, machinery, irrigation system, and bulking of the habanero before export. The projected outreach is at least 210 households which will cover a total of 1,680 individual beneficiaries.

LEGS core focus areas for component B have so far benefitted local communities in the following areas;

- Support to 65 rural based women groups for animal fattening/ rearing, and various economic activities
- Funding to 105 VSLAs for onward lending to members involved in various agricultural produce.
- Financing for acquisition of 729 Farm Tools and Equipment acquired for farmers
- Enhancing agriculture and livestock production through creation of 4,299 employment opportunities as at 2021.
- Improving fishing sector productivity through provision of appropriate inputs and technologies for value chain enhancement.

Strategic Institutions, departments and services

- The GoU (Ministry of Finance, Planning and Economic Development)
- Ministry of Local Government (MoFPED)
- The Microfinance Support Centre Limited (MSC)
- Millennium Promise Alliance
- District Local Governments in 17 districts

Donor Partners

- **Abu Dhabi Fund for Development (ADFD)**

The Abu Dhabi Fund for Development (ADFD) is an aid agency established by the government of Abu Dhabi in 1971. ADFD aims to help developing countries to achieve sustainable socio-economic growth;



through financial assistance in the forms of concessionary loans, managing government grants and equities. ADFD also peruses investments to encourage the private sector in the recipient countries to play an essential part in accelerating the economic development process, and at the same time playing a pivotal role in strengthening and diversifying the future resources of the Fund.

- **Bill and Melinda Gates Foundation (BMGF)**

The Bill & Melinda Gates Foundation (BMGF) is an American private foundation based in Seattle, Washington. The primary goal of the foundation is to enhance healthcare and reduce extreme poverty across the globe and expand educational opportunities and access to information technology in the U.S.

- **Islamic Solidarity Fund for Development (ISFD)**

The Islamic Solidarity Fund for Development (ISFD) is dedicated to reducing poverty in its member countries by promoting pro-poor growth, emphasizing human development, especially improvements in health care and education, and providing financial support to enhance the productive capacity and sustainable means of income for the poor, including financing employment opportunities, providing market outlets especially for the rural poor and improving basic rural and pre-urban infrastructure.

- **King Salman Humanitarian Aid and Relief Centre (KS Relief)**

Saudi Arabia established the King Salman Humanitarian Aid and Relief Centre (KS Relief) in 2015. KS Relief works in 46 countries around the world with a focus on humanitarian and relief work in the Middle East and North Africa region.

- **Qatar Fund for Development (QFFD)**

QFFD is a public development institution committed, on behalf of the State of Qatar, to improving the livelihood of communities around the world by providing financial tools to developing countries in the Arab and Muslim world and beyond for responsive and effective humanitarian and development aid.

- **UK Aid – The Foreign, Commonwealth, and Development Office (FCDO)**

UK Aid Direct is DFID's main centrally managed funding mechanism for small and medium-sized civil society organizations, based in the UK and overseas, which are working to achieve the global goals. Formerly known as the Global Poverty Action Fund (GPAF), the fund was relaunched in 2014 as UK Aid Direct.