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**UGANDA'S IDEA PROJECT  
AND FOOD SECURITY**

**An Assessment**

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Agribusiness Development Centre  
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## EXECUTIVE SUMMARY

This document defines the nature and scope of food insecurity in Uganda, and suggests policy and program responses. It presents a framework for making a permanent dent in Uganda's food security problem. Ideally, the framework has relevance for the Government of Uganda, USAID, other donors and, especially and most immediately, IDEA.

Food security is defined as "access by all people at all times to enough food for an active and healthy life." Food security encompasses three major dimensions: availability, access, and utilization. The document examines the three dimensions to assess Uganda's food security problem.

Of the three dimensions of food security, lack of access is the root cause of food insecurity in Uganda. In other words, *Uganda's food insecurity is more than anything else a question of poverty*. If Uganda can reduce its poverty, it will have made major inroads into enhancing food availability and utilization as well. Accordingly, the document attaches highest priority programmatically to bringing about sustainable increases in the incomes of Uganda's poor.

Poverty reduction is a medium- to long-run proposition. In the short to medium run, large numbers of Ugandans will continue to be malnourished or at nutritional risk. In particular, substantial numbers of young children will continue to be vulnerable to irreversible physiological damage unless measures are taken to compensate for the inadequate incomes of their households. As a consequence, the proposed stress on income generation for the poor must be complemented by a focus on food utilization, especially on Uganda's most nutritionally vulnerable population, children less than two years of age either currently malnourished or at high nutritional risk.

Exhibit E 1 summarizes the document's main messages. It also portrays schematically the logic that leads to the document's major policy and programmatic conclusions. In essence, the document argues for actions that promote investment, connect poor people with markets, and raise labor productivity. Among productive sectors, it looks to agriculture, broadly defined, to take the lead. It also highlights the key role quality health services play in bringing about food security, as well as the inescapable need for family planning.

Exhibit E 2 brings the discussion down a notch. Programmatically, it argues for a "Back-to-Basics" approach to enhancing food security in Uganda. The approach consists of six program prongs. On the productive side of the house, it highlights the need for a conducive investment climate, good roads, and agribusiness facilitation services. It also argues for investment in human capital, especially through basic education.

The prong most relevant to IDEA is the provision of agribusiness facilitation services. In this connection, the document makes a case for involvement of the Project in both high- and low-value crops. Each has a definite, well defined contribution to make towards food security.

Operationally, the document recommends that IDEA keep its commercial focus, that it pay increasing attention to nurturing backward and forward linkage industries, especially seed and fertilizer supply companies, that it continues to resist pressure to engage in low-impact activities,

and that it continues to collaborate with other organizations, extending technology improvements increasingly through them. Geographically, the document urges not only IDEA but also the government and USAID to focus on areas of high agricultural potential and the market cities serving them.

Exhibit E 1

**LOGIC AND PRINCIPAL MESSAGES OF PROPOSED FOOD SECURITY FRAMEWORK**

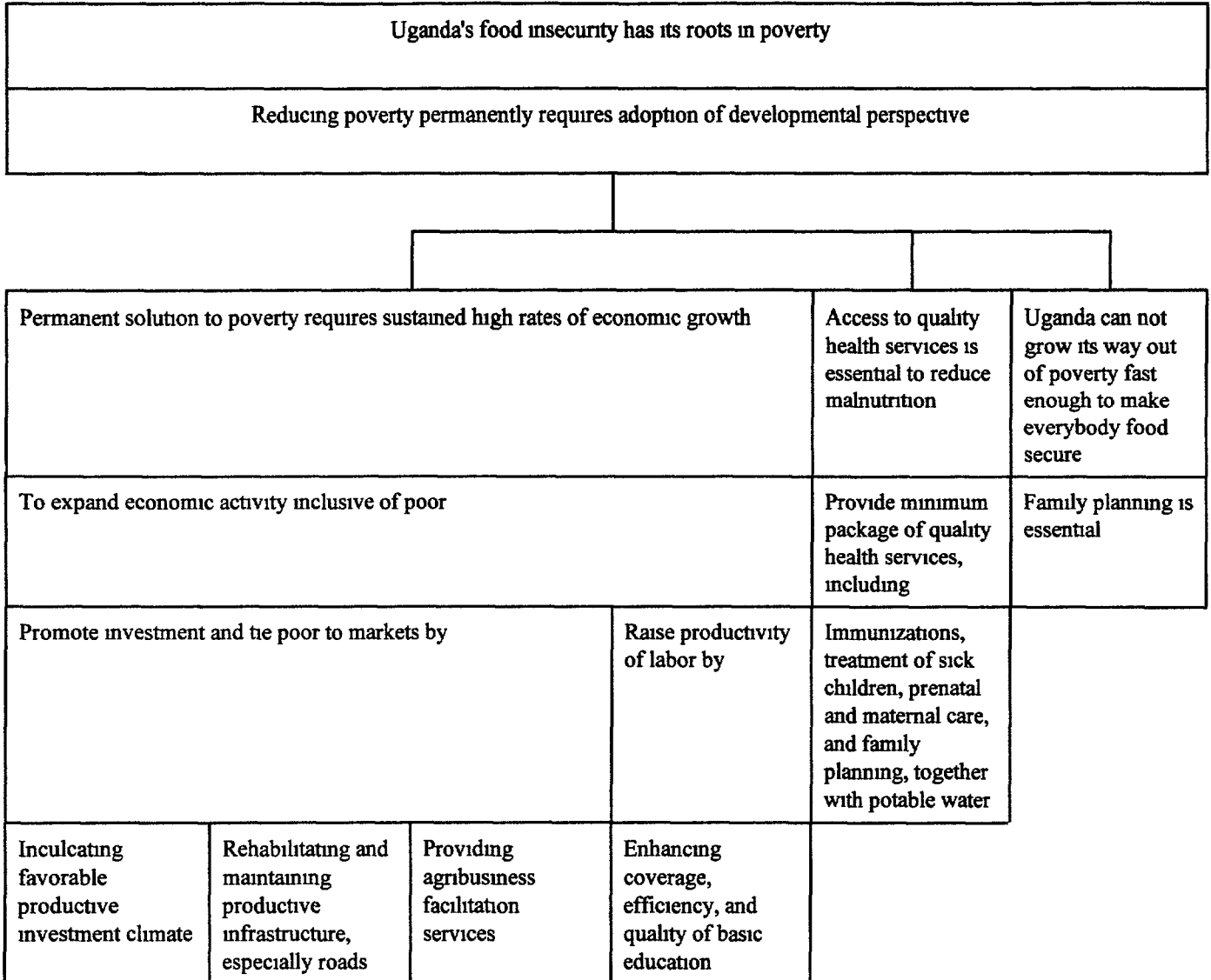


Exhibit E 2

**RECOMMENDED "BACK-TO-BASICS" PROGRAM  
TO ADVANCE FOOD SECURITY IN UGANDA**

<b>Prong of Program</b>	<b>Principal Policy and Program Actions</b>	<b>Geographic Coverage</b>
<p>1 Inculcation of a favorable productive investment climate</p>	<ul style="list-style-type: none"> <li>◆ Privatize electric power</li> <li>◆ Privatize telecommunications</li> <li>◆ Review investment code and take facilitative posture in implementing it</li> <li>◆ Take visible steps to arrest corruption</li> <li>◆ Review financial sector to find ways to raise deplorable domestic savings rate of 2 3%</li> </ul>	<p>Privatize electric power nationally or in priority corridors of economic activity All other actions national</p>
<p>2 Rehabilitation and maintenance of productive infrastructure, especially roads</p>	<ul style="list-style-type: none"> <li>◆ Rehabilitate and maintain trunk roads among principal cities</li> <li>◆ Rehabilitate and maintain access roads</li> </ul>	<p>Trunk roads national Access roads focus on connecting priority agricultural areas and market cities serving them</p>
<p>3 Provision of agribusiness facilitation services</p>	<ul style="list-style-type: none"> <li>◆ Facilitate access to technical, market, and managerial know-how</li> <li>◆ Facilitate investment, both domestic and foreign, in agribusiness</li> </ul>	<p>Focus on priority agricultural areas and market cities serving them</p>
<p>4 Enhancement of human capital</p>	<ul style="list-style-type: none"> <li>◆ Enhance coverage, efficiency, and quality of basic education</li> <li>◆ Furnish targeted assistance to enhance technical and management skills</li> </ul>	<p>Ideally, national, if need be, focus on priority corridors of economic activity</p>
<p>5 Provision of minimum package of quality health services</p>	<ul style="list-style-type: none"> <li>◆ Target nutritionally vulnerable children, especially those under two, and pregnant and lactating women</li> <li>◆ Extend immunizations, treatment of sick children, prenatal and maternal care, and family planning, together with potable water provision</li> </ul>	<p>Ideally, national, if need be, focus on priority corridors of economic activity</p>
<p>6 Provision of family planning services</p>	<ul style="list-style-type: none"> <li>◆ Integrate family planning in health system</li> </ul>	<p>Ideally, national, if need be, focus on priority corridors of economic activity</p>

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## FOREWORD

This document is the outgrowth of a three-week assignment by the author in Uganda in January 1999. The Agribusiness Development Centre (ADC) commissioned it. USAID/Uganda funds ADC under Uganda's Investment in Developing Export Agriculture (IDEA) Project.

The author has written this document first and foremost for IDEA. By itself, however, IDEA can make only a minor dent in reducing Uganda's food insecurity. Improving food security in Uganda is Uganda's job. IDEA is only a supporting actor in that drama. Other actors, especially the Government of Uganda, play much more important roles. Potentially, USAID can make a significant contribution. Accordingly, the author has taken the liberty of suggesting priority policy and program responses not only for IDEA but also for the GOU and USAID. In the end, the proof of this document's pudding will lie in the degree to which a variety of actors share in its eating.

The scope of work given to the author was daunting. In brief, he was charged with diagnosing Uganda's food security problem and with recommending appropriate policy and programmatic responses, both generally and for specific IDEA activities -- all within three weeks. The conceptual and programmatic sweep of the scope has made these weeks very exciting. At the same time, it has been impossible for the author to canvass the waterfront. Accordingly, this document goes much more on impressions and is much shorter on facts than he would prefer. It is a first word, not the last.

In the final analysis, recommending how to improve food security comes down to making choices, to sticking one's neck out and saying that some policy and program actions are more important than others. The author has tried not to shirk that responsibility. Given the brief time at his disposal, however, he is painfully aware of how lightly he has touched on a number of important topics, of the fragility of the empirical foundation for some of his conclusions, and, in general, of how much he still does not know. On the other hand, he is encouraged by the consistency of the strategic directions that have emerged, and he believes that they constitute a compelling policy and programmatic package for the future. In reviewing this document, the reader is asked to focus on the forest of these principal messages, not to dwell on individual trees that may be askew.

The author is indebted to a number of individuals for their openness, collaboration, and guidance during the three weeks allotted to the assignment. At the risk of failing to acknowledge the contributions of others, the author wishes to single out Dr. Clive Drew, the Chief of Party of the Chemonics International Inc. technical assistance team in ADC, and Ron Stryker, the Team Leader for economic growth/private sector development (SO1) in USAID/Uganda. Notwithstanding the time constraint, they urged the author to "tell it like you see it," which, for better or for worse, this document attempts to do.

## CHAPTER 1 INTRODUCTION

### 1.1 OBJECTIVES AND ORGANIZATION OF THIS DOCUMENT

This document has three objectives

- ◆ To assess the extent to which food insecurity in Uganda is an availability problem, an access problem, and a utilization problem, and given the relative importance of each dimension, suggest program and policy priorities for addressing food insecurity in the short, medium, and long term,
- ◆ To assess the contribution that IDEA low-value crops, especially maize and beans, can make to raising rural incomes, increasing exports, and adding to food security, and how IDEA can enhance their contribution<sup>1</sup>, and
- ◆ To recommend specific types of interventions, and their timing, through which IDEA can contribute to Uganda becoming a more competitive supplier of food commodities to regional markets

The organization of this document follows its objectives. After this introductory, definitional chapter, Chapter 2 defines the nature and scope of food insecurity in Uganda. Building on this diagnosis, Chapter 3 suggests major program and policy priorities for the Government of Uganda, USAID, and IDEA. Chapter 3 is the heart of this assessment, from which the specifics addressed in the subsequent two chapters follow almost as corollaries.

Chapter 4 assesses the contribution of low-value crops to food security and IDEA's role therein. Chapter 5 offers recommendations on how IDEA can help Uganda become a more competitive supplier of food commodities regionally.

### 1.2 DEFINITION OF FOOD SECURITY

The definition of food security used in this document is

**Food security is access by all people at all times  
to enough food for an active and healthy life**

This is the definition of food security popularized by the World Bank. It also is the definition used in the Food, Agriculture, Conservation, and Trade Act of 1990, which made significant changes in the U.S. international food assistance program. USAID's 1992 Policy Determination Number 19 defines food security as "when all people at all times have both physical and economic access to sufficient food to meet their dietary needs for a productive and healthy life." Both definitions emphasize the accessibility of food or effective demand. This emphasis contrasts with earlier definitions that focused more narrowly on food availability or supply.

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<sup>1</sup>The author's scope of work singled out low-value crops for consideration. In fact, the document devotes considerable attention to the contribution of high-value crops to food security as well.



## 1.2 1 DETERMINANTS OF FOOD SECURITY

Current definitions of food security encompass three basic elements availability, access, and utilization. The three elements are recognized widely within the international community as capturing the major dimensions of food security, and, therefore, will be used to assess the food security problem in Uganda.

### ◆ Food Availability

Food availability can be a problem at the national, household, or individual level. A country cannot achieve food security unless available food supplies are sufficient to supply every person in the country with an adequate diet. The food supplies necessary can be produced domestically, they can be imported commercially or through concessional aid programs, and, in the short run, they can be drawn from stocks. Food availability also can be a problem at the household or individual level. If food supplies are inadequate at the national level, there is not going to be enough food available to feed all households and all individuals, even if distributed equally among them.

In a world increasingly integrated through trade and political-economic ties, global availability of food is of increasing importance to household food security. Availability of food at the household level also requires that food be available in local markets, which also requires relatively smooth market operations, functioning infrastructure, and free flow of information.

### ◆ Food Access

Achieving food security in a country also requires that households have the ability -- that is, the purchasing power -- to acquire sufficient food. Some households will be able to produce sufficient food to feed themselves. Others will rely on earnings from farm and non-farm activities or on income transfers, food subsidies, etc., to be able to purchase a nutritionally adequate diet. Food, in other words, is a commodity, access to which is governed by the same factors that govern access to any other commodity. That is why food insecurity and poverty are so closely linked<sup>2</sup>. Access also is a concept that has relevance at the national level. If countries earn sufficient foreign exchange from exports of goods and services, it does not matter if they produce enough food to feed their populations adequately. They can buy food on the international market.

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<sup>2</sup>In the U S A for example where about 2% of the population are farmers who can feed America and many other people around the world, there are still national access problems. Less than 15% of average consumer income is spent on food, yet every day millions of Americans rely on food stamps and soup kitchens for their daily bread.

◆ **Food Utilization**

People also can be said to experience food insecurity when they fail to consume proper diets, even when food is available. Similarly, food insecurity can occur when people consume proper diets, but poor health stands in the way of their bodies absorbing sufficient nutrients. Given food accessibility, improper food utilization can result from personal tastes, culture, peer pressure, lack of knowledge, post-harvest losses, inadequate household processing and storage, inadequate food labeling, misleading advertising, and lack of access to or utilization of health, water, and sanitation services. In Uganda's case, the diet is high in carbohydrates from staples such as bananas and roots and tubers, but low in protein and fats. As a result, stunting is common.

**1.2.2 TIME DIMENSION OF FOOD INSECURITY**

In theory, two types of food insecurity -- chronic and transitory -- can be distinguished. In reality, they are closely intertwined. Chronic food insecurity is consistently inadequate diet caused by inability to acquire food. It affects countries and households that persistently lack the ability to acquire food, whether by producing it themselves or by buying it, bartering it, borrowing it, sharing it, etc. Chronic food insecurity is rooted in poverty. Transitory food insecurity, on the other hand, is a temporary decline in a country's or in a household's access to food. At the country level, it is a consequence of instability in food production or in export earnings, resulting, say, from drought, floods, civil unrest, pestilence, etc. At the household level, it results from instability in production, household incomes, employment, or food prices. In its worst form, transitory food insecurity can result in famine. Typically it is the chronically food insecure who are hit hardest by transitory food insecurity problems.

**1.2.3 WHAT FOOD SECURITY IS NOT**

Food security differs from

◆ **Food Self-Sufficiency**

Food security does not mean food self-sufficiency. Since most foods can be traded internationally, national self-sufficiency only makes sense when a country has a comparative advantage in producing them. In addition, food security is achieved only when all households have the ability to buy food. Thus, there is no necessary link between food self-sufficiency and food security. In fact, empirical studies tend to confirm that food self-sufficiency has no intrinsic value in eliminating chronic food insecurity. In some countries, excessive concern with food self-sufficiency has led to costly and uneconomic investments. The investments have tended to undermine not only per capita income growth, but also food security itself, by diverting resources from otherwise productive uses.

◆ **Agricultural Development**

Food security focuses on who the food insecure are and how to promote their access to food. In many cases, one of the better ways to promote access of the food insecure to food is to stimulate agricultural productivity and growth. Even in rural areas, however, to focus solely on agriculture is to close off income-generation possibilities elsewhere. Economically, the lives of rural people typically encompass much more than farming.

◆ **Broadly Based Economic Growth and Poverty Alleviation**

Combating food insecurity requires more than a commitment to broadly based economic growth and poverty alleviation, although the three are closely related. A strategy directed to the achievement of broadly based, economic growth differs from a food security strategy in its geographic scope and in its time frame. In the first case, the scope is countrywide and the time frame is long-term, in the second case, the strategy is more location-specific and medium-term. A strategy directed toward poverty alleviation, like a food security strategy, also will be targeted to the poorest geographical regions, occupations, ethnic groups, etc., but, like a strategy to achieve broadly based economic growth, will be oriented toward the longer term.

◆ **Feeding Programs**

Feeding programs do not food security make. Rather, they are one particular response to a food security problem. Their geographic focus is location-specific and their time frame is immediate.

## CHAPTER 2: NATURE AND SCOPE OF FOOD INSECURITY IN UGANDA

Food security is a daunting challenge for Uganda. Inadequate food availability, lack of food access, and improper food utilization -- all are problems. This chapter examines their relative importance.

### 2.1. FOOD AVAILABILITY

For years, observers have referred to Uganda as the potential "breadbasket of Africa." The low value (maize and Beans) component of IDEA Project, in fact, has its roots in that assumption. The experience of the last five years calls that assumption into question. IDEA offers many success stories to point to, but the supply response of Ugandan agriculture has not been as buoyant as Project designers had hoped.

Although growth has not matched expectations, by all accounts -- reliable data on this score are hard to come by -- Uganda does have the wherewithal to feed itself.<sup>1</sup> Consequently, it is difficult to claim that Uganda has a chronic national food availability problem. On the other hand, transitory food shortages have been problematic, especially in vulnerable areas. The civil unrest in the northern part of the country obviously has made food short for the populations carried along in its wake.

Analytically, to say that food is short is not to say that food unavailability is the root cause of food insecurity for the populations in question. Often food is available in a country, but individuals do not have the economic wherewithal -- as a consequence of civil unrest, lack of access to productive resources, agroclimatic adversity, etc -- to access it. In other words, food unavailability often is a symptom, not the cause of food insecurity. In such cases, food insecurity is more a demand than a supply problem -- or, to put it another way, a problem, not of inadequate production, but of inadequate incomes. This interpretation appears to fit the Ugandan case.

### 2.2 FOOD ACCESS

A first indication that food insecurity in Uganda is an income -- or poverty -- problem is the country's GDP per capita, approximately US\$290. Even if all incomes were divided equally, to live on that amount is to live close to the margin. In no country in the world, including Uganda, are incomes distributed equally. In Uganda, in fact, available estimates suggest that fully 60 percent of its citizens are poor, that is, they do not earn enough income, either in cash or in kind, to cover the cost of basic food and non-food items required for a minimally acceptable level of nutrition. Available estimates also suggest that 20 percent of Ugandans are extremely poor, that is, that even if households dedicated all their incomes to the consumption of food, the food in question still would not meet minimal nutritional requirements.

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<sup>1</sup>The only published food balance sheet for Uganda indicates that caloric availability slightly exceeded the country's minimum caloric requirements in 1992 (Ssekiboobo and Kakande, 1994).

One can quibble over the accuracy of these estimates. Statistics in Uganda are notably poor. Even if they are off somewhat, however, the breadth and depth of the country's poverty are impossible to ignore. In short, Ugandans are food insecure primarily because they are poor. Or, to turn the coin around the other way, if Uganda is to solve its food security problem, it must reduce the numbers of its people living in poverty.

As one might expect, poverty takes on more serious proportions in rural than in urban areas, and in districts in the north and east than in districts in the south and west of the country. A summary of the principal characteristics of rural poor households appears in Exhibit 2.1.

Exhibit 2.1 CHARACTERISTICS OF RURAL POOR HOUSEHOLDS		
Social/Cultural	Income	Access
<ul style="list-style-type: none"> <li>◆ Household heads are relatively old</li> <li>◆ Literacy is low</li> <li>◆ Proportion of dependents - e.g., children, elderly disabled - is high</li> <li>◆ Reliance on cassava, millet and sorghum is high</li> </ul>	<ul style="list-style-type: none"> <li>◆ Agriculture is major source of income</li> <li>◆ Food crops account for 90% of total income, including home consumption</li> <li>◆ Remittances account for more than one fifth of income</li> <li>◆ Cash crops, such as coffee, account for 5% of income</li> </ul>	<ul style="list-style-type: none"> <li>◆ Access to health care is limited</li> <li>◆ Access to education is limited</li> <li>◆ Access to markets and services is limited</li> </ul>
Source: World Bank (1996)		

### 2.3. FOOD UTILIZATION

The drawback to diagnosing food insecurity as a poverty problem is that poverty reduction -- as opposed to poverty alleviation -- is a medium- to long-term proposition. Quick fixes will not do the trick. Even if a country like Uganda is relatively successful in reducing the number of its citizens who suffer from poverty, in the short and even medium run substantial numbers of people can be expected to remain at high nutritional risk. The populations of greatest concern are children less than two years old. Nutritional insults suffered at that age are irreversible physiologically. In the short and medium run, therefore, a strategy to combat food insecurity must include interventions not only to raise incomes but to address the plight of poor young children and other nutritionally vulnerable groups. Doing so effectively typically

involves not only the provision of food. It also requires access to health services and knowledge of appropriate nutrition practices so that vulnerable individuals can maximize the nutritional return from the limited food to which their household incomes give them access.

In 1995, the Demographic Health Survey found one of every three Ugandan children under four years of age to be stunted. Stunting reflects a child's past as well as current nutritional status and, thus, is indicative of chronic malnutrition. When children do not get adequate amounts of nutrition during their first few years of life, their growth is retarded and they appear too short for their age. These nutritional insults are particularly debilitating in young children, because they never are able to recuperate fully the growth lost during those years. Moreover, even moderate nutritional insults, when they occur frequently enough, can result in serious growth and mental retardation.

As one might expect, the alarming degree of chronic malnutrition in Uganda is correlated closely with poverty. But poverty *per se* is not the only cause. Poor sanitation, low immunization coverage, and a heavy burden of childhood infection, principally malaria, acute respiratory diseases, and diarrhea, all contribute to chronic malnutrition, and reflect the widespread lack of access to quality health care. Caring practices for children, especially feeding, also fall short of the mark, but, causally, are less significant than lack of access to economic opportunities and health services (Taylor, 1998).

In brief, therefore, examination of the utilization dimension of food insecurity in Uganda buttresses the diagnosis of poverty as its root cause, but also points up the need to attend to the needs of nutritionally vulnerable groups, especially young children. In practice, attending to their needs requires not only anti-poverty interventions, but improving access to health services.

#### 2.4 FOOD INSECURITY THE FUTURE

Food insecurity is not a static problem, but a dynamic one. The age distribution of the current population suggests that the numbers of new entrants into the labor force will continue to tax the country's ability to generate jobs for the foreseeable future. Moreover, even if Uganda's population growth rate declines from its currently high level of 2.5 percent per year, it still will be fifteen years or so until its effect on the numbers of labor force entrants will be felt. Thus, the economic implications of the current age distribution of the population will continue for some time.

During the same fifteen years, the geographic distribution of the population between rural and urban areas and among the different regions of the country is likely to undergo change. So too, therefore, will the nature of the jobs to be created. As a consequence, static solutions to current food security problems run the risk of becoming short-term solutions, missing the boat of natural longer-term secular shifts.

The current government has done a remarkable job in putting the country firmly back on a path of growth, and the performance of the economy in individual years compares favorably with

success stories elsewhere in the world. When all is said and done, however, the country only now is attaining the level of development it enjoyed in the early 1970s when it had roughly one half the population it has now. If population growth continues relatively unabated for the next fifteen years, maintenance of the recent pace of economic growth definitely will lower the *percentage* of Ugandans who are food insecure. In absolute terms, however, the *number* of food insecure Ugandans will remain more or less the same. For Uganda to make a major dent in its food insecurity, therefore, either population growth must ebb or economic growth must pick up speed -- or both. Neither, unfortunately, will be an easy task. On the one hand, declines in population growth rates take time. On the other hand, much of the economic recovery of recent years has been just that, recovery, through reinvestment, of ground once lost. Future growth will hinge on winning brand new ground through fresh investments.

## CHAPTER 3: POLICY AND PROGRAM PRIORITIES FOR IMPROVING FOOD SECURITY

This chapter covers a lot of ground. Not only does it lay out policy and programmatic priorities to advance food security in Uganda. It also seeks to explain the reasoning that leads to the priorities selected. Since food security is multidimensional in character, the chapter has many messages to convey. To ease the burden on the reader, the diagram on the following page summarizes its main messages. It also attempts to portray schematically the logic that leads to the document's major policy and programmatic conclusions.

### 3.1. CENTRAL FOCI

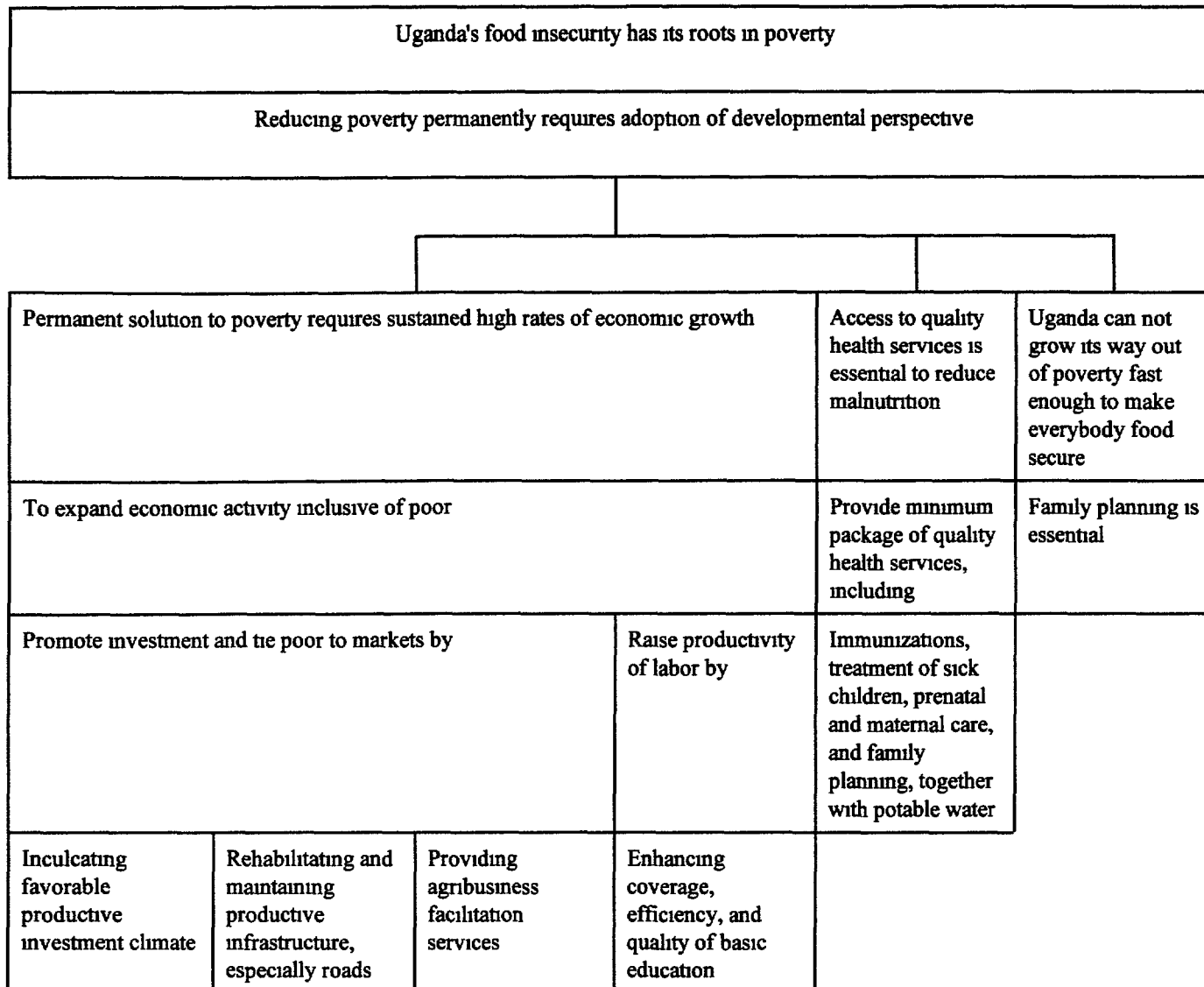
Of the three rubrics of food security -- availability, access, and utilization -- lack of access is the root cause of food insecurity in Uganda. In other words, *Uganda's food insecurity is more than anything else a question of poverty*. If Uganda can reduce its poverty, it will have made major inroads into enhancing availability and utilization as well.

In what follows, a framework for intervention is outlined that attaches highest priority to poverty reduction. As discussed above, however, poverty reduction is a medium- to long-run proposition. In the short to medium run, large numbers of Ugandans will continue to be malnourished or at nutritional risk. In particular, substantial numbers of young children will continue to be vulnerable to irreversible physiological damage unless measures are taken to compensate for the inadequate incomes of their households. As a consequence, the proposed stress on income generation for the poor must be complemented by a focus on utilization, especially on Uganda's most nutritionally vulnerable population, children less than two years of age either currently malnourished or at high nutritional risk.

Strategically, food availability is an important, but secondary concern. If Uganda's poor were not poor, that is, if they could translate their nutritional needs into effective demand for food, food availability would increase markedly, either through increases in national production or through increases in commercial imports. Producing food often is a cost-effective way for poor households to increase their access to food. But increasing food production is only one -- and not always the most cost-effective -- way to bring about that result. Furthermore, it is not an end in itself.



## LOGIC AND PRINCIPAL MESSAGES OF PROPOSED FOOD SECURITY FRAMEWORK



### 3.2. VISION OF UGANDA IN 2015

It is one thing to define Uganda's food security problem, it is another thing to suggest appropriate solutions. To do that, one must have a clear conception not only of where one is now, but of where one would like to go. In what follows, the author ventures a vision of Uganda in the year 2015. The vision is not a projection, but a value judgement tempered by a sense of the possible. By making one's desired destination explicit, one presumably can make more informed choices among competing policy and program options on how to get there.

The vision that follows paints a picture of what Uganda ideally will be like in approximately 15 years from now under the assumption that things go reasonably well between now and then. The characteristics of this "realistically optimistic" vision of Uganda are

- ◆ Economic growth rates will gradually approach eight to ten percent a year, and the natural population growth rate will decline from 2.5 to less than two percent. As a result, a smaller percentage of Ugandans will suffer from poverty in 2015 than today. Nevertheless, a substantial number of Ugandans will continue to be poor. If roughly three of every five Ugandans are poor today, roughly two of every five will be poor in 2015. If roughly two of every ten Ugandans are extremely poor today, roughly one in ten will be extremely poor in 2015.
- ◆ Chronic malnutrition will more than halve to approximately 15 percent. The principal cause of chronic malnutrition will be low birth weight.
- ◆ Rural population will increase, but urbanization will accelerate. Today, seven of every eight Ugandans (87 percent) live in rural areas. By 2015, the proportion will have dropped to approximately two of every three (67 percent). Increasingly, food insecurity will become an urban as well as a rural problem.
- ◆ Population growth rates will be highest in Uganda's secondary cities. Kampala will grow, but its rate of growth will slow. In sum, Uganda's urban population will be less concentrated in the capital city.
- ◆ Primary agriculture will grow, but, percentagewise, will expand less rapidly than other sectors. Backward and forward linkages with primary agriculture will take on much more significance. Uganda's principal cities will be the base of expanded and more efficient agricultural input, processing, and marketing industries. In short, primary agriculture and its ancillary industries will be more modern and productive.
- ◆ Uganda will produce more food, but will destine significantly higher proportions of that production for export. Increasingly, Uganda will be able to afford commercial food imports, which will rise as well. Food aid will decline both proportionally and absolutely. Uganda will be far from food self-sufficient, but it will be more food secure.

- ◆ Proportionally, Ugandan agriculture will shift production from subsistence to high-value crops, exploiting comparative advantage. The country's most dynamic farmers will produce for niche markets, mostly abroad.
- ◆ Most farmers will continue to produce food crops, but will market increasing portions of their produce, including both high- and low-value products. Most also will use modern inputs. In short, Uganda's agriculture will be increasingly commercial. The number of subsistence farm households will drop significantly.
- ◆ Pressure on land will intensify. Environmental degradation will continue. Shifting cultivation will be less of a problem than it is today, but exploitation of marginal lands, including exploitation for charcoal, will be more of a problem.
- ◆ Uganda's road network will improve dramatically. Well maintained trunk roads will connect Kampala and the country's principal secondary cities. Access roads will connect areas of high agricultural potential with urban markets. Roads in most of the rest of the country's rural areas will continue to be poor.
- ◆ The private sector will manage essential public utilities, especially electricity and telecommunications. The companies in question will furnish effective service not only in Kampala but also in the country's secondary cities.
- ◆ As Uganda becomes more urban, more of its people will benefit from social sector services. An increasing proportion of investments in primary health, population programs, and basic education will be directed to Uganda's principal secondary cities, but local governments will have difficulty meeting the burgeoning demand of urban dwellers for social sector services. Realistically, budgets will continue to be inadequate to meet the social sector service needs of most people in rural areas.
- ◆ By 2015, virtually all children of school-going age will enrol in primary school. Primary school efficiency will rise from roughly 40 to 75 percent. More students will complete primary school and, on average, they will complete it in less time. The quality of primary education also will improve markedly. The quality of secondary school and university education will improve as well.

### 3.3. PRINCIPLES FOR SETTING FOOD SECURITY PRIORITIES

Every analyst brings a mind set to his or her interpretation of the facts. Ultimately the acceptance or rejection of an analyst's conclusions will depend on the degree to which readers share that mind set. As a prelude to the presentation of policy and programmatic priorities below, therefore, this section attempts to make explicit the principles that guide the author's thinking.

***There are so many worthwhile things one can do to improve food security in Uganda that one can justify practically any intervention he or she can think of. The difficulty is that the resources available to address food insecurity pale alongside the magnitude of the problem. As a consequence, opportunity-cost thinking is essential.***

When faced with the juxtaposition of a plethora of needs and a modicum of resources, one must assess carefully how one chooses to allocate development resources. Any time a scarce resource -- US dollar, Ugandan shilling, or food -- is spent on one thing, it means that it is *not* spent on something else -- where potentially, at least, it could fetch a higher social return.

***The generous response of external parties to Uganda's plight a decade ago has contributed to a climate of dependence, which is antithetical to long-term poverty eradication.***

International donors and non-governmental organizations are to be commended for the generosity of the support they have furnished Uganda as it has emerged from its depths of civil strife. Their support literally has saved lives. The flip side of the coin, however, is that the very liberality of the response has reinforced a predisposition to look at poverty in Uganda as a "welfare" rather than an economic growth problem. Now that the crisis period ideally has passed, the time has come to reintegrate the poor as active participants in the market economy. Uganda's development challenge is not to substitute for market forces, but to make markets work for the poor.

***Maintenance of firm, coherent monetary and fiscal policy is essential for Uganda to continue to expand economically.***

The government is to be commended for the discipline it has sustained on the macroeconomic front. There must be no turning back. A consistent hand at the macroeconomic policy rudder is a precondition for growth in the future.

***For a country like Uganda to reduce permanently the number of its people in poverty, its economy must grow for a number of years at a rate of eight to ten percent a year.***

Growth in Gross Domestic Product on the order of five percent a year obviously is better than no growth at all, but does not amount to much more than a holding pattern. For sizable numbers of poor people to cease being poor people, sustained, dynamic growth is essential. Fortunately, recent experience in Uganda itself, plus experience in other parts of the world, especially in East Asia and more recently in Latin America and the Caribbean, suggests that growth of that magnitude is not a pipedream. For it to occur, however, one must think big and be ready to depart from business as usual.

***Realistically, Uganda cannot grow its way out of its food security problem fast enough to address the problem in its entirety. Population programs will continue to be essential for the foreseeable future.***

Below it is argued that furtherance of the modernization of agriculture is the strategy most likely to catapult Uganda from its current plateau of growth to still higher levels. As IDEA's experience during the last four years attests, however, agricultural modernization, including the development of backward and forward linkage industries and the cementing of market relationships externally, will take time. In the short to medium term, there is no way that primary agriculture and its ancillary industries will be able to create jobs fast enough to meet the entirety of the current and up-and-coming labor force's pent-up and rising demand for jobs. In addition to the health and human rights arguments that one can advance for population programs, therefore, the economic case is clear as well.

***For Uganda to make a permanent dent in poverty, the productivity of its poor people must increase. For the productivity of its poor people to increase, they must have more capital, both human and physical, to work with.***

Why is the productivity of Uganda's labor force so low? In comparison with labor forces in other countries, the Ugandan labor force exhibits relatively low levels of educational attainment and has relatively little physical capital at its disposal. As a consequence, education and investment promotion call for high priority attention.

On the human capital front, a World Bank study has found that adult literacy in rural Uganda correlates positively with low levels of poverty. As a rule, the likelihood that a rural household will adopt improved farming practices and its ability to access employment opportunities both hinge directly on literacy (World Bank, 1996). That conclusion, together with the growing body of evidence worldwide on the economic benefits of investments in basic education, buttresses the case for such investment in Uganda.

***Realistically, poor people have limited capacity to expand physical capital on their own. As a result, one must look to the non-poor, both in and outside Uganda, for the lion's share of the investment required for future growth in jobs and incomes.***

For many purposes, it is desirable and admirable to work directly with the poor in resolving their problems. Realistically, though, there are limits to how far, by itself, such a strategy can go. Uganda's needs for employment-generating investment far exceed the capacity of poor people to do it themselves. As a consequence, the climate for investment in Uganda is a matter of primordial importance. To generate jobs, Uganda needs to attract risk-taking employers.

***The sector most likely to provide the dynamism for high rates of overall economic growth is agriculture, where agriculture is understood to encompass not only primary agriculture but backward and forward linkage activities***

With its contribution of 50 percent of GDP, 90 percent of export earnings, and 80 percent of national employment, agriculture may look like the only game in town. The rationale for looking to agriculture goes beyond its current predominance, however. By all accounts, Uganda enjoys a comparative advantage in agriculture. By standards elsewhere, water is plentiful, soils are rich, and population pressure on land is relatively low. Experience under IDEA demonstrates that investment in the sector, coupled with appropriate technical, market, and managerial know-how, can reap big dividends. Even if it is a stretch to project Uganda as Africa's "breadbasket," the country certainly can be a major agricultural producer.

***Both macroeconomically and locally, the major constraint to development in Uganda is lack of effective demand. As a result, connections with outside markets are essential. In other words, Uganda must export, both externally and internally.***

Nationally, Uganda's productive apparatus is constrained by the low level of effective demand -- that is, purchasing power -- within the country. As a practical matter, therefore, Uganda has no choice other than to look to external markets for buyers of its goods and services -- and to make its investment climate one that is oriented outward rather than inward.

The same argument has validity at the local level. Despite their heavy dependence on markets, poor people, especially those in isolated areas, typically enjoy only limited access to them. To break out of the low-level equilibrium trap in which they find themselves, it is essential that they enjoy access to a broader range of market opportunities.

***In Uganda, the best public investment for expanding market access for the poor is roads.***

In principle, there are a variety of policy and program actions that can tie markets together and tie currently poor people into those markets. In Uganda, however, there is little doubt that the poor state of roads -- especially access roads -- is the major impediment to integrating domestic markets and linking them in turn with international markets. Roads facilitate the movement not only of final agricultural products, but of inputs as well -- not to mention poor households themselves. As a result, the rehabilitation of the country's road network arguably is public investment priority number one.

***The place one finds a problem is not necessarily the best place to attack it. As a case in point, the presence of food insecure people in a given area does not necessarily make that area the best place to attack their food insecurity***

There appears little doubt that the majority of Uganda's most food insecure people live in rural areas and engage principally in agriculture. The instinctive programmatic response to the plight of such people is to focus primarily on raising their agricultural productivity. In most instances, that response appears the appropriate one. In others, however, it may be second-best. For Uganda as a whole, it is estimated that the average size of farm is about two hectares. Although land distribution in Uganda is certainly not as skewed as in other parts of the world,<sup>1</sup> that average still masks considerable diversity. In certain regions, in the hills in the southwest of the country, Kabale for example, existing population-land ratios may be too high for a productivity-increasing strategy -- by itself -- to generate sufficient incomes to lift significant numbers of poor rural households above the poverty line. Moreover, the resource base of such areas may be too fragile environmentally to support much additional population pressure in any case. Other areas simply may not have the resource base to expect much of a return from productivity-enhancing investments. Current civil unrest aside, areas in the north of the country seem a case in point.

In such instances, perhaps the most advisable strategy from a food security perspective is to broaden one's thinking on where to invest so as to furnish market incentives for households to migrate -- labor is a mobile factor of production, after all -- to areas where the likelihood is higher that they can generate sustainable self-sustaining income streams. Chronic food deficit areas are chronically food deficient for understandable reasons. If the resource base is not there, attempts to keep growing populations "down on the farm" only postpone the day of exodus.

***The logical places to focus public investment to reduce food insecurity are the country's high-potential agricultural areas, the principal cities that serve as their markets, and the road links between them***

As painful as it may be to acknowledge, reaching all of Uganda's most food insecure people -- and Uganda's most food insecure people are, almost by definition, its most isolated physically -- lies beyond the country's budgetary grasp. Hard choices therefore must be made. As a matter of relative priority, focusing public investment on areas of high agricultural potential, coupling them with the principal cities serving as their markets, is the sensible choice.

The rationale for public investment in the cities themselves is threefold. First, market cities are the logical place for the development of the input supply, product processing, and marketing industries essential for a modern, outward-oriented agriculture. To the extent that

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<sup>1</sup>In Uganda, small holders are estimated to account for approximately 94 percent of national agricultural production.

public investment can make such locales propitious targets for private investment, amen. Second, as a corollary, market cities are the very locales where surplus labor from marginal areas can be expected to set up small urban businesses or find employment in the backward and forward linkage industries supporting primary agriculture in the cities' environs. Third, the development of vibrant secondary cities throughout Uganda is a precondition for expansion of the internal market to a size that will make more agroindustrial investment justifiable on domestic grounds alone. At the moment, for example, the Ugandan market simply is too small for an entrepreneur to invest in passion fruit processing. If one invests now, it must be primarily for export.<sup>2</sup>

Incorporating the urban dimension in the equation also is a logical outgrowth of thinking through what "rural" development must entail in coming years. There are two ways of thinking of agricultural and rural development, as a supply-push process and as a demand-pull process. If one thinks of agricultural and rural development solely in supply-push terms, one focuses on productivity concerns and how much additional product can be "pushed" from the countryside. If one conceives of development more as a demand-pull process, then one shifts one's focus to look at overall effective demand in the economy and the potential role that cities and market towns can play in "pulling" agricultural production out of rural areas. Both development theory and programmatic experience in a variety of countries -- including Uganda -- suggest that the latter perspective is the more appropriate of the two. When the development process is looked at in that way, city and countryside are not rivals, but allies. The two demand goods and services from each other. In the city, industries with backward and forward linkages with agriculture grow and mature, and absorb the continuing exodus of rural dwellers, in the countryside, increases in effective demand in the city furnish real incentives to invest in primary agriculture and make it more productive, modern, and profitable.

***High-value, non-traditional export crops can make a significant contribution to food security***

The challenge of fighting food insecurity in Uganda comes down to fighting poverty. Accordingly, the fundamental criterion for assessing the relative merits of different economic

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<sup>2</sup>Regional scientists define urban primacy as the ratio of the population of a country's largest city to the population of its second-largest city. In 1991, the latest year for which data are available, the population of Uganda's largest urban center, Kampala, was 774,241 people, and the population of its second-largest urban center, Jinja, was 65,169 people. Thus, Uganda's urban primacy was almost 12:1, a ratio high by international standards.

Also indicative of the relative spread of urban demand and the capacity of a country for broadly based agroindustrial development are the number of its intermediate cities. If one uses a cut-off of 50,000 people to distinguish intermediate cities from market towns, then, in 1991, Uganda had only two intermediate cities, Jinja with 65,169 people and Mbale with 53,987 people. If one drops the cut-off to 40,000 people, then four more urban centers qualified, Masaka with 49,585 people, Entebbe with 42,763 people, Mbarara with 41,031 people, and Soroti with 40,970 people.



activities from a food security perspective is the extent to which they generate income for poor people

In virtually every country of the world in which the author has had the opportunity to examine survey data on the components of farm household income, a familiar pattern emerges. When one divides a sample into relatively well off and relatively poor households and looks at the composition of household income of each group, two differences jump out. First, relatively well off households derive a significantly lower percentage of total income from staple food products, and a significantly higher percentage from higher-value agricultural activities. To put it another way, relatively well off households have a more diversified agricultural base from which they earn income, and that base includes high-value activities. Second, relatively well off households typically derive a significantly higher proportion of total income from non-farm sources than do relatively poor households. Thus the diversification of income sources that distinguishes relatively well off from relatively poor households extends beyond agriculture *per se*.<sup>3</sup>

The characteristics of rural poor households in Uganda presented in Exhibit 2.1 square with this pattern of results. Accordingly, diversification out of food into non-traditional export crops appears to offer promise as a food security strategy for Uganda. Skeptics will raise three objections, however, all of which have some merit.

The first objection has to do with the lumpiness of investment often required for entry into non-traditional agricultural export activities. In such cases, it is well nigh impossible for a poorly endowed producer to invest. This argument is correct. What it ignores, however, is the sizable employment impact of most high-value non-traditional agricultural exports. Again, international evidence -- and IDEA data are consistent with it -- demonstrate convincingly that the labor absorption ratios of non-traditional agricultural exports can be many multiples of the corresponding ratios for food crops (LAC TECH, 1995). In Uganda, the cut flower industry is a case in point. Not only does it generate employment many times greater than food crops, it is stable, quality employment primarily for women. In addition, and this side-effect admittedly is more difficult to document, knowledge acquired by employees in non-traditional agricultural export activities has spillover effects on employees' own farms. IDEA can provide ample anecdotal evidence of employees taking management practices they have learned, not only in cut flowers but also in other non-traditional crops, and applying them on their own plots.

The second objection has to do with the uses to which earnings from non-traditional agricultural exports are put. When households grow their own food, the argument runs, there

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<sup>3</sup>To say that a farm household is relatively well off is not to say that it is prosperous. It simply enjoys more income than farm households in the lower category.

With some data sets it is possible to assess the relative importance of various factors that often are hypothesized to explain why relatively well off rural households in fact are relatively well off. The author knows of no such case in which market access does not surface as a significant determinant. All the more reason, then, for the focus placed on roads above.

is a high probability that all members of the household who need food will get it. In contrast, when households earn cash income, there is danger that heads of household, especially male heads of household, will fritter away the earnings on alcohol and other non-essentials, jeopardizing the food security of other household members. Again, there is truth in this argument, and there is anecdotal evidence to support it, both in Uganda and elsewhere. That said, there are good reasons for not letting it stand in the way of focusing on non-traditional agricultural exports as a food security strategy. First, applied research on the impact of non-traditional agricultural exports on household nutrition is inconclusive. More than that, serious research in Ethiopia and Guatemala identified virtually no negative nutritional consequences of cash cropping (Pelletier, *et al.*, 1995, von Braun, *et al.*, 1989). Second, in five years of experience in virtually all parts of Uganda, IDEA can point to only two isolated instances in which this issue has surfaced. Third, even if one could demonstrate fairly widespread negative nutritional impacts, what is the alternative? To insist that food insecure people earn their income in kind? Obviously not -- that would be tantamount to applying the food self-sufficiency argument to the individual farm household, which is absurd. In fact, as Uganda progresses, it is natural to expect more, not less, insertion of the poor in the market economy and, concomitantly, more, not less, reliance on their part on cash earnings. In sum, the nutritional consequences of cash cropping deserve attention and may be a development constraint to address, but they do not negate the potential of high-value non-traditional agricultural export production as a promising food security strategy.

The third objection has to do with the fact that not every poor rural Ugandan farmer wants to take on the entrepreneurial challenge of high-value production. Again, this argument has merit. It also raises the question of the role of low-value cropping in food security. This issue receives treatment in Chapter 4.

***The role of government is to encourage private sector activity. It is not to pick winners, to make productive investments, or to produce. Those responsibilities lie with the private sector.***

The government does not have the wherewithal, by itself, to create permanent jobs for the majority of Uganda's poor people. Nevertheless, government policies have much to do with the degree to which private economic activity flourishes and the degree to which those relatively poorly endowed participate in that activity. In essence, the government has two fundamental roles to play: first, to set clear and transparent rules for market activity and to enforce compliance with those rules, and, second, to invest in public goods -- physical infrastructure, primarily -- essential for the conduct of private economic activity. Of all the actions that a government can take, these are the most basic -- and those that typically will have the biggest impact in lowering transaction costs in the economy and making it more competitive.

Roads probably are the most common example given of public goods that reduce market transaction costs. There also are other, less obvious examples of public goods that governments and donors can invest in for the same end. For instance, small producers

typically lack the technical, market, and managerial know-how to make informed investment choices. Often the costs of obtaining such knowledge and skills can be prohibitive. As experience under IDEA illustrates, targeted dissemination of pertinent information can play an important, facilitative role here, leveling the playing field so that relatively poor as well as relatively well off producers can engage in profitable ventures.

***Concern over the sustainability of support organizations often is misplaced. Ultimately, what counts is the sustainability of the income flows of their beneficiaries.***

Many projects like IDEA become preoccupied over the sustainability of support organizations like ADC. Experience suggests one can overdo such concern.

*The conventional approach to organizational development has concentrated on the provision of organizational inputs. Implicitly, the assumption has been that if an organization has office space, equipment, trained people, budget, etc., then the organization's mission will take care of itself. In practice, this focus on inputs has begged fundamental questions of definition of mission and led to a failure to develop a client base to sustain the organization over time (USAID, "Making Markets Work for the Rural Poor," 1994).*

Somewhat ironically, an organization's best institutionalization strategy generally is to focus singlemindedly on delivery of services. If an organization does that, often it will last. If it does not, it does not deserve to. In the final analysis, the sustainability criterion to apply is whether beneficiaries benefit permanently from the services provided. Organizational sustainability is secondary. Throughout the world, organizations go through metamorphoses, and come and go. Such flux is natural, and to be expected.

***Access to a minimum package of quality health services, including potable water, is essential for good nutrition.***

Malnutrition is not just a disease, and food is not its cure. Rather, malnutrition is a state that results from a number of interrelated variables. In Uganda, available evidence suggests that the principal determinants are poverty and lack of access to quality health care. To fight food insecurity in Uganda, therefore, health interventions must accompany anti-poverty interventions. Not only does improved health enhance the biological utilization of food and reduce malnutrition, it also increases labor productivity, contributing to the reduction of poverty as well.

Like other budgets, existing health sector service budgets are inadequate to reach all nutritionally vulnerable Ugandans. If choices must be made, therefore, it is suggested that the geographic distribution of health services mirror the geographic priorities suggested above for "productive" sector investments, that is, that priority be given to areas of high agricultural

potential and the market cities serving them. The same argument would apply to allocations of budgets for basic education. People will move to and stay in places where there are jobs for adults and quality schools and health services for their children. Ideally, therefore, geographical priorities for productive and social sector investments should go hand in hand.

Given the special nutritional vulnerability of children less than two years of age -- who are spread throughout the country, of course -- one tradeoff to consider is the provision of a minimum package of health services everywhere, coupled with the assignment of more advanced services to areas with economic potential. The minimum package in question would consist of immunizations, treatment of sick children, prenatal and maternal care, and family planning, together with potable water provision.<sup>4</sup>

### **3.4. POLICY AND PROGRAM PRIORITIES FOR THE GOVERNMENT OF UGANDA**

This section presents the key elements of a policy and programmatic framework to improve food security in Uganda. It sticks to essentials and thus is rather general. It also gives minimal treatment to social sector concerns, which reflects both the author's brief and time availability. Despite these shortcomings, the section does lay priorities on the table for consideration.

Given the limited resources available to the Government of Uganda, the author recommends a "Back-to-Basics" approach to food security. Very simply, he suggests priority be given to a six-pronged program:

- 1 Inculcation of a favorable productive investment climate
- 2 Rehabilitation and maintenance of productive infrastructure, especially roads
- 3 Provision of agribusiness facilitation services
- 4 Enhancement of human capital
- 5 Provision of minimum package of quality health services
- 6 Provision of family planning services

A non-exhaustive list of key policy and program actions to take under each of these headings, together with their geographic coverage, appears in Exhibit 3.1.

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<sup>4</sup>No mention is made here of AIDS. The author recognizes the severity of the problem in Uganda, but has not thought through its relationship to food security.

Exhibit 3 1

**RECOMMENDED "BACK-TO-BASICS" PROGRAM  
TO ADVANCE FOOD SECURITY IN UGANDA**

<b>Prong of Program</b>	<b>Principal Policy and Program Actions</b>	<b>Geographic Coverage</b>
<p>1 Inculcation of a favorable productive investment climate</p>	<ul style="list-style-type: none"> <li>◆ Privatize electric power</li> <li>◆ Privatize telecommunications</li> <li>◆ Review investment code and take facilitative posture in implementing it</li> <li>◆ Take visible steps to arrest corruption</li> <li>◆ Review financial sector to find ways to raise deplorable domestic savings rate of 2 3%</li> </ul>	<p>Privatize electric power nationally or in priority corridors of economic activity All other actions national</p>
<p>2 Rehabilitation and maintenance of productive infrastructure especially roads</p>	<ul style="list-style-type: none"> <li>◆ Rehabilitate and maintain trunk roads among principal cities</li> <li>◆ Rehabilitate and maintain access roads</li> </ul>	<p>Trunk roads national Access roads focus on connecting priority agricultural areas and market cities serving them</p>
<p>3 Provision of agribusiness facilitation services</p>	<ul style="list-style-type: none"> <li>◆ Facilitate access to technical, market, and managerial know-how</li> <li>◆ Facilitate investment, both domestic and foreign, in agribusiness</li> </ul>	<p>Focus on priority agricultural areas and market cities serving them</p>
<p>4 Enhancement of human capital</p>	<ul style="list-style-type: none"> <li>◆ Enhance coverage efficiency, and quality of basic education</li> <li>◆ Furnish targeted assistance to enhance technical and management skills</li> </ul>	<p>Ideally, national, if need be, focus on priority corridors of economic activity</p>
<p>5 Provision of minimum package of quality health services</p>	<ul style="list-style-type: none"> <li>◆ Target nutritionally vulnerable children, especially those under two, and pregnant and lactating women</li> <li>◆ Extend immunizations, treatment of sick children, prenatal and maternal care, and family planning, together with potable water provision</li> </ul>	<p>Ideally, national, if need be, focus on priority corridors of economic activity</p>
<p>6 Provision of family planning services</p>	<ul style="list-style-type: none"> <li>◆ Integrate family planning in health system</li> </ul>	<p>Ideally, national, if need be focus on priority corridors of economic activity</p>

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At the moment, the government and its donor partners is carrying out -- or at least has gone on record to carry out -- actions along these lines. The GOU's proposed agricultural modernization program is an especially germane example of the consonance between government policy and what is proposed here. Indeed, the thinking embodied in the government's presentation of its framework for agricultural modernization at the December 1998 meeting of the Consultative Group dovetails to a large extent with the thinking presented in this document. In short, therefore, the Back-to-Basics approach does not propose new initiatives, but recommends focus.

### **3.5. POLICY AND PROGRAM PRIORITIES FOR USAID**

This section presents future policy and program priorities specifically for USAID. As one might expect, it is a natural outgrowth of the discussion in the previous section, suggesting where and how the Mission can plug into the proposed Back-to-Basics approach. In that sense, it brings the general presentation of the last section down a notch to programmatic actions. Once again, it focuses on the "productive," not the "social" side of the house, not because the latter is unimportant, but because of the nature of the author's scope of work. In fact, the Mission is making major investments in education, health, and family planning that square with the overall program proposed here.

The very wording of the Mission's Strategic Objective 1, "Increased Rural Household Income," is entirely consistent with the approach to food security laid out in this document. More than that, two of the intermediate results under SO1, "increased non-traditional agricultural exports" and "increased production of food products," fold in nicely with the directions proposed.

At the moment, the vast majority of Mission-sponsored activities under SO1 fall under two of the prongs proposed in Exhibit 3.1. Under the first prong, the Mission has supported initiatives to create a more friendly climate for domestic and foreign investment, including, for example, the establishment of a legally constituted arbitration unit to settle commercial disputes out of court. As of this writing, it is exploring the advisability of creating a credit guarantee fund to facilitate financing of export development. Under the third prong, the Mission has provided substantial support -- the lion's share of its support, in fact -- for the provision of agribusiness facilitation services, primarily through IDEA.

Although the Mission has supported the rehabilitation and maintenance of productive infrastructure, especially rural access roads, under PL 480, Title II, support of this kind has constituted a relatively small proportion of the Mission's economic growth portfolio. This proportion is appropriate, given the size of USAID's development assistance program and the comparative advantage it enjoys in non-traditional agricultural export promotion. Implicitly, it also recognizes the major commitment the World Bank has made to assist Uganda in the rehabilitation of its road network.

Interestingly, IDEA has provided targeted technical assistance and training that have raised the technical and management skills of the individuals in question. In effect, therefore, IDEA has conducted activities that fall naturally under the fourth prong of the Back-to-Basics program, albeit on a modest scale.

In the future, it is recommended that USAID continue to take advantage of opportunities to inculcate a favorable productive investment climate, essentially through well targeted policy analysis and dialogue activities. One policy issue calling for attention is meshing road rehabilitation priorities with areas of high agricultural potential. In any event, there is little doubt that agribusiness promotion is the substantive area where the government looks increasingly to the Mission for leadership, where USAID has carved out a niche for itself within the donor community, and where, most importantly, it has a demonstrable track record in raising the incomes of food insecure people. Expansion of that focus, therefore, is in order as top priority.

In general, experience in Uganda and elsewhere in the world suggests two essential functions for technical assistance to perform to broaden the base and spur expansion of modern, commercial, employment-generating agribusinesses. The first function is facilitation of access to information on markets (both domestic and foreign), technical and management assistance and training, financial services, legal protection, transport, insurance, etc. The objective is to lower the transaction costs of entry into markets and broaden the participation of relatively poorly endowed people in them. The facilitation in question does not include direct provision of physical or financial inputs, but, rather, actions to increase the access of producers and investors to them.

The second function is to act as an aggressive broker of deals between buyers and investors, on the one hand, and producers, on the other. Often, specialized technical assistance is necessary to resolve specific problems that stand in the way of local businesses getting started, linking effectively with markets, and expanding. Such assistance must be focused, not broad-gauged. In other words, the appropriate approach is classic problem solving.

During the last five years, the activity that has taken the lead in performing these functions in Uganda -- and performing them well -- is IDEA. In the future, it is proposed that USAID allow IDEA to build on and expand that success.

Geographically, the Mission is urged to focus its support for agribusiness in areas of high agricultural potential and the market cities serving them. Realistically, USAID can not attend to every food insecure Ugandan everywhere and expect to have an appreciable impact. All other things being equal, it is best that the Mission stick with its comparative advantage, which, arguably, is the area of intervention most likely to generate significant, permanent increases in income for currently food insecure people. Besides, USAID does not operate in a vacuum. Non-governmental organizations are legion in Uganda, and many are active in areas of low potential.

### 3.6

### POLICY AND PROGRAM PRIORITIES FOR IDEA

Assuming that USAID continues to support IDEA activities, the author recommends the following priorities for IDEA for the future

- ◆ Maintain the Project's commercial focus, that is, the focus on farming as a business
- ◆ Continue agricultural technology transfer activities, but devote increasing attention to the nurturing of modern, commercial backward and forward linkage industries. Increasingly, the lack of input and output marketing and agroprocessing companies bridle expansion of primary agriculture
- ◆ As a specific case in point, give high priority to the development of agricultural input firms. The absence of seed and fertilizer distributors is becoming a critical-path constraint
- ◆ Maintain the focus on the promotion of selected high-value crops. Go with proven winners. Be open to exploring new opportunities, but do not venture far afield
- ◆ Continue, refine, and extend profit-generating Project interventions in low-value crops, especially maize and beans. Concentrate on consolidation of gains to date, wholesaling expansion increasingly through others. Do not spread low-value crop activities too thin
- ◆ Continue to resist outside pressure for involvement in low-impact -- and typically expensive -- interventions. Continue to exercise cost-consciousness in the allocation of scarce Project resources. Spend where there is likely to be the biggest bang for the buck (or shilling)
- ◆ As a case in point, concentrate IDEA activities geographically in Uganda's areas of high agricultural potential and the market cities serving them. IDEA can not solve Uganda's food security problem everywhere. Work where there is expectation of high impact. Specialization is a good, not a bad thing
- ◆ Continue to collaborate with other activities, donors, and non-governmental organizations. Much of IDEA's impact in the last four years has come from its openness to and willingness to work with others. More of the same is in order



## **CHAPTER 4: LOW-VALUE CROPS AND FOOD SECURITY**

### **4.1. CONTRIBUTION OF LOW-VALUE CROPS TO FOOD SECURITY**

All other things being equal, high-value crops generate much more profit and employment than low-value crops and, thus, have more potential for reducing poverty and food security. But all other things are not always equal. In fact, only a fraction of farm households are predisposed to assume the risk, capital requirements and the management burden that high-value crops demand. In the previous chapter, the author made reference to sets of survey data from a variety of countries, including Uganda, to highlight the relatively high income that typically accrues to farm households that diversify into high-value crops. Significantly, even the average "diversified" farm engages heavily in staple food production. Thus, the diversification referred to here is not a wholesale leap, but a shift at the margin, reflecting most farmers' aversion to risk.

As a practical matter, the vast majority of farm households, both in Uganda and elsewhere, engage in staple food production, and, more than that, dedicate the bulk of their hectareage to it. In Uganda, where the lion's share of food insecure people are rural and engage in agricultural pursuits, there arguably is no better way to target food security interventions than through low-value production.

It is one thing to target. It is another thing to intervene in a way that will have an impact on poor people's income. In the previous chapter, the case is made for not investing heavily in areas of low agricultural potential. In Uganda, in contrast to many other countries, such areas are more the exception than the rule. There is ample area with high potential -- and, interestingly, with food insecure farm households working it -- that offers ample scope for productivity- and income-enhancing interventions.

Do such interventions exist? If the experience of IDEA is any guide, the answer is yes. As the Project has evolved, implementors have taken increasing notice of the income gains obtainable from the introduction of relatively simple technological improvements in maize, beans, and other food crops. They also have extended those improvements on a modest scale, with encouraging results. Given Uganda's capacity to produce food crops in excess of domestic demand, this foray into low-value crops is consistent with the Project's export mandate. Of more importance here, it also allows the Project to cast its net wider to benefit more food insecure people.

### **4.2 RECOMMENDATIONS FOR IDEA**

The following are suggestions for IDEA to build on the advances it has made in low-value crops and extend them to increasingly more food insecure Ugandans.

- ◆ As in the case of high-value crops, maintain the Project's commercial focus. Application of productivity-enhancing technology is a business proposition in low-value crops just as it is in any agricultural activity.

- ◆ Continue and refine the Project's five-point program for expanding the number of Ugandan farm households benefiting from profit-generating interventions in maize and beans. Maintain support for technology transfer, input supply, output marketing, research, and commercial farming. (For more on this last component, see Chapter 5.)
- ◆ Consolidate gains to date in maize and beans before taking on major new initiatives.
- ◆ Rely increasingly on others for extension of the technology improvements introduced successfully under the Project. IDEA itself can reach only a fraction of potential beneficiaries from this activity. Adopt more of a wholesaling strategy in the future.
- ◆ As in other Project activities, concentrate IDEA's direct support for low-value crops in Uganda's areas of high agricultural potential and the market cities serving them. If indicated, let non-governmental organizations extend IDEA's approach to areas of relatively low potential.

## **CHAPTER 5. UGANDA AS A REGIONAL SUPPLIER OF FOOD COMMODITIES**

### **5.1. HOW UGANDA CAN BECOME MORE COMPETITIVE**

In effect, previous chapters outline the key policy and programmatic actions necessary for Uganda to become increasingly competitive as a supplier of food commodities in regional markets. This chapter simply highlights one particular program action that the author sees as a precondition for other actions to bear fruit.

At the moment, demand exists regionally to absorb Ugandan food exports. Nevertheless, most potential buyers do not regard Ugandan producers as suppliers they can count on to deliver agreed upon quantities of quality product on time. Consequently, they are skittish about entering into purchase agreements they believe may leave them in the lurch.

How, then, does Uganda solve its credibility problem? In essence, by starting relatively slowly and, shipment by shipment, building a track record of consistency in supplying quality commercial quantity when required. That said, the vast bulk of maize and bean farmers are small producers. Realistically, despite the natural temptation to try to defy the odds, there is no way to build the image of Uganda as a reliable commercial supplier of food commodities on the back of small farmers. The process is complicated enough with few actors, and fraught with dangers of quality control.

The upshot, therefore, is that the challenge of recreating Uganda's reputation must fall to a relatively limited number of medium-sized commercially oriented producers. Once medium-sized producers accomplish the feat of springing Uganda free from its Catch-22 image, small farmers can jump on board. But, again, it is unrealistic to look to small farmers to pull the train out of the station in the first place.

This applies to both output marketing and input marketing.

### **5.2. RECOMMENDATIONS FOR IDEA**

The implications for IDEA of the discussion above are straightforward. For Uganda to furnish opportunities for its small farm households to take advantage of regional markets for their food products, it must start systematically with medium-sized producers. IDEA already has identified a critical mass of producers with whom to begin. The author urges IDEA to go forward.

At the same time, this will go a long way in IDEA assisting the GOU in realizing its agricultural modernisation strategy. The forward and backward linkages in output marketing/agro processing and input marketing, respectively will also gather momentum.

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