



## Comprehensive Africa Agriculture Development Programme (CAADP)

BROCHURE 1 — OCTOBER 2009

# UGANDA

## *WHAT DOES A CAADP COMPACT OFFER UGANDA?*

CAADP is a commitment of African countries to pursue a higher path of economic growth through agriculture-led development in order to reduce poverty and hunger in the continent. As one of a set of pledges made by African leaders to take explicit responsibility for the development of the continent, all African heads of state endorsed CAADP at a summit meeting of the African Union in Maputo in July 2003. Africa's ownership of this idea and country leadership in programme implementation are expected to make CAADP different from past, more limited initiatives to bring about substantive growth in Africa's agricultural sector.

CAADP countries are expected to achieve 6 percent growth in the agricultural sector of their economies and allocate at least 10 percent of the national budget to agriculture. CAADP seeks to add value to various current programmes by bringing about fundamental qualitative changes in the way agricultural policies are made and implemented by African countries. To achieve these goals, CAADP aims to stimulate agriculture-led development around four technical objectives:

- Extending the area under sustainable land management and reliable water control systems;
- Improving rural infrastructure and trade-related capacities for market access;
- Increasing food supply, reducing hunger and improving responses to food emergency crises; and
- Improving agriculture research, technology dissemination and adoption.

Some of the key principles of CAADP are the building of partnerships, dialogue, peer review, and mutual accountability at all levels, and exploitation of regional complementarities.

One of the key steps in fostering accountability and partnership is through the drafting and signing of CAADP compact documents at country-level across Africa. Such agreements are developed through broad, cross-sectoral roundtable processes in order to ensure that the CAADP agenda becomes an integral part of national efforts to promote agricultural growth. The compact is signed by key government ministers, representatives of farmers and the private sector, commissioners of regional economic organizations, and the country's development

partners. The compact document outlines those policies, strategies, priority areas, and investment plans, and the levels of resources needed for the comprehensive development of the

agricultural sector in the country on which the stakeholders are in accord and for which they take responsibility.

## Uganda's priorities and the CAADP compact for Uganda

This vision of CAADP is in line with and supported by Uganda's own formal visions for national development as stated in both the old master development framework for Uganda, the Poverty Eradication Action Plan (PEAP), and the new National Development Plan now under development. Similarly, there is considerable alignment between CAADP priorities and those formulated under the Plan for the Modernisation of Agriculture, which was developed to guide economic development in Uganda under the PEAP. Emerging policies and strategies for the agricultural sector in Uganda—the National Agricultural Policy and the second Agricultural Development Strategy and Investment Plan—reconfirm the primacy the government of Uganda accords agriculture as the vehicle for sustained economic growth and significant improvements in the well-being of all Ugandans. Given that Uganda's own priorities for agricultural development are already quite closely aligned to those of CAADP, what additional value does a CAADP country compact offer Uganda?

The value of such an agreement is principally in five areas:

First, the roundtable process through which the compact is developed is in its own right an important policy process for the people of Uganda. With support from COMESA, a range of policy research and stocktaking exercises on the agricultural sector was undertaken in order to provide a solid foundation of evidence for discussion on what should constitute the agricultural investment priorities which the government of Uganda should support. Using relatively sophisticated analytical methods, the likely outcomes in terms of economic growth and poverty reduction of different agricultural investment scenarios were investigated. Following initial technical appraisals, these results then are subjected to a

much broader political appraisal in the CAADP country roundtable meetings from which the Uganda CAADP compact will emerge.

In this regard, the National Agricultural Policy and the second Agricultural Development Strategy and Investment Plan, which are now being finalized, have been developed with attention to CAADP principles. As such, the CAADP roundtable process and the signing of a CAADP compact for Uganda will highlight that those two statements of government's priorities reflect the objectives of CAADP in Uganda. These policy statements of government will be subject to close review as part of the CAADP compact preparation process in Uganda, which will serve to more closely define the objectives and expectations articulated in the two and modify them so that they are broadly accepted by all participants in the Uganda CAADP process.

Second, continuing from the first point, the development of the CAADP compact for Uganda redefines CAADP in a manner that is much more appropriate for the Ugandan context, for the ambitions of Ugandans, and the unique possibilities for agricultural development found in our country. CAADP as originally approved under NEPAD and the African Union is a generic statement of priorities appropriate for Africa as a whole. The Uganda CAADP process refines these priorities in light of the specific development needs of Uganda, its farmers, and all its citizens.

Third, the CAADP compact provides an important statement by which the government of Uganda and its partners in agricultural development state their common interests with regards to agricultural development and, ideally, institute the means to attain those interests. As such, the CAADP compact will further define the duties of the government of Uganda to its citizens in assisting them to live healthy, productive, and

creative lives through agriculture, as well as providing a formal statement of the commitments of the government of Uganda to its partners in agricultural development—the farming and agribusiness communities and development partners.

Fourth, the Uganda CAADP compact will serve as an important map to guide how donors and other development partners of Uganda allocate their support to agriculture here and increase it in the longer-term. Donors require such clear statements on a country's ambitions to prioritize the allocation of their aid to the country and to reassure their own constituents as to the appropriateness of how their aid funds were used. Moreover, several key development partners of Uganda are aligning their support to agriculture across the continent to the CAADP framework.

Finally, beyond being a continental and national programme for agricultural development, CAADP also strengthens regional links to foster national agricultural development. Through the

facilitation of COMESA, the Common Market for Eastern and Southern Africa, CAADP provides a basis for the formulation of supportive regional policies to enhance agricultural production and trade. As many observers link future success for Uganda's agricultural sector to increased engagements in regional staple food markets, such regional, mutually beneficial initiatives can only enhance the economic prospects for Uganda's farmers.

In conclusion, the contents of the CAADP agenda are an integral part of Uganda's own vision for how the country is to achieve a vibrant, expanding agricultural sector. The development of a Uganda CAADP compact is an important step for the government of Uganda in confirming its commitment to agricultural growth and development and in obtaining strong commitment to this aim from its partners in this process, both in Uganda and elsewhere. While it is just one small step in this long process of development, it is an important one, nonetheless.

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*Prepared by the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), with technical support from the International Food Policy Research Institute (IFPRI).*

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## Comprehensive Africa Agriculture Development Programme (CAADP)

BROCHURE 2 — OCTOBER 2009

# UGANDA

## REVIEW OF ONGOING AGRICULTURAL DEVELOPMENT EFFORTS

Is the agricultural sector in Uganda in flux or just at a crossroads? Trends during the last two decades provide evidence for both scenarios. A sound and stable government policy framework facilitated investment and growth in agriculture in the 1990s, resulting in increased production. However, the once-positive growth rates have paled in recent years. Moreover, while national

poverty rates have declined, chronic poverty remains a largely rural phenomenon, particularly among food crop farmers. There is scope for both optimism and pessimism in assessing whether agriculture can serve as an engine for continued economic growth and improved welfare for all Ugandans.

### Overview of Uganda's agricultural sector

#### *Productivity Trends*

Seventy-five percent of Uganda's geographical area is suitable for cultivation, pasture, or both—an immense resource. However, only 30 percent of arable land is presently under cultivation. Nonetheless, agriculture is the source of employment for 70 percent of the labour force. The productivity, profitability, and continued expansion of the agriculture sector are critical to the well-being of millions of Ugandan households.

Productivity growth in Ugandan agriculture has resulted primarily from area expansion and not from intensification of production resulting in higher yields. According to the Ministry of

Agriculture, Animal Industry and Fisheries (MAAIF), estimated average yields in recent years have been between 1.5 and 1.8 metric tonnes (mt) per hectare (ha) for maize, between 5.5 and 6.0 mt/ha for cooking banana, and less than 1.0 mt/ha for most pulses. The yield gap between average farm yields and research yields indicates the immense potential for improvements in crop productivity. The livestock and fisheries subsectors have shown more encouraging trends as producers respond to increasing demand for milk and meat in local markets and for fish in regional and export markets. Livestock production has grown at more than 4 percent annually during the past 10 years, while fish

exports are now the second leading export revenue earner for Uganda.

However, both the productivity and the profitability of agriculture enterprises are constrained by a range of broader development challenges for Uganda. The limited market information that producers are able to obtain hampers their bargaining power. Transport costs are high, increasing transaction costs along commodity value chains serving local, regional, and international markets, while also making the use of commercially supplied inputs such as improved seed, inorganic fertiliser, or veterinary supplies prohibitively costly for many smallholders. Local institutional deficits, including unpredictable local government taxation and inadequate oversight in the operations of farmers' and other cooperative groups, also pose important challenges to farmers seeking to develop prosperous agricultural enterprises.

### *Agriculture's Contribution to Uganda's GDP*

The Ugandan economy has enjoyed strong growth during the past two decades, with annual per capita GDP growth rates in the 2 to 4 percent range. The agricultural sector has played an important but declining role in this growth. Although agricultural production made up 50 percent of total GDP (monetary and non-monetary) in the early 1990s, other sectors have advanced in recent years. Agriculture now contributes less than 25 percent of total GDP. At the same time, the sector has experienced growth rates in recent years that lag well behind those of the other economic sectors. This is of concern, since increased agricultural output is required in the changing Ugandan economy both to feed the labour being absorbed into the industrial and service sectors and to provide raw materials many emerging industrial firms require.

Although the share of agriculture products in Uganda's export mix is declining, agriculture is still central to Uganda's external trade—agricultural products accounted for 52 percent of the

value of total exports between 2005 and 2008. Coffee remains the most important export. However, growth in other agricultural exports—fish in particular, but also maize and flowers—has been significant in recent years. While the value of coffee exports has increased by about 50 percent in the past seven years, the value of non-coffee agricultural exports has increased by about 120 percent.

### *Rural Poverty and Nutrition*

The economic strategies pursued by Uganda during the past two decades have been remarkably pro-poor. The poverty headcount decreased from 56 to 31 percent between the late 1980s and 2006, although the decline was not always consistent. This lack of consistency in poverty trends is linked to shifts in the agricultural terms of trade for Uganda's produce, most notably international coffee prices, which dropped sharply in 2000 and resulted in a rise in poverty. There is a direct relationship between the overall economic performance of the agricultural sector and poverty reduction—low growth rates in the agricultural sector resulting in low rural household incomes have a significant negative impact on national poverty-reduction efforts.

However, the successes in poverty reduction in Uganda are not fully reflected in the food security and nutritional well-being of the population. Levels of child stunting in the country have declined during the past 10 years, but not dramatically—35.5 percent of children under five years of age were short for their age in 1995, compared to 28 percent in 2006. Similarly, the proportion of people suffering from inadequate calorie consumption has fallen during the past two decades. However, the rate is not sufficiently fast to bring about substantive reductions in food insecurity. The number of people who live with inadequate calorie consumption—14 million Ugandans in 2002—has actually increased due to population growth during this period. Advances have been achieved in assuring food security and addressing undernutrition, but greater successes are needed.

# Economic Development Strategies and Agricultural Development Frameworks

Uganda's success in overall economic and, to a more limited degree, agricultural-sector growth can be attributed in part to the government's sound and generally consistent economic policies and its implementation of strategic programmes.

## *Development Vision Statements*

The Uganda Constitution of 1995 describes what government must do to deliver a better future for its people. It defines the objectives and principles that guide the establishment and promotion of a just, free, and democratic society. Among the functions for which government is held responsible is an appropriate agriculture policy.

Uganda's long-term planning framework has been the Vision 2025 document of 1995, though it has not been used effectively. Consequently, the government has embarked on developing the new Comprehensive National Development Framework (CNDF), which, among other objectives, will provide a 30-year national development vision.

## *Medium-term Development Frameworks*

The Poverty Eradication Action Plan (PEAP) has been the principal medium-term development framework for Uganda since 1997, with revisions in 2000 and 2004. Although it is being replaced by the National Development Plan (NDP) as the medium-term planning element of the new CNDF, the PEAP has proven to be a robust guide for economic growth and development.

The 2004 revision of the PEAP detailed a shift in policy focus from economic recovery to sustainable growth and structural transformation to accelerate poverty reduction. This last version of the PEAP was organised around five pillars:

- Economic management.
- Enhancing competitiveness, production, and incomes.

- Security, conflict resolution, and disaster management.
- Governance.
- Human resource development.

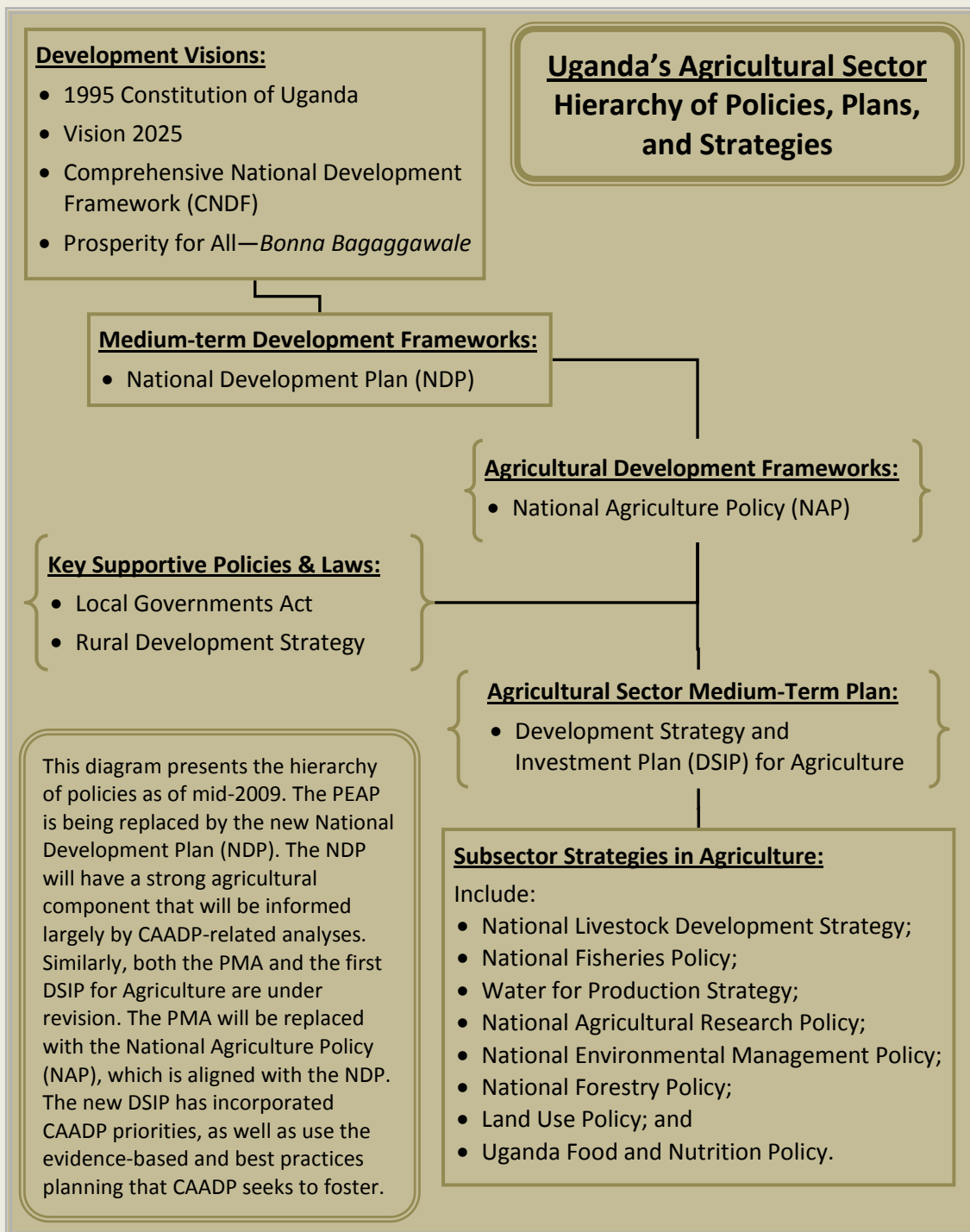
Similarly, the overall theme for the NDP is Growth, Employment and Prosperity for All. As such, agriculture is highlighted within the draft plan as one of five core sectors for economic growth, food and nutrition security, income enhancement and employment. The NDP's focus on agriculture is aimed at public investments that will stimulate private sector investments in the sector along commodity value chains.

## *Agricultural Sector Policies*

Implemented since 2001, the Plan for the Modernisation of Agriculture (PMA) has been a central element in the implementation of the PEAP, particularly in enhancing competitiveness, production, and incomes. Its vision is "poverty eradication through a profitable, competitive, sustainable and dynamic agricultural and agro-industrial sector." Its main objectives are to: (i) increase incomes and improve well-being through increased productivity and share of marketed production; (ii) improve household food security through the market; (iii) provide gainful employment through agro-processing; and (iv) promote the sustainable use of natural resources.

The PMA is comprised of seven priority programmatic areas:

- Agricultural research and technology development
- Delivery of agricultural advisory services
- Rural financial services
- Promotion of agro processing and agricultural marketing
- Agricultural education
- Natural resource management.
- Physical infrastructure.



The National Agriculture Policy (NAP) is now being finalised to replace the PMA. The NAP is being developed to provide policy guidance to MAAIF and other stakeholders in planning and making sector investments to progressively move the country and its farmers towards the national development objectives established in the NDP. The NAP specifically draws upon the principles of CAADP in establishing both the objectives and the modalities or instruments for attaining those objectives.

### *Development Strategy and Investment Plan for Agriculture (DSIP)*

The DSIP is the medium-term strategic plan for MAAIF. The DSIP states how the goals and priorities for the agricultural sector, as stated in the NAP and, more broadly, the NDP are to be translated into public-sector activities. The first DSIP for agriculture outlined 12 priority areas, which have been the basis for the Ministry's planning and budgeting over the past five years. To align activities in the agricultural sector with

the updated policies of government as articulated in the NDP and the NAP, a second DSIP for agriculture is now being finalized.

This new DSIP represents a ‘roadmap’ to assist government, the private sector, civil society and development partners in defining public interventions to meet key agricultural objectives. As such, it is a combination of policies and programmes around which stakeholders can form a consensus and mobilise the resources needed. The DSIP is based on a vision of a competitive, profitable and sustainable agricultural sector. In setting the priorities to attain this vision, the second DSIP also is explicitly aligned with the principles of CAADP.

### *Other Related Policies and Strategies*

Several other political vision statements, public policies, and strategies contribute to the matrix within which agricultural-sector policies and strategies are implemented. The most important include:

- The 2006 Prosperity for All (*Bonna Bagaggawale*) vision or agenda for action of government aims to transform Uganda from a poor peasant society into a modern, industrial, united, and prosperous society. This vision receives the highest level of political support, with the office of the Vice-President responsible for coordination of activities and oversight.
- The Rural Development Strategy, formulated in 2005, is a complementary strategy to the

NAP, and specifically focuses on increasing the productivity of selected rural enterprises at the household level, increasing household outputs of selected agricultural products, and ensuring a stable market for these products.

- Decentralisation of government is enshrined in the 1995 Constitution and manifested in the Local Governments Act of 1997. The decentralisation process has involved substantial transfers of political, financial, and planning responsibilities from central government to local governments at district and sub county levels, including in the agricultural sector.

There are a range of subsectoral policies and strategies that guide how institutions involved in the attainment of government’s objectives for the development of Ugandan agriculture carry out their duties. These include the National Livestock Development Strategy, the National Fisheries Policy, the Water for Production Strategy and Investment Plan, the National Agricultural Research Policy, the National Environmental Management Policy, the National Forestry Policy, the Land Use Policy, the Uganda Food and Nutrition Policy, the District, Urban and Community Access Roads Strategy, and the National Environment and Natural Resources Strategy and Investment Plan. The majority of these subsectoral policies are being implemented within the framework of the NAP and DSIP.

## Agricultural Financial, Administrative, and Technical Institutions

### *Public Funding of Agriculture*

Though African governments pledged to allocate 10 percent of their total annual budgets to the agricultural sector as part of the Maputo Declaration, Uganda is yet to meet this target. During the past two decades, agriculture has not received more than 3 percent of the budget in any year. Adding donor financing raises the allocation to agriculture substantially, but it has never exceeded 5 percent. Of equal concern is that the development component of the budget

for the agricultural sector—through which programmes are implemented—declined from more than 100 billion Ugandan shillings (UGX) in 2000/01 to between UGX 63 and 76 billion from 2003/04 to 2005/06. Moreover, not all of the funds budgeted to the agricultural sector were released—in recent years, the actual funds released amounted to between 57 and 79 percent of budget figures.

A second issue of concern with regard to public financing in agriculture is the apparent

disconnect between the priority areas identified in the Agricultural DSIP and the distribution of annual approved budget allocations across MAAIF's programmes.

### *Private Agricultural Financing*

At about 18 percent annually, commercial bank lending rates are quite high. Moreover, agriculture makes up a very small portion of the lending portfolio of commercial banks—0.9 percent in 2006. Agricultural investment as a proportion of all private-sector investment in Uganda is declining; agriculture accounted for 30 percent of investments in 1992, but only 18 percent in 2005 with the trend continuing since. If an annual growth target of 7 percent and above for the economy is to be achieved, as specified in the PEAP, overall private-sector investment across all sectors remains too low to sustainably maintain such a growth rate.

At the local level, only 10 percent of rural Ugandans had access to financial services in 2003. Although new or reformed financial institutions have emerged, substantial gaps persist in the rural financial market, such as the existence of very few microfinance facilities. However, even if recent government efforts at sharply increasing access to credit for Ugandan households by creating Savings and Credit Cooperatives (SACCO) in all subcounties of Uganda succeed, such finance should be extended beyond production activities alone to include credit to support crop value-chain activities such as storage, processing, transport, packaging, and marketing.

### *Public Sector Institutions in the Agricultural Sector*

Many stakeholders are involved in Uganda's agricultural sector. The major ones include the Parliament, government ministries, parastatal institutions, the private sector, farmers' organisations, and civil-society and other non-governmental organisations.

The Parliament scrutinises government policy, administration, and programme implementation, including the government's activities in agriculture. The Sessional Committee on Agriculture is

responsible for dedicated parliamentary oversight.

Among the sectoral ministries of government, MAAIF is most central to agricultural development. However, its role in relation to the sector has shifted from the direct implementation model of the past toward a model based on planning, policy development, appropriate regulation, and, overall, the provision of an enabling environment in which a dynamic and sustainable agricultural and agro-industrial sector can develop. As such, MAAIF now seeks to adequately undertake a more narrowly defined set of strategic functions within the sector.

However, with regard to the planning and allocation of public resources to the sector, the Ministry of Finance, Planning, and Economic Development typically plays the most pivotal role. It is responsible for coordinating development planning, mobilising resources for agriculture, and ensuring accountability for the use of such resources.

Several parastatal institutions are central to efforts to attain the objectives of the PEAP and, now, the NDP within the agricultural sector, including the Secretariat for the PMA, the National Agricultural Advisory Service (NAADS), and the National Agricultural Research Organisation (NARO). The agricultural sector also has several commodity-specific semi-autonomous organisations: the Uganda Coffee Development Authority, the Cotton Development Organisation, and the Dairy Development Authority.

### *Producer and Civil-Society Organisations*

The Rural Development Strategy of 2005 fostered renewed attention to the formation of rural cooperative institutions. Moreover, government is now working to enhance rural financial services by establishing SACCOs in every one of the almost 1,000 subcounties and providing infrastructural and capacity-strengthening support for this purpose. However, the ambitions of the government concerning agricultural marketing and other farmers' organisations are less clear.

Among the civil–society organisations in the agricultural sector, the most prominent is the Uganda National Farmers Federation (UNFFE), a federation of local commodity associations and agricultural service providers across the country. The UNFFE advocates for farmer–friendly agricultural policies, develops the capacity of farmers’ organisations, and increases farmers’ access to income opportunities and information.

### *Agricultural Policy Elements and Institutions*

The broad range of policy, legal, and institutional reform processes and strategies in Uganda’s agricultural sector has produced significant benefits for the sector and has led to a decline in the levels of rural poverty, which while modest, represents a positive trend. Over the past decade, the PEAP has led government interventions to become increasingly pro poor, while the

PMA’s multisectoral approach, its poverty focus, and the supportive sector and subsector policies and strategies have led to notable, if not broad and consistent, successes in agriculture and rural development. These same orientations for action are expected to continue under the NDP and NAP. Moreover, these efforts have been done in consultation with a broad set of stakeholders. These stakeholders generally have successfully exploited the enhanced environment for agricultural development that has resulted from these initiatives.

However, while important successes have been achieved, declining agricultural growth rates and mounting evidence that past sources of growth increasingly are being exhausted means that there is a need to identify emerging key constraints to future growth, as well as to expand gains from current approaches.

## CAAPD and the Development of Uganda’s Agricultural Sector

The CAADP agenda for the countries of Africa includes three important targets: that agriculture–led economic growth be central to poverty reduction; that countries pursue a 6–percent average annual agricultural sector growth rate, and that 10 percent of the annual national budget be allocated to the agricultural sector. How realistic are these targets for Uganda?

Agriculture is a key sector of the Ugandan economy, and the potential to achieve a 6–percent average annual growth rate in the agricultural sector exists: In 1999/2000, for example, agriculture grew at 5.6 percent. However, a pragmatic view is that such a target is overambitious considering the performance of the sector during the past decade—the agricultural sector growth rate for 2008/09 was 2.6 percent. By necessity, future growth will be more urban, more infrastructure dependent, more export led, and will require increased private investment. And evidence exists that a structural transformation of the Ugandan economy may be gathering momentum that will lead to a strengthening of the nonagricultural sectors, which will then contribute the most to poverty reduction.

However, even with these structural changes, agriculture will remain central to the economy in the medium to longer term. Much of the anticipated investment in other sectors of the economy will be linked to agro–processing or will otherwise provide incentives for increased agricultural output for food, exports, or processing. Greater agricultural output will increasingly be reliant on more productive technologies and significantly improved infrastructure. In this regard, therefore, there is no doubt that agriculture will remain a significant sector for economic growth. However, this will complement investment in other sectors of the economy. As such, CAADP’s 6–percent annual growth rate target for the agriculture sector is ambitious under current circumstances, but is not out of the question, particularly in the longer term.

The third goal, a 10–percent allocation of the annual government budget to the agricultural sector, is not likely to occur without significant shifts in the development priorities to which the government of Uganda allocates its resources. Moreover, budget allocations are not the most important issue in this regard since about one–

third of the resources budgeted annually to the sector is never disbursed. This reflects deficiencies in the priority-setting processes within the sector, in the resource-allocation systems of the government as a whole, and in the capacity of the sector to absorb and effectively utilize these

resources. As such, several more fundamental issues concerning how public resources are actually allocated and used to support agricultural growth need to be resolved before the 10-percent budget target will have much meaning.

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## Comprehensive Africa Agriculture Development Programme (CAADP)

BROCHURE 3 — OCTOBER 2009

# UGANDA

## *AGRICULTURAL GROWTH AND POVERTY REDUCTION*

### PAST PERFORMANCE AND PROSPECTIVE OUTCOMES

The Comprehensive Africa Agriculture Development Programme (CAADP) aims to add value to efforts of individual countries, where necessary, to ensure that their growth and poverty reduction objectives are achieved. Doing so requires reviewing past, current, and emerging efforts against these objectives. This includes:

- examining the recent growth performance of the agricultural sector, as well as future growth and poverty outcomes based on observed trends;
- determining how such outcomes compare with targets established for the agricultural sector under CAADP;
- assessing how agricultural sector growth contributes to attaining the Millennium Development Goal of halving by 2015 the proportion of people living below the poverty line in 1990 (MDG-1); and
- analyzing whether current trends should be modified for future effective agricultural sector growth and poverty reduction and, if so, how.

## Is Uganda on Track to Meet CAADP'S Growth and Poverty Targets?

### *Recent Performance and Trends Compared to CAADP Targets*

Uganda's recent overall growth performance has been quite robust, with annual GDP growth rates around 7.7 percent, resulting in GDP per capita growth rate of 4.5 percent between 2004 and 2008 (Figure 1). However, the performance of the agricultural sector has been disappointing. The sector grew at an average rate of 1.1 percent

between 2004 and 2008, resulting in negative per capita agricultural growth, given Uganda's annual population growth rate of 3.4 percent.

Future growth trends for the agricultural sector under the status quo can be projected from 2005 to 2015. Assuming crop yields remain around the averages observed during the late 1990s and early 2000s and annual growth in the land put into agricultural production continues at

Figure 1: Average annual economic growth rates for Uganda, 2004-08 (%)

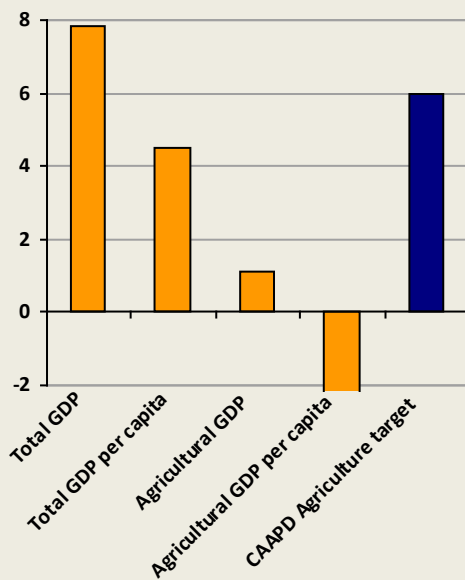
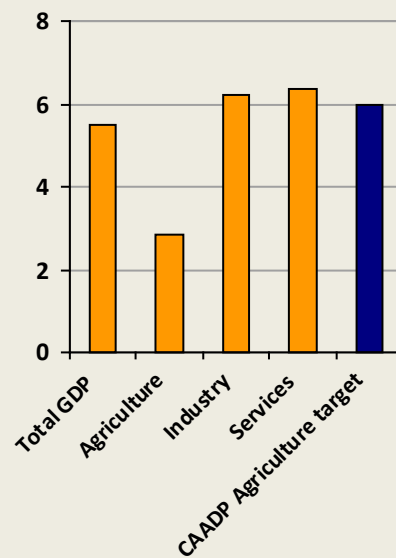


Figure 2: Projected annual economic growth rates for Uganda under current trends, 2005-15 (%)



two percent, future agricultural sector growth is projected to stabilise at 2.8 percent per year. This growth will contribute to national economic growth stabilizing at around 5.5 percent annually, with average per capita growth of 2.0 percent (Figure 2).

Even though GDP growth is projected to be lower than the national annual economic growth target of 7 percent, and agricultural growth will be far less than the CAADP target of 6 percent annually, these economic growth rates are sufficient to enable Uganda to meet the MDG-1 poverty target. Under these economic

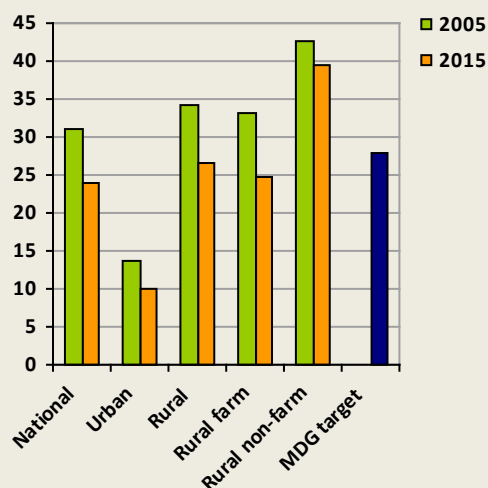
projections using current trends, the national poverty headcount falls to 24 percent of the population, meeting and going beyond the 28 percent MDG-1 poverty target (Figure 3). The decline in poverty is experienced across all population groups. However, despite meeting the MDG-1 poverty target with these growth rates, the absolute number of poor people increases because of Uganda's rapid population growth to 9.2 million in 2015, an increase of 0.8 million poor people from 2005 (Figure 4). For Uganda, meeting MDG-1 is not sufficient to effectively reduce poverty.

## Can Current Government Strategies Achieve CAADP'S Growth and Poverty Targets?

Over the last 10 years, the Government of Uganda's agricultural sector policies and strategies have been outlined in four key strategic documents: the Vision 2025, the Poverty Eradication Action Plan (PEAP), the Plan for Modernization of Agriculture (PMA), and the Development Strategy and Investment Plan (DSIP) of the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF). However, in the last four years, the Government has initiated several

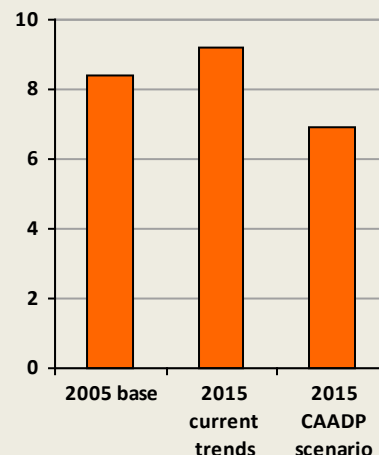
policy reforms in agriculture. Additional sector-specific priorities are contained in the Rural Development Strategy (RDS) and the Prosperity for All (PFA) agenda for action. In order to harmonize the different policy initiatives into one document, MAAIF has formulated a National Agriculture Policy (NAP), and is completing revision of the DSIP. Both are in line with the five-year National Development Plan (NDP), the successor to the PEAP now being finalized.

Figure 3: Poverty headcount rates for Uganda for 2005 and projected to 2015 under current trends (%)



The projection results presented in Figure 2 indicate that the economic growth rates that are likely to be achieved under current government strategies will not enable the country to meet the CAADP target of an overall agricultural sector growth rate of 6 percent by 2015. In a context within which overall national GDP are projected under current trends to grow at 5.5 percent, the agriculture sector in Uganda will only attain annual growth rates of 2.8 percent. However,

Figure 4: Projected absolute number of poor people in Uganda under current trends and the CAADP scenario, millions



because of high population growth and only moderate sectoral growth, per capita agricultural GDP growth will be negative, at -2.2 percent. Given the dominance of agriculture in the livelihoods of most Ugandan households, this low per capita sectoral growth rate will be an important factor contributing to the continued increase in the absolute number of poor people through 2015 (Figure 4).

## Achieving Effective Poverty Reduction Requires Growth Beyond Current Levels Towards CAADP Targets?

Because the absolute number of poor people will continue to rise under current economic trends in Uganda, achieving the MDG-1 poverty objective is necessary, but not sufficient to effectively reduce poverty in the country. Effective poverty reduction is that which reduces both the proportion and absolute numbers of poor people.

### *Growth Required for Effective Poverty Reduction by 2015*

Economic model projections show that were public investments made to enable the agricultural sector in Uganda attain 5.9 percent annual growth, close to the CAADP target of 6 percent, the national poverty headcount level would fall from 31.1 percent in 2005 to 17.9 percent by 2015, well below the 28 percent MDG-1 poverty target. Moreover, the absolute

number of poor persons in Uganda would decline from 8.4 million in 2005 to 6.9 million in 2015 with this acceleration in the growth of Ugandan agriculture, and the growth of the overall economy would rise to 6.3 percent annually from 5.5 percent (Figure 5). Under such economic conditions, per capita GDP and per capita agricultural GDP would grow at 2.9 and 2.5 percent, respectively.

It is important to note that growth in agriculture not only benefits those directly employed in it, but also those in non-agricultural sectors. If these growth rates were attained, the objective of reducing both the proportion and absolute numbers of poor people would not only be achieved at the national level, but also for most household categories (Figure 6). Agricultural development must be an important element in the efforts of the government of Uganda to

Figure 5: Projected annual economic growth rates for Uganda under CAADP scenario, 2005-15 (%)

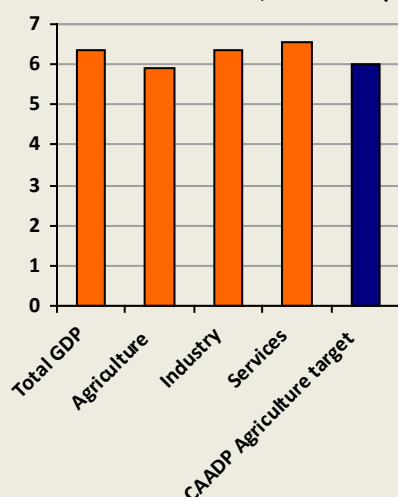
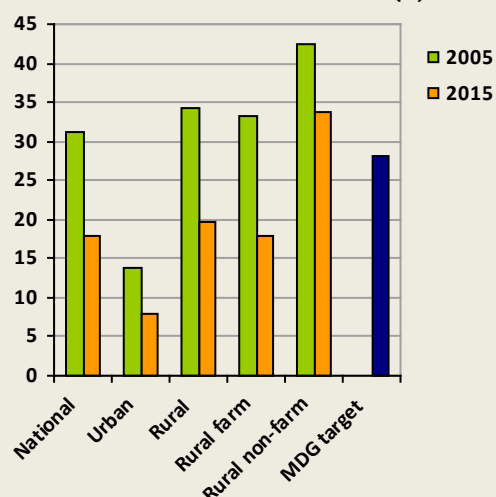


Figure 6: Poverty headcount rates for Uganda for 2005 and projected to 2015 under CAADP scenario (%)



achieved sustained improvements in the well-being of its citizens.

In summary, the results here indicate that:

- Maintaining current growth trends will enable the achievement of the MDG-1 poverty target in Uganda, but would lead to an increase in the number of absolute poor, and would not achieve the CAADP agricultural growth target.
- Emerging sector strategies under NDP and DSIP, as they are aligned with CAADP, will enable the attainment of the CAADP agriculture sector growth target, as well as achieve effective poverty reduction by cutting the poverty rate by 42 percent and reducing the

absolute number of the poor in Uganda by 19 percent.

- Meeting the latter objective, however, would require more than a doubling of the agricultural sector growth rate over that experienced in recent years.

The analysis presented here establishes the sector and sub-sector growth rates required to meet the MDG-1 and CAADP targets. However, the analysis does not give information about the specific investments required in each of the subsectors to achieve these levels of growth. As such, more work is needed within the sub-sectors of agriculture to identify the critical constraints to be overcome in order to bring about the necessary growth response in each.

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*Prepared by the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), based on research by the International Food Policy Research Institute (IFPRI), in collaboration with experts in Uganda. Supported financially by COMESA Secretariat.*

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## Comprehensive Africa Agriculture Development Programme (CAADP)

BROCHURE 4 — OCTOBER 2009

# UGANDA

## *STRATEGIC INVESTMENT OPTIONS FOR AGRICULTURAL GROWTH AND POVERTY REDUCTION*

Implementing the Comprehensive Africa Agriculture Development Programme (CAADP) as the centerpiece of a poverty-reduction strategy implies that agriculture and its individual subsectors must play a primary role as leading sources of pro-poor growth at national level. Uganda and other African countries pursuing the CAADP agenda are not just seeking to accelerate growth

but also to maximize and broaden the impact of such growth on wealth creation and poverty reduction. Successful implementation of the CAADP agenda should, therefore, be guided by a good understanding of the impact of sector-wide growth and growth within individual agricultural subsectors on income and poverty levels among different categories of households.

### Agricultural growth and its contribution to overall economic growth

The analysis presented here shows the contribution of agriculture to overall economic growth. Under the baseline scenario, which assumes continuation of recent productivity rates for different sub-sectors, overall GDP will grow at 5.5 percent per year during the period 2005 to 2015 (Figure 1), in line with the average GDP growth rate achieved for Uganda since 2000. Under the baseline scenario, agriculture will grow at 2.8 percent per year. The growth projections in the baseline scenario consider nine agricultural sub-sectors (cereals, root crops, horticulture, pulses

and oilseeds, matooke, livestock, and fisheries) and two non-agricultural sectors (industry and services). Growth in crop production is expected to come from two percent per year increases in crop area and improvements in land productivity (yield) for the different crop sub-sectors. For non-crop agriculture such as livestock and fisheries, growth is expected to come from an increase in labor productivity (output per person employed). The analysis explores whether or not Uganda can achieve the CAADP target of 6 percent annual growth in the agricultural sector.

Figure 1: Average annual sub-sector growth rates in the baseline & CAADP scenarios (%)

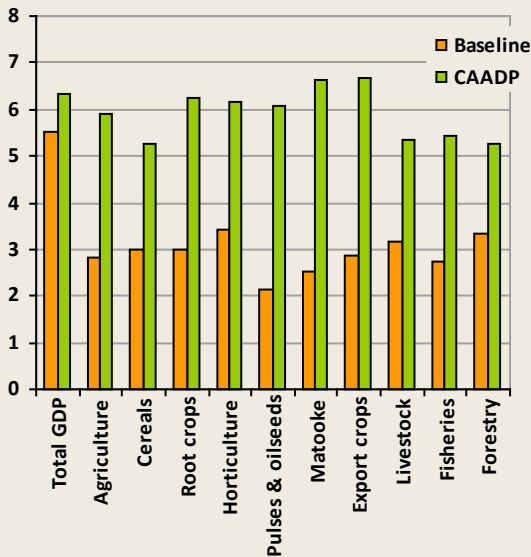
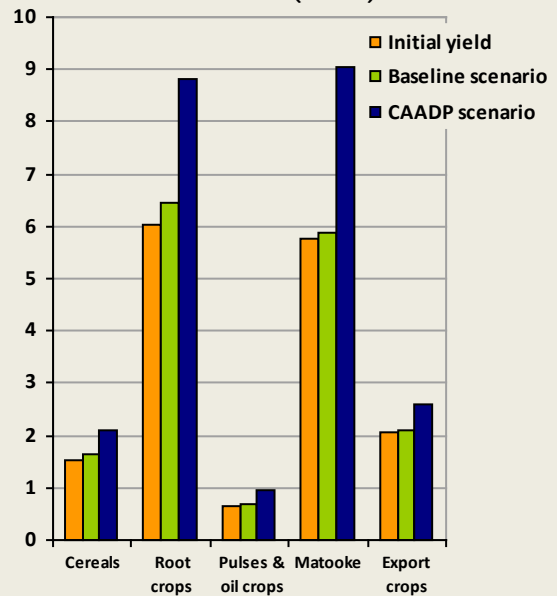


Figure 2: Crop yields under model scenarios (mt/ha)



In order to arrive at the growth rates for the different sub-sectors in Figure 1, assumptions are made regarding land productivity based on recent performance, as well as potential productivity based on field trials at research stations in Uganda (see Figure 2). With these assumptions on crop area and land and labor productivity, agriculture is projected to grow at 5.9 percent, just below the CAADP target, while the overall

economy will grow at 6.3 percent. While this growth rate for agriculture in Uganda is achievable, it remains a challenge to reach and sustain. For example to attain the CAADP target, crop yields would have to increase by over 40 percent on average. To do so, it would be necessary to substantially increase investments that raise land and labor productivity.

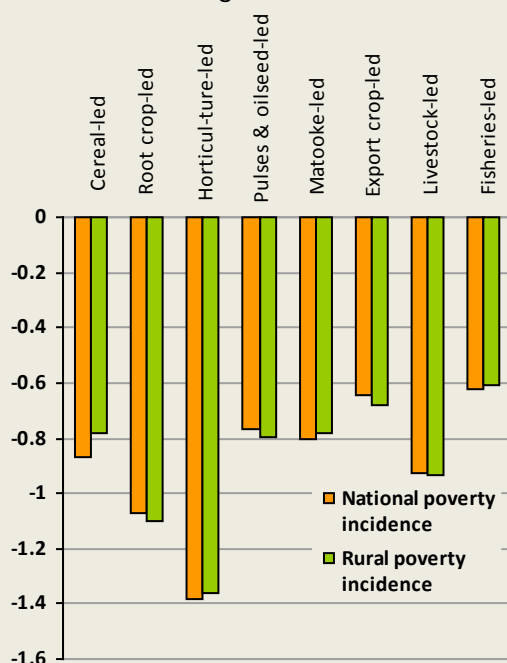
## Agricultural growth and poverty reduction

Agricultural growth under current trends (baseline scenario) will result in 2.8 percent growth of the sector. Overall GDP will grow at 5.9 percent. With population growth estimated at 3.4 percent, per capita GDP will grow at 2.5 percent. With this growth in GDP and in agriculture, and the resultant rise in per capita incomes, poverty will decline from 31.1 percent in 2005 to 24.0 percent in 2015, a level sufficient for Uganda to meet the first Millennium Development Goal (MDG1) of halving poverty between 1990 and 2015. A household survey conducted in 1992/93 found that Uganda's national poverty rate was 56 percent. Thus achieving MDG1 would mean cutting that rate by half to 28 percent by 2015. Thus, growth achieved under the baseline scenario helps Uganda to achieve MDG1.

However, as presented in Brochure 3 (*Agricultural Growth and Poverty Reduction: Past Performance and Prospective Outcomes*), achieving the

MDG1 goal is not sufficient for Uganda to achieve effective poverty reduction. Such poverty reduction can be achieved with faster growth in agriculture with agricultural sub-sectors achieving growth rates presented in Figure 1. With agriculture growing at close to 6 percent, and overall GDP at 6.3 percent, per capita income will grow at 2.6 percent. This rise in per capita income would lead to reduction in national poverty by a further 6.05 percentage points to 17.9 percent (see Figure 6 in Brochure 3). In order to realize the 6 percent growth in agriculture, all sub-sectors would have to grow at over 3 percent per annum. Additional growth under the CAADP scenario is partly driven by expanding export crops, whose GDP rises from 2.9 percent to 6.7 percent per year (Figure 1). However, as an economic growth strategy, Uganda will have to rely on a broad approach, involving the full complement of sub-sectors within

Figure 3: Poverty-growth elasticities under different agricultural sub-sector led growth scenarios



agriculture, rather than relying solely on export commodities or on other specific crops. Livestock and fisheries will also be important in achieving higher incomes and reducing poverty.

The contribution that growth in different sub-sectors in agriculture makes to poverty reduction varies and depends largely on two factors: the original size of the sub-sector in agricultural GDP and the responsiveness of poverty to growth

in that sector, i.e., the poverty-growth elasticity that measures percentage change in poverty due to a one percent change in agricultural GDP. Figure 3 shows the poverty-growth elasticities under different growth scenarios. For example a one percent increase in agricultural GDP caused by a horticulture-led growth strategy would cause the national poverty headcount to decline by 1.38 percent. On the other hand, a one percent increase in agricultural GDP brought about through an export-led growth strategy would result in a decline in the poverty rate by only 0.64. However, because of the small size of the horticulture sub-sector and the number of people involved in it, having a higher elasticity does not mean that this is where public investments should be made for Uganda to reduce poverty. The export crops in this case would be more attractive to invest in because they are larger than horticulture, have more people producing them, and have fewer marketing constraints. Nonetheless, they tend to be produced by households that are non-poor. Therefore, in establishing agricultural strategies for effective poverty reduction, choices should be made among those sub-sectors that are large in agricultural GDP both in terms of people producing them and their importance to consumption. These sub-sectors include root crops, pulses and oil crops.

## Agricultural growth and effects on market prices

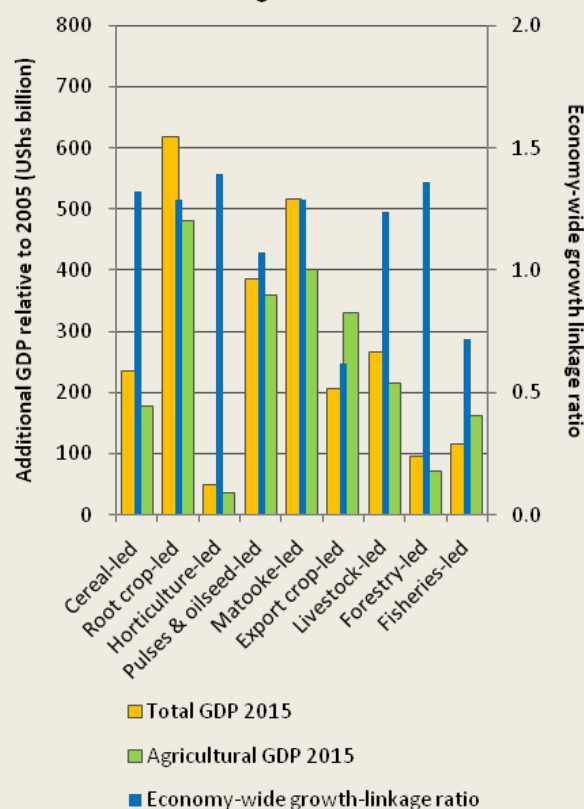
The growth in different sub-sectors in agriculture as a result of increases in yield and labor productivity under the CAADP scenario will lead to increases in production. Increased production will face demand constraints for some products, with resultant decline in product prices. The relative decline in prices varies from one product to another. For example, increased matooke production will result in larger price declines than, say maize, because matooke has weak linkages to upstream processing, while maize can be processed into flour and animal feeds. Therefore, the decline in maize prices with increased production is lower than would be

seen for matooke prices. For coffee, increased production does not face a demand constraint because Uganda's output cannot influence world prices. Vegetables and fish are also less vulnerable to price changes resulting from increased production than maize and matooke. Because of these relative changes in prices, the relative profitability of different crops changes over time, leading farmers to reallocate their land among different crops in order to maximize total farm profits. For example under the CAADP scenario, by 2015, the share of harvested land will rise for export crops and fruits, but decline for maize, matooke and root crops.

## Agricultural and economy-wide growth effects

Growth in agriculture has economy-wide effects, most of them beneficial to the economy. The results from this analysis (see Figure 4) show, for example, that a cereal-led growth strategy would cause agricultural GDP to increase by US\$ 177 billion and overall GDP to increase by US\$ 235 billion. This means that for every one shilling increase in agricultural GDP driven by cereals-led growth, there is an additional 0.32 shillings increase in non-agricultural GDP (i.e., a growth-linkage ratio of 1.32). On the other hand, export crops have weaker economy-wide growth linkages because they are exported directly as raw agricultural materials, rather than contributing more to the economy through processing and value addition. Growth in export crops can lead to appreciation of the exchange rate, and hurt exports of the non-agricultural sector. This reduces the competitiveness of non-agricultural exports, whose sectors will contract as a result. The appreciation also increases competition from manufactured imports, which can hurt domestic manufacturing. Thus, it is important to note, that while domestic-market-oriented crops face market constraints in local markets, growth in export crops have exchange rate implications for other non-agricultural export sectors.

Figure 4: Economic growth linkage effects of different agricultural sub-sector led growth scenarios



## Implications for agricultural investment choices

The analysis presented in this brochure show that growth in agriculture has effects on economic growth, poverty reduction, price effects, as well as economy-wide growth effects. These effects differ from one sector to another. This, therefore, complicates the choice of investments to make.

Table 1 presents a simple ranking of the sub-sectors based on the different effects they have on the economy - (i) the effectiveness of sub-sector-driven growth in reducing poverty (i.e., the poverty-growth elasticity); (ii) the effect of a sub-sector's size and growth potential in determining its potential contribution to overall growth and poverty reduction (i.e., the size-effect); (iii) the implications of sub-sector-driven growth for growth in other non-agricultural

sectors (i.e., the multiplier effect); and (iv) the market constraints facing different crops (i.e., price-effect). Based on these considerations it is possible to rank sub-sectors. These, together with other considerations, can be used to select priority areas for public and private sector investments.

The poverty-growth elasticities, sectoral growth potentials, and size- and linkage-effects of the various subsectors suggest that improving yields for maize and other cereals, root crops, and matooke should be afforded high priority, while also encouraging the longer-term expansion of smallholder export crops whose growth-potential is higher than most staple food crops. Livestock and fisheries should also be accorded an important role, especially if agricultural

**Table 1 Ranking of effects on economic growth, poverty, and prices of different agricultural sub-sector led growth scenarios**

	Poverty- effect	Size- effect	Multiplier- effect	Negative price-effect
Cereals-led	4	6	3	6
Root crop-led	2	1	4	8
Horticulture-led	1	9	1	4
Pulses & oilseeds-led	6	3	7	6
Matooke-led	5	2	5	9
Export crops-led	7	4	9	1
Livestock-led	3	5	6	5
Forestry-led	-	8	2	3
Fisheries-led	8	7	8	2

diversification is a longer-term objective. However, this ranking of sub-sectors should be treated with some caution, since growth in each subsector affects different households differently, and as such, broad-based poverty

reduction will require an encompassing agricultural growth strategy across all of the subsectors.

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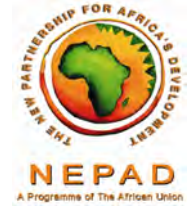
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## Comprehensive Africa Agriculture Development Programme (CAADP)

BROCHURE 5 — OCTOBER 2009

# UGANDA

## *LONG-TERM FUNDING FOR AGRICULTURAL GROWTH, POVERTY REDUCTION, AND FOOD AND NUTRITION SECURITY*

### The Relationship between Agricultural Spending, Growth, and Poverty Reduction

The required level of funding to achieve the different growth and poverty outcomes projected in Brochure 3, *Agricultural Growth and Poverty Reduction: Past Performance and Prospective Outcomes*, is calculated based on the estimated relationships (i) between the rate of agricultural GDP growth, overall GDP growth and the consequent change in the poverty rate; and (ii) between the level of agricultural funding and the rate of agricultural GDP growth. Estimates of the first relationship indicate that agricultural growth at close to 6 percent per year would increase overall GDP growth from 5.5 to 6.3 percent. This higher growth rate would reduce the national poverty headcount to 17.9 percent by 2015, which is lower than the 24.0 percent poverty rate that would be achieved without the additional agricultural growth. This means that the higher agricultural growth of 6 percent per year projected under the National Development Plan (NDP) and the Development Strategy and Investment Plan (DSIP) of the Ministry of Agriculture,

Animal Industry and Fisheries (MAAIF), which are aligned with the CAADP targets, would lift an additional 2.3 million people above the US \$1.00 per day poverty line by 2015.

Using growth-poverty elasticities, estimates show that a one percent growth in agricultural GDP leads to a reduction in poverty of between 0.64 and 1.38 percent at national level, depending on the mix of agricultural sub-sectors contributing to this agricultural growth (see Figure 3, Brochure 4). However, the estimates of the relationship between public spending and agricultural growth suggest that a one percent increase in public agricultural spending in Uganda generates, in contrast, only 0.17 percent growth in agricultural GDP. This responsiveness (elasticity) is used for modeling the public expenditures required for 6 percent agricultural growth in Uganda under a scenario in which agricultural spending is used less efficiently. If government is able to more efficiently utilize its resources for the agricultural sector in a manner

more in line with the efficiencies in agricultural development spending observed among the best performing developing countries, on average a one percent increase in public spending in agriculture can generate a more attractive

0.30 percent increase in agricultural growth. This elasticity is used for modeling a second scenario for 6 percent agricultural growth in Uganda in which agricultural spending is used more efficiently.

## Long-Term Funding Requirements to Meet NDP and DSIP Targets for Poverty in Uganda

Table 1 summarizes the results of the projections of long-term public funding needs in Uganda's agricultural sector. The analysis focused on estimating the aggregate Public Agricultural Expenditure (PAE) requirements to achieve long term economic growth targets and poverty reduction. In the baseline scenario, it is assumed that PAE and non-agricultural spending will continue to grow according to recent trends

at 14.8 and 9.0 percent per year, respectively, during the period 2005 to 2015. Using 2005 as the base year for simulations, the results in Table 1 show that the share of agricultural spending in total expenditure will rise from 5.3 percent to 6.7 percent in 2010 and 8.6 percent in 2015 under current trends, since PAE has been growing more rapidly than total spending.

**Table 1: Estimated spending required for six percent agricultural growth in Uganda**

	<i>Baseline, 2005 or projected under current trends</i>	Scenario 1		Scenario 2	
		Agricultural growth due to agricultural expenditure growth only		Agricultural growth due to both agricultural and non-agricultural expenditure growth	
		Low efficiency	High efficiency	Low efficiency	High efficiency
<b>Public expenditure, ann. growth rate, %</b>	<i>9.3</i>	12.2	10.5	11.0	9.9
Agricultural (PAE)	<i>14.8</i>	33.2	25.0	26.9	18.6
Non-agricultural	<i>9.0</i>	9.0	9.0	9.2	9.2
<b>Agricultural spending as a percentage of total public expenditure</b>	<i>5.3</i>				
2010, projected	<i>6.7</i>	13.2	10.0	10.6	7.8
2015, projected	<i>8.6</i>	29.3	18.0	20.0	11.3
<b>Total public expenditure as a percentage of Uganda's GDP</b>	<i>22.6</i>				
2010, projected	<i>27.0</i>	27.9	26.9	27.3	26.5
2015, projected	<i>32.3</i>	38.7	33.4	34.9	31.5
<b>Total additional public expenditure required, US\$ billions</b>					
2005–2010, projected cumulative	<i>1,716</i>	2,721	2,219	2,325	1,890
2005–2015, projected cumulative	<i>4,742</i>	13,290	8,388	9,315	5,864
Annual average, 2005–2015	<i>431</i>	1,208	763	847	533

Under the two CAADP-related scenarios for Uganda considered, agricultural growth is projected to accelerate from 2.7 to 6 percent per year during 2005–2015, while non-agricultural

GDP growth increases marginally from 4.2 to 4.6 percent per year, and total GDP growth increases from 5.1 to 6.1 percent per year. To estimate the aggregate PAE required to support this

acceleration in agricultural growth, two general economic model simulations were performed. The first scenario assumes that agricultural growth will be supported by an increase in PAE only, without taking into account the effect of non-agriculture expenditure on agricultural growth. Under this scenario, non-agricultural spending continues to grow at the baseline rate of 9.0 percent per year. The second scenario, in contrast, incorporates an increase in non-agriculture expenditure growth in proportion to growth in GDP of the non-agricultural sectors. As discussed above, for both simulations, two elasticities representing different assumptions on the efficiency of public spending on agricultural growth are used.

Under the first simulation, the accelerated growth in agricultural GDP requires an associated growth in PAE from the baseline value of 14.8 to 25.0 percent per year under the high elasticity (efficient spending) scenario and 33.2 percent under the low elasticity (less efficient spending) scenario, as illustrated in Table 1. The total government budget is estimated to grow at 10.5 percent per year under the high elasticity scenario and at 12.2 percent under the low elasticity scenario. With agricultural spending growing more rapidly than total spending, the share of agricultural spending will rise from the baseline value of 5.3 percent to between 10.0 and 13.2 percent in 2010 and to between 18.0 and 29.3 percent in 2015. (The lower bound numbers correspond to the high elasticity scenario, while the upper bound numbers reflect the low elasticity scenario in Table 1.) These translate into additional spending on the sector of US\$ 8,388 billion to 13,290 billion over the period 2005–2015 or between US\$ 763 billion and 1,208 billion per year.

In the second scenario, in addition to increasing spending on agriculture, faster non-agriculture spending is assumed, growing at 9.2 percent per year. This scenario is considered more realistic than the first scenario because it is anticipated that the allocation of public spending in Uganda in the future will maintain a focus on industry (for both primary and secondary processing) and other services, all of which have multiplier effects on agriculture. Under this scenario, public

agricultural spending is expected to grow at 18.6 percent per year under the high elasticity scenario and 26.9 percent under the low elasticity scenario (see Table 1). The total government budget is now estimated to grow between 9.9 percent and 11.0 percent per year, and the share of agricultural spending in total expenditure will be between 7.8 and 10.6 percent in 2010 and 11.3 and 20.0 percent in 2015. These translate into additional spending on the sector of between US\$ 5,864 billion and 9,315 billion over the period 2005 to 2015 or between US\$ 533 billion and 847 billion annually.

The results provide compelling evidence for allocating more resources for agriculture even beyond the Maputo declaration of allocating at least 10 percent of the government's total budget to agriculture. In fact, the results suggest that, even under a more efficient spending scenario (i.e. a high elasticity), the government will need to allocate at least 11.3 percent of its total budget to agriculture by 2015 in order to achieve the CAADP growth target of 6 percent per year for the agricultural sector. The estimates indicate that the level of allocation of resources to the agricultural sector under current trends will be insufficient. This averaged 4.6 percent per year over the period 2000 to 2006.

Increasing agricultural growth to meet the 6 percent annual growth target, therefore, will require additional investment in the sector as well as improvements in the efficiency of public spending. The investment analysis indicates that government spending on agriculture would have to grow by 18.6 percent per year in order to achieve and sustain 6 percent agricultural growth. However, this spending scenario assumes that the government is able to invest its resources into the agricultural sector more efficiently in order to realize a 0.30 percent increase in agricultural GDP for every one percent increase in its total agricultural spending. If this is not the case and the government can only achieve a more modest return on its spending of 0.17 percent increase in agricultural GDP for every one percent increase in its total agricultural spending, then public spending on agriculture in Uganda would have to grow at 26.9 percent per year in order to reach the projected

6 percent growth target during 2005–2015. This means that the government would have to allocate about 20 percent of its total annual budget to the agricultural sector. Thus, it is important that government not only meets and exceeds the CAADP Maputo agricultural spending target, but also greatly improves the efficiency of its agri-

cultural spending. Doing so will assist the country in achieving the NDP and DSIP agriculture growth targets, which will substantially reduce the number of poor people living below the poverty line by 2015 and significantly improve the well-being of both rural and urban households, as described in Brochure 3.

## Identifying Investment Priorities for Achieving DSIP and NDP Targets

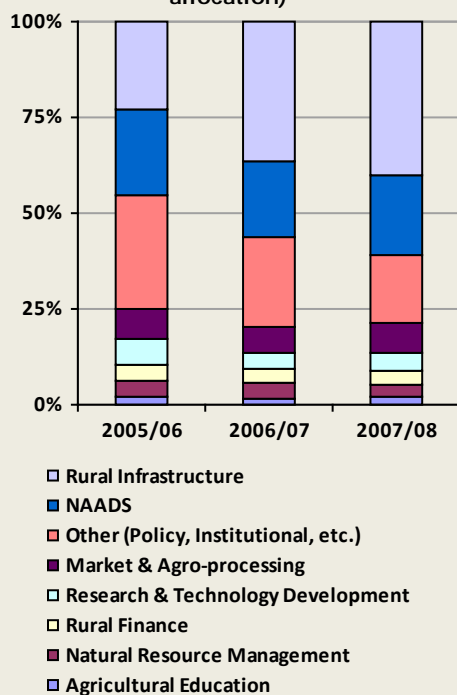
Estimating the total public resources needed to reach national agricultural growth targets is essential, but the choice of priority investments is more important. Lack of long historical data on public expenditure on specific investment programmes in Uganda, as well as related data on programme outputs and outcomes, makes it difficult to analyze specific investment priorities based on their potential returns to agricultural growth. The analysis here, therefore, was not able to establish priorities on where to invest (e.g. research, extension, irrigation, farm input support, marketing information, storage and processing infrastructure, etc.) to achieve the desired agricultural growth rates and how much to invest in each of those areas. However,

generalized guidance can be derived from the broad range of studies done in Africa and in other developing countries of the determinants of agricultural productivity growth, as well as more specific studies in Uganda.

In order to increase agricultural production, reduce costs of production, and protect the environment for sustainable agricultural production, farmers need access to improved technologies that are profitable under local farming and market conditions and increase yields, are able to effectively manage water and land resources, and to use other natural resources in a sustainable manner. A key investment area to support technology generation and dissemination is agricultural research and technology development (R&D) and extension. Previous research in Uganda confirms that investment in agricultural R&D and extension offers the greatest potential among agricultural investment areas for enhancing productivity and reducing poverty. Related studies for Africa as a whole show that for every one percent increase in yields brought about by investments in agricultural R&D, two million Africans can be lifted out of poverty. However, agricultural R&D spending in Uganda is low compared to expenditure on the provision of other public agricultural goods and services, as indicated in Figure 1.

A rural infrastructure and NAADS-dominated public agriculture investment strategy is shown in Figure 1. Recent studies show that the NAADS programme is having positive impacts on the availability and quality of advisory services provided to farmers, promoting adoption of new crop and livestock enterprises, and improving adoption of modern agricultural production

Figure 1: Allocation of government spending on agricultural development, 2005/06–2007/08 (% of total allocation)



technologies and practices. Furthermore, NAADS also appears to have promoted greater use of post-harvest technologies and commercial marketing of commodities, consistent with its mission to promote more commercially-oriented agriculture. However, the success in promoting adoption of improved varieties of crops and some other yield-enhancing technologies is not matched by promotion of improved soil fertility management. This raises concern about the sustainability of productivity increases that may occur, since such increases may lead to more rapid soil nutrient mining unless comparable success in promoting improved soil fertility management is achieved. Increased public investments are needed for applied agronomic research that identifies more effective ways to profitably combine inorganic and organic soil fertility measures in different crop systems, as well as to improve the market environment and promote adoption of more remunerative crop enterprises.

Public investment and spending priorities should also focus on other areas that contribute to increased productivity, including disease and pest control, irrigation, farm input support, basic storage and post harvest technologies, and the effective use and management of natural resources. Resources should also be allocated to activities that, although considered to be non-agricultural, will promote agricultural processing and marketing, such as investments in rural electrification and community roads. Studies have shown that investment in rural road infrastructure in Uganda, particularly feeder roads, provides a high economic return and can have

large effect on growth and poverty-reduction. The marginal returns on agriculture output and poverty reduction to public spending on feeder roads is 3–4 times larger than the returns to public spending on murrum and tarmac roads. In fact, investment in infrastructure, especially road development, is often ranked among the top two public spending sources of overall growth and poverty reduction. As such, the priority given rural infrastructure within the current public agriculture investment strategy of Uganda should be maintained. However, these expenditures should be matched with increased allocations to agricultural R&D and the dissemination of the resultant improved agricultural technologies.

In summary, the broad areas of public investments in the agricultural sector should be on the following areas:

- Investments aimed at raising factor (land, labor and capital) productivity in agriculture (crops, fisheries, and livestock);
- Investments that promote production and storage of staple foods at household level;
- Investments that promote agro-processing industries through public private partnerships;
- Investments that promote development of value chains for strategic agricultural commodities;
- Exploring and developing market opportunities for agricultural products of both small-scale and large-scale farmers.

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*Prepared by the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), based on research by the International Food Policy Research Institute (IFPRI), in collaboration with experts in Uganda. Supported financially by COMESA Secretariat.*

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## Comprehensive Africa Agriculture Development Programme (CAADP)

BROCHURE 6 — OCTOBER 2009

# UGANDA

## *STRATEGIC ANALYSIS AND KNOWLEDGE SUPPORT SYSTEMS TO INFORM AND GUIDE THE CAADP IMPLEMENTATION PROCESS*

The New Partnership for Africa's Development (NEPAD) has made political and economic governance a cornerstone of its strategy, as illustrated by its adoption of and commitment to the African Peer Review Mechanism (APRM). At the sectoral level, this philosophy translates into

recognition of the need to improve policy and strategy planning and implementation. This in turn calls for tools to help generate the necessary knowledge to inform and guide sector policies and strategies in order to facilitate a successful implementation of CAADP.

### CAADP as a Strategic Framework

CAADP is a strategic framework to guide country development efforts and partnerships in the agricultural sector. Similar to the broader NEPAD agenda, it embodies the principles of peer review and dialogue, which, when adequately followed and applied, will stimulate and broaden the adoption of best practices, facilitate benchmarking and mutual learning and, ultimately, raise the quality and consistency of country policies and strategies in the agricultural sector. The following are some of the most important CAADP principles and targets:

- Designating agriculture-led growth as a main strategy to achieve the Millennium

Development Goal of halving by 2015 the proportion of people living on less than a dollar a day (MDG1).

- Pursuing a 6 percent average annual agricultural sector growth rate at the national level.
- Allocating at least 10 percent of the national budget to agriculture.
- Exploiting regional complementarities and cooperation to boost agricultural sector growth.
- Adopting the principles of policy efficiency, dialogue, review, and accountability, shared by all NEPAD programmes.

- Strengthening and expanding partnerships and alliances to include farmers, agribusiness, and civil-society communities.
- Assigning programme implementation to individual countries, coordination by designated Regional Economic Communities (RECs), and facilitation by the NEPAD Secretariat.

The successful application of the above principles and broad realisation of the related targets require knowledge tools that will encourage and support: (i) the move towards evidence-based and outcome-oriented programme design and implementation; (ii) the practice of inclusive policy review and dialogue within and across countries; as well as (iii) effective coordination and advocacy at the regional and continental levels.

## Review and knowledge processes for the successful implementation of CAADP

Achieving the CAADP objective of broad-based agricultural sector growth across Africa cannot happen without: (a) greater efficiency and consistency in the planning and execution of sector policies and programmes; (b) increased effectiveness in translating government expenditures into public goods and services; (c) an adequate level of these expenditures to sustain an annual agricultural sector growth rate of 6 percent and (d) the expertise and mechanism to regularly and transparently measure performance against targets and keep policies and programmes on track.

The review and dialogue processes under the CAADP agenda operate at three different levels:

1. *Mutual Review at the Continental Level:* There are two main mechanisms for review and dialogue at the continental level. The first is the African Partnership Forum (APF), which targets African leaders and their G8 partners and is supported by a technical secretariat at the Organisation for Economic Cooperation and Development (OECD). It is a forum for dialogue and review at the highest level, with respect to programme performance and progress across the broad NEPAD agenda. The second mechanism, the CAADP Partnership Platform, focuses more specifically on the CAADP agenda. It brings together representatives of the leading RECs and other regional bodies dealing with agriculture, major bilateral and multilateral development agencies, and private-sector and farmers' organisations.

2. *Peer Review at the Regional Level:* The leading RECs facilitate dialogue on and review of CAADP implementation through two distinct processes. The first regroups country representatives at the level of permanent secretaries and directors of planning. It focuses primarily on a collective review of implementation performance in individual countries and mutual learning to spread and accelerate progress toward CAADP goals and targets. The second process allows the leadership of RECs and representatives from the private sector, farmers' organisations, and development agencies to track programme progress and performance at the regional level and align development assistance and country policies and strategies with the CAADP targets and principles.

3. *Progress Review at the National Level:* Country-level implementation requires an inclusive dialogue and review process to ensure that policies and programmes, including budgetary policies and development assistance, are aligned with CAADP principles and are on track to meet CAADP objectives. The choice of mechanisms to facilitate this process depends on the institutional and technical realities in an individual country, but each country must carry out a transparent, broad, and inclusive dialogue that ensures the effective participation of the agribusiness sector and farmers' organisations. The identification of the appropriate policy and

programme mechanisms takes place during the country roundtable process.

The review and dialogue processes described above add real value to current and future development outcomes to the extent that they are well informed and supported through accurate and intelligent data derived from rigorous analysis of: (i) the strategic and operational challenges of implementing the CAADP agenda at the regional and country levels; (ii) the adequacy of the design and the execution of the programmes and policy measures adopted to address these challenges; and (iii) the impact of such programmes in terms of realising the growth, poverty, and food and nutrition security objectives of CAADP. This requires human capacities, technical infrastructure, analytical tools, and communications instruments to gather the relevant data and information and analyse it to generate credible, high-quality knowledge products, which can be stored and accessed, as needed, to inform and guide debates associated with review processes.

The above capacities, tools, and instruments are needed both at the regional and country level and can be acquired by building upon and strengthening existing institutions and experts networks. In addition, these institutions and networks can be linked within and across countries at the regional level to create the necessary critical mass for analysis and exploit technical complementarities. To this end, three Regional Strategic Analysis and Knowledge Support System (ReSAKSS) nodes have been established. The following sections describe the operation and key tasks of the ReSAKSS and provide an outline of the country-level knowledge system that is being established to support the implementation of the CAADP agenda in Uganda, as defined in the revised Development Strategy and Investment Plan (DSIP) of the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF). The DSIP is being revised in line with the broad objectives of the National Development Plan (NDP), currently under formulation.

### *Regional Strategic Analysis and Knowledge Support System (ReSAKSS)*

As part of the CAADP implementation process, three leading RECs—the Common Market of Eastern and Southern Africa (COMESA), the Economic Community of West African States (ECOWAS), and the Southern African Development Community (SADC)—are each working to establish their respective ReSAKSS. They are working in collaboration with four Africa-based centres of the Consultative Group on International Agricultural Research (CGIAR): the International Institute of Tropical Agriculture (IITA) in Ibadan, Nigeria; the International Livestock Research Institute (ILRI) in Nairobi, Kenya; the International Crop Research Institute for the Semi-Arid Tropics (ICRISAT), in Bulawayo, Zimbabwe, and the International Water Management Institute (IWMI), in Pretoria, South Africa, under the overall coordination of the International Food Policy Research Institute (IFPRI).

The objective of the three ReSAKSS nodes, which have now been established in Ibadan, Nairobi, and Pretoria, is to facilitate access by the RECs and their member states to policy relevant analyses of the highest quality in order to generate the necessary knowledge to improve policymaking, track progress, document success, and derive lessons that can feed into the review and learning processes associated with the implementation of the CAADP agenda. They operate under coordination and governance structures chaired by the RECs. Although facilitated by the CGIAR centers, the ReSAKSS are not research entities or projects within these centers. The main tasks of the ReSAKSS can be summarised as follows:

*Knowledge Management:* to mobilise existing networks and centers of expertise at the international, regional, and national levels in order to assemble the needed capacities and knowledge and provide first-rate analytical and advisory services to countries and RECs in the design, implementation, and evaluation of CAADP programmes.

*Building Country-Level Knowledge Management Capacity:* to provide assistance to countries in

the establishment of national knowledge system nodes, and promote cooperation with respect to generating, disseminating, and accessing knowledge products to support CAADP implementation. Of particular interest are using shared standards and protocols for the collection, storage, and exchange of data and the application of similar cutting-edge methodologies for policy and strategy analysis.

*Support to Review and Dialogue Processes:* to work with the national nodes to provide relevant and timely information to guide the mutual review at the continental level, peer review at the regional level, and progress review at the country level. The corresponding support forums are the African Partnership Forum and CAADP Partnership Platform at the continental level; the REC-specific coordination and governance structures at the regional level; and the review and dialogue mechanisms to be established at the country level as part of the CAADP implementation process.

### *Strategic Analysis and Knowledge*

#### *Support System in Uganda*

The aim of the knowledge-management component of the CAADP agenda is to add value to the efforts of individual countries, where necessary, to ensure that they have an information and knowledge system that aids dialogue and evidence-based decision making. As a complement to and an extension of the ReSAKSS described above, Uganda is establishing a country-level Strategic Analysis and Knowledge Support System (Uganda-SAKSS) as a technical component of an inclusive review and dialogue mechanism to facilitate better policy design and implementation in the agricultural and other sectors and thus, contribute to the successful implementation of the NDP agenda.

#### *Need for a Uganda SAKSS node under the NDP agenda*

At the moment, the development policy processes in Uganda are very dynamic and require a knowledge and information system that will support the ongoing debates and decisions that have to be made with timely evidence. Uganda is also completing a broad planning

phase under the NDP process that will lead to the implementation of programmes under a revised agricultural DISP—the centrepiece of the country's CAADP agenda—in the very near future. The establishment of a Uganda SAKSS node will provide a framework within which targeted knowledge products emanating from policy-relevant research, objective analysis, and high-quality local data can be made available and used during the policymaking processes related to the design and implementation of these programmes.

During the analytical phase of the roundtable process, strategy elements and options for agricultural growth, poverty reduction, and food security in Uganda have been defined. Although critical questions regarding the NDP agenda have been answered, it is certain that additional gaps will be identified as the process moves toward the operational, post-roundtable phase. The 2009–2014 timeframe of the NDP corresponds to phase one of the implementation of the agricultural agenda. A host of programme design and execution questions will emerge that will require immediate answers in order to ensure the steady and successful implementation of the NDP agricultural programmes. Moreover, a number of policy and strategy issues will also require attention. Leaving such questions and issues unaddressed, working with less-than-satisfactory answers, or having to rely on time-consuming, ad hoc, and sporadic consultant services to provide the necessary answers would significantly reduce the chances of success. Moreover, policy and strategy design and implementation are ongoing processes that require steady access to high-quality information.

Therefore, the establishment of a Uganda country SAKSS node, combined with the large expertise network of the East Africa ReSAKSS, will be invaluable for policymakers and other actors within and outside of government who are involved in the implementation of the NDP agenda. It will also help build institutional and technical capacities and foster collaboration among the various centres of expertise as well as other suppliers and users of the concerned knowledge products.

### *Role of the Uganda SAKSS*

The ultimate goal of the Uganda SAKSS node is to improve the quality of policy and strategy design and implementation in Uganda through the facilitation of well-informed planning, review, and dialogue processes. When it is established and fully functional, its main functions will be to:

- generate, compile, and share analyses and data relevant to Uganda's agricultural development in line with NDP objectives;
- perform strategic investment analyses for the agricultural sector, especially for the different subsectors, providing practical policy and investment options;
- undertake monitoring and evaluation of the NDP/agriculture programmes to facilitate evidence-based planning and implementation;
- produce knowledge products for dissemination through both real (stakeholder forums) and virtual (interactive multimedia) mechanisms;
- contribute to fostering constructive, cross-sectoral policy debates on future agricultural and rural development alternatives for Uganda;
- encourage dialogue and exchange of data and knowledge among the different stakeholders at national, regional, and international levels;
- facilitate access to a growing analytical and visualisation toolkit using information and communication technologies (ICTs); and
- strengthen local capacity to conduct objective, timely, and relevant policy research and analysis through a variety of short- and long-term training processes.

### *Operation and Governance of the Uganda SAKSS Node*

An inclusive steering committee or other oversight structure will be established whose role will be to ensure that the agenda of the SAKSS node remains relevant to the planning and implementation of the DSIP. The current PMA Steering Committee or a subcommittee formed by it is best placed to do this because it already is very active and has a broad representation of the key

stakeholders in agriculture and rural development in Uganda. The oversight structure will review both the outputs and the agenda of the Uganda SAKSS node. The activities of the node will be identified through an inclusive and dynamic process involving all major stakeholders in constant dialogue with NDP/DSIP implementers on the government side (MAAIF, local governments).

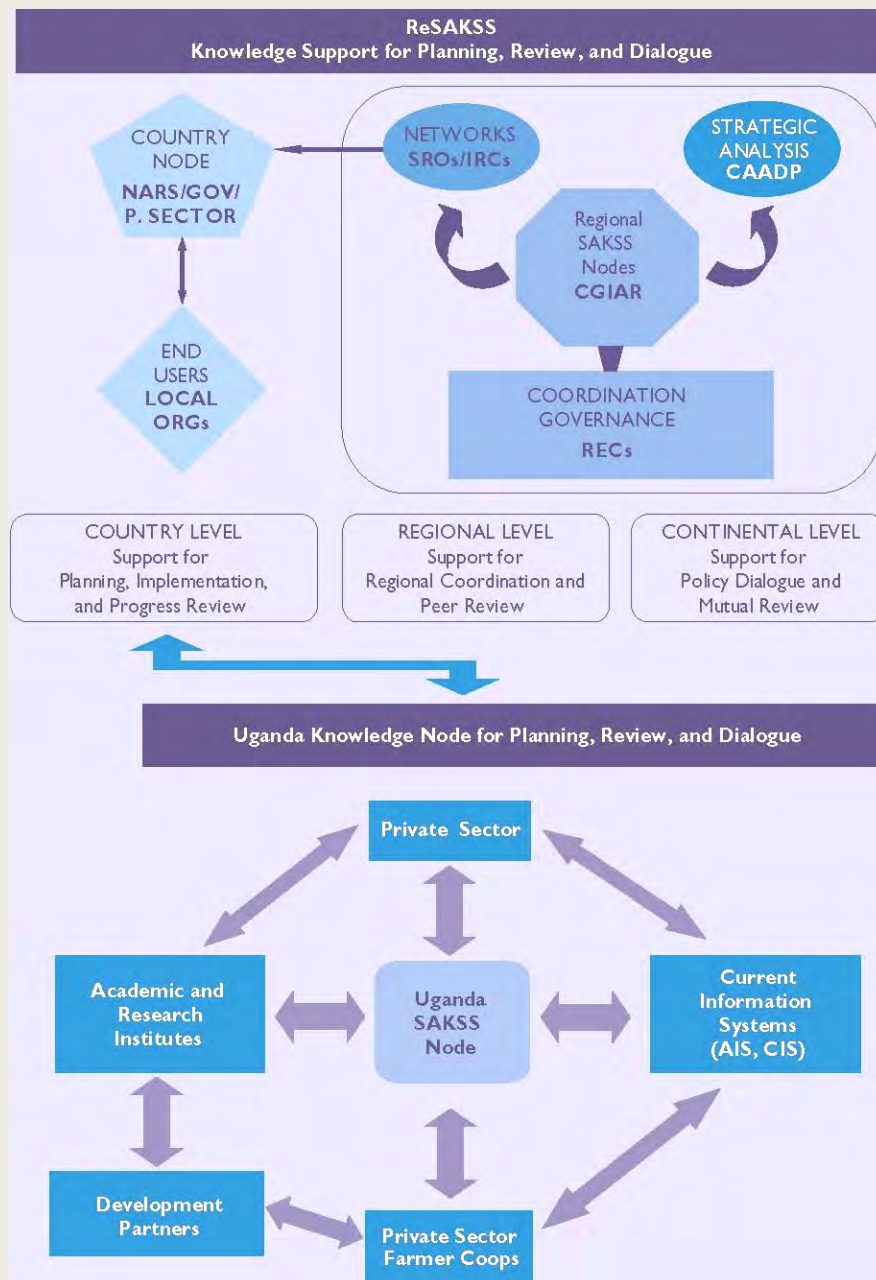
A technical unit is being created to carry out the day-to-day activities of the node. The unit will be of a limited size and will rely on a network of both users and suppliers of knowledge at the national and regional levels, particularly the ReSAKSS-Eastern and Central Africa (ECA) node, the existing national centres of expertise, and the technical organs of existing professional organisations in Uganda. The most important operations to be carried out within the unit are: (i) the coordination of the above collaborative and network framework to mobilise the available expertise in order to generate targeted knowledge products to support the implementation of the NDP/DSIP agenda as defined above; and (ii) the packaging, accessible storage, and dissemination of such products.

The Uganda SAKSS node will not operate in a vacuum. Several SAKSS-relevant initiatives are in their early stages in the country, all of them capable of contributing to review and dialogue mechanisms to support the successful implementation of the NDP/DSIP agenda. They include the Economic Policy Research Centre (EPRC), which serves as a policy and research think-tank for Uganda, and the Community Information System (CIS), which is being spearheaded by the Ministry of Finance, Planning and Economic Development. The Uganda SAKSS node will be hosted by the PMA Secretariat, a semiautonomous technical unit supporting the PMA Steering Committee.

### *Relationship between ReSAKSS and the Uganda SAKSS Nodes*

The diagram below illustrates the structures of and relationships between the regional and country SAKSS nodes. The ReSAKSS node, which operates under the coordination and governance of the respective REC (in this case COMESA) and

Figure 1: The relationship between ReSAKSS–ECA and the Uganda SAKSS node



with technical assistance from the CGIAR (in this case, ILRI), focuses on generating strategic analysis and information to guide the CAADP agenda in the region. It collaborates with sub-regional research organisations (in this case, ASARECA, the Association for Strengthening Agricultural Research in Eastern and Central Africa) and other international research centres and uses their networks to mobilise expertise and generate the required knowledge products. The ReSAKSS also provides assistance to country

nodes and helps foster collaboration and exchange among the various nodes in the region.

In general, the country nodes operate under the coordination of the government with technical support from agencies and research institutions that are involved in the design and implementation of policies and strategies linked to the CAADP agenda as well as in the creation of knowledge and other information that can

support these policies and strategies. At the forefront of these agencies and institutions are the National Agricultural Research Systems (NARs), universities, statistics offices, technical arms of professional organisations, and other relevant research entities. The country nodes do not just cater to the needs of national institutions and stakeholders but also serve the needs of local organisations and government agencies.

The Uganda SAKSS node is not an institution, but rather of a mechanism by which to bring together institutions and individuals within Uganda that both generate and use knowledge on agriculture and rural development. The country node also extends its relationships beyond Uganda to establish links with the ECA

ReSAKSS node and other international partners. A small unit composed of a coordinator and two or three technical staff will be sufficient to run the node, relying on people from other institutions in the country to satisfy the large demand for knowledge products. The bottom part of the diagram shows a schematic representation of the links between the Uganda SAKSS node and various stakeholders in the country.

The double-headed arrow on the left symbolises the link between the Uganda SAKSS node and the ReSAKSS node. The ultimate goal of both is to complement each other in supporting the review and planning processes needed to effectively and successfully implement the CAADP agenda in Uganda and across the region.

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*Prepared by the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), with technical support from the International Food Policy Research Institute (IFPRI), in collaboration with experts in Uganda.*

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