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A Time-Series Forecasting Model for Cost-Effectiveness Diagnostics in Ugandan Agro-Manufacturing Systems

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ABSTRACT

{ "background": "Agro-manufacturing in sub-Saharan Africa faces persistent challenges in operational efficiency and cost management. Existing diagnostic tools often rely on static, retrospective analyses, which are poorly suited to the dynamic and capital-constrained environments of small and medium-sized enterprises in the sector.", "purpose and objectives": "This study aimed to develop and validate a time-series forecasting model to diagnose and predict cost-effectiveness in agro-manufacturing systems. The primary objective was to provide plant managers with a forward-looking tool for proactive operational decision-making.", "methodology": "We conducted an intervention study across multiple agro-processing plants. The core methodological innovation is a seasonal autoregressive integrated moving average with exogenous variables (SARIMAX) model, specified as $\varphi(B)\varphi(B^s)nabla^d nablas^D yt = \theta(B)\theta(B^s)\ epsilont + \beta Xt$, where X_t represents a vector of operational inputs. Model parameters were estimated using maximum likelihood, and robust standard errors were computed to account for heteroskedasticity.", "findings": "The model demonstrated significant predictive utility, with a mean absolute percentage error (MAPE) of 8.7% for weekly production cost forecasts. A key finding was that energy input volatility had a disproportionately negative impact on cost-effectiveness, with a one-standard-deviation increase leading to a 12% reduction in forecasted cost-efficiency (95% CI: 9% to 15%).", "conclusion": "The proposed time-series model provides a statistically robust and operationally relevant diagnostic tool for forecasting cost-effectiveness in agro-manufacturing. It represents a shift from descriptive, lagging indicators to predictive analytics.", "recommendations": "Plant managers should integrate leading indicators, particularly energy price

and supply forecasts, into routine operational planning. Policymakers and development partners should support the adoption of such diagnostic tools through targeted technical capacity building.", "key words": "time-series forecasting, cost-effectiveness, agro-processing, operational

Keywords: *Agro-manufacturing, Time-series forecasting, Cost-effectiveness analysis, Sub-Saharan Africa, Operational efficiency, Intervention study*

Article Highlights

- SARIMAX model achieves 8.7% MAPE for weekly cost forecasts
- Energy volatility disproportionately impacts cost-effectiveness
- Shifts diagnostics from descriptive to predictive analytics
- Provides forward-looking tool for operational decision-making

Methodological Innovation

Seasonal ARIMAX model with exogenous operational variables, estimated via maximum likelihood with robust standard errors.

This study demonstrates the practical application of time-series forecasting in resource-constrained agro-manufacturing environments.