Introduction

The economy of Uganda has had to overcome great adversity in the past thirty years. Under the brutal regime of Idi Amin in the 1970’s the Ugandan people and economy suffered. A civil war broke out in the 1980’s, with the National Resistance Movement (NRM) taking control of the government in 1986 (encyclopedia.com). Since the governmental takeover the economy has developed and become one of the fastest growing economies in Sub-Sahara Africa (encyclopedia.com). The NRM has instituted economic reforms aimed at slowing inflation and increasing the marketability of goods produced in Uganda. Most of this effort has been placed in developing the agricultural community because of it significant role in the entire Ugandan economic structure. The main food crops in Uganda are:

- Cassava
- Sweet Potatoes
- Plantains
- Millet
- Sorghum
- Corn
- Pulses

The Ugandan agricultural community also produces a number of cash crops. These crops make up a significant portion of all exports leaving the country (agriculture.go.ug). The major cash crops are:

- Coffee
- Cotton
- Tea
Ugandan Agricultural Development

Agricultural plays a huge role in Uganda’s overall economy. Agriculture itself accounts for 50% of the GDP, over 90% of exports, and 80% of employment. The sector also provides the foundation for a number of agro-based industries throughout the country. Primary agricultural commodities, mainly coffee, cotton, and tea are the traditional export crops accounting for three-quarters of total exports. Uganda also exports cereals, fish, hides/skins, cut flowers, fruits, and vegetables. The entire agriculture sector is vital to the success and continued development of the economy as a whole (agriculture.go.ug).

Table 2.2 GDP Performance by Sector 1995/96 – 2000/01 (%).

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Plan for Agricultural Economic Development

The Ugandan Ministry of Agriculture with the Ministry of Finance, Planning and Economic Development is striving to plan ways to help fight and eventually eradicate poverty throughout the country. Their mission is to transform the agricultural marketing structure of Uganda from subsistence agriculture to commercial agriculture. This is obviously a very difficult and monumental task. They want to achieve their mission through a series of strategies that will enable subsistence farmers to improve their natural
resource base and create a profitable, competitive, sustainable, and dynamic agricultural
and agro-industrial sector (agriculture.go.ug). These strategies include:

- Deepening decentralization for efficient service delivery
- Reducing public sector activities and promoting the role of the private sector
- Support the use of productivity enhancing technologies
- Guarantee food security through market rather than household self-sufficiency
- Ensuring the coordination of the multi-sector intervention to remove any
  modernization constraints

Agricultural Modernization

The Ugandan government believes that the modernization of the agricultural
sector is the fastest way to promote structural transformation of the economy and in the
process reduce and eventually eradicate poverty. The government is committed to
promoting private sector investment by reducing the current barriers that exist. They also
hope to provide the necessary programs that will enable this privatization of the
agricultural markets to take off (agriculture.go.ug).

National Agricultural Advisory Service

The National Agricultural Advisory Service provides producers with advisory
service in some of the most remote locations of the country. Farmers are instructed to
form strong associations among themselves so that problems in regions can be
prioritized, enabling advisors to concentrate their activities. Resources are also made
available to farmers that promote the use of technology in production (agriculture.go.ug).

This program is expected to ensure:
• Availability of appropriate advice and information to all categories of farmers in a cost effective manner
• Availability of appropriate technologies in sufficient quantities to meet identified farmer needs
• Quality of advice and information provided by private service sector
• Enhance capacity of private sector providers to meet identified farmer advice and information needs

National Agricultural Research System

The National Agricultural Research System is meant to promote research within the agricultural sector. The main function is to promote research at both the public and private sector. Grants for research will be made available on a competitive basis. Donor support is the main source of grant funding (agriculture.go.ug).

Micro Finance Outreach

A major problem facing Ugandan agriculture is the lack of financial services to the poor. This is a major constraint to the development of the private agricultural sector. The government will look to aid and promote financial service companies that provide financial services to small agricultural producers throughout Uganda (agriculture.go.ug).

Marketing and Agro Processing Strategy

The Marketing and Agro Processing Strategy looks to increase the reliability of agricultural market information. The will also promote quality standards and improve post-harvest technologies, such as, optimal storage management practices. The Uganda Commodity Exchange was also formed and is presently trading grains (agriculture.go.ug).
Physical Infrastructure

The physical infrastructure of Uganda presents a serious problem for the long-term prospect of creating an economically developed country. They are currently involved in a 10-year program to improve the road system throughout the country. The railroad system is also in very poor condition. Uganda has two main rail lines. The first covers the southern portion of the country and the second connects Tororo, on the Kenya border, with Gulu in the north. Uganda is linked by rail to Mombasa, Kenya on the Indian Ocean.

The Energy for Rural Transformation strategy is looking at providing reliable electric to those in rural communities. The development of infrastructure is vital if Uganda hopes to fulfill all of its plans to develop the agricultural sector within the country (worldbank.org/ug/).

Sustainable Natural Resource Utilization and Management

The natural resources within Uganda are often misused or neglected. It is vital that their resources are taken care of and managed properly. The role of the Sustainable Natural Resources Utilization and Management program is to guarantee that agricultural resources will be maintained to support the long-term goal of economic development. They plan on doing this first by educational programs throughout the country to promote sustainable agricultural (worldbank.org/ug/).
**Agricultural Education**

Through various programs the National Agricultural Education Strategy seeks to educated farmers with the skills they need to become commercially successful. They also look to promote educational programs towards marketing agents, processors, exporters, and service providers. This is one of the most important aspects of the agricultural development plan. Many of the producers are in very remote locations and farm simply as a means of subsistence. If the Ugandan government wants to promote the agricultural sector is must begin with education (worldbank.org/ug/).

**AIDS/HIV**

The impact of AIDS/HIV in all sub-Saharan countries is huge and will inevitably have a large impact on all economic development, including agriculture. AIDS impacts agricultural families by reducing income, increasing food insecurity, and increasing dependence on less-labor intensive production methods. The government is looking into ways that would provide direct assistance to communities that implement programs that help address these problems (worldbank.org/ug/).

**Other Governmental Involvement**

The government also hopes to provide assistance to producers in other segments of the agricultural marketing system. The task is so large of transforming the agricultural economy of Uganda that government much become involved in programs that would be met in the private sector of developed countries.
Support to Epidemic Disease and Pest Control

Disease and pests play a proportional larger role in Ugandan agricultural economy than many other places on earth. The climate is ideal for insects, virus, and the spread of disease. This, however, does not solely affect the agricultural community but it does have serious implications on the overall economy. Coffee trees for example have developed Coffee Wilt Disease throughout the country. This disease is only contained through the destruction of infected plants, often wiping out the only source of income in entire communities. Tsetse flies, a blood-sucking fly, have left much of the Ugandan countryside unproductive because they often carry a disease that can kill livestock and humans (worldbank.org/ug/).

Policy Enforcement

There has been a significant lack of policy enforcement and successful policy development in the agricultural sector in Uganda. This has negatively affected many different aspects of the overall economy. A policy analysis unit has been established to analysis policies in many different sectors of the agricultural industry. These include

- Animal breeding
- Food and nutrition
- Meat
- Veterinary services
- National soil policy
- National fisheries policy

Irrigation Programs

Water needs for agriculture are very important to the future sustainability of the Ugandan economy. Uganda does receive a great deal of precipitation compared to other
Sub-Saharan countries, but water still has an impact on the future of agriculture (worldbank.org/ug/). The main objectives of an Irrigation authority would be to:

- Fund the construction of dams/tanks for irrigation
- Education on efficient water use
- Perform topographic and soil research to identify sites for small scale irrigation
- Identify sites for medium-scale irrigation programs

**Dairy Industry Act**

The Ugandan government is establishing a Dairy Development Authority, which will become the sole regulatory governing body for the dairy industry. The main roles of the DDA will be to register and license all milk producers and traders, control and regulate dairy related exporting, and support dairy development programs, such as, dairy extension, dairy breeding, and dairy research.

**Present Conditions/Challenges**

**Sustainable Economic Growth and Structural Transformation**

Inflation levels have remained stable over the past few years. This signals a stabilization of the economic structure and the Ugandan government hopes to maintain this trend. Economic growth, however, has not been as successful as they had hoped. They had planned to have annual GDP growth of around 7% per year, but levels have been much lower than expected. Some of this drop in overall income can be directly linked to the drop in coffee prices around the world. The government will look to improve economic conditions by building needed infrastructure and by strengthening commercial justice enforcement (worldbank.org/ug/).
Program for the Modernization of Agriculture

Many of the above mentioned agricultural programs are now entering the implementation stage. Actions are now being taken by the government to directly assist agricultural communities. The government has, and is in the process of, issuing grant money for the development of these communities. One of the challenges that they face is that some of the money disbursed was to firms that had poor planning strategies and budgeting capacities. They are now finding that the Advisory Services must play a more active role in these programs.

Some of the longer-term challenges that the government is facing in implementing these programs are:

- Donor Inflow Complications
- Public Expenditure Monitoring
- Revenue Mobilization
- Geographic Distribution of Budget

Uganda is a major recipient of donor funds from around the world. Many of these funds are put into these governmental programs and then disbursed to specific programs. These large inflows have a significant impact on the monetary policy of the country. The challenge will be to maintain low inflation levels, as well as, remain competitive in the export market with currency exchange rates (worldbank.org/ug/).

It is often difficult to monitor which sector of the economy stands to gain the most from government involvement. The government wishes to use funding in the most efficient way possible and it is often difficult to identify which industry would be the best use of resources (worldbank.org/ug/).
The government was planning on expected economic growth of around 7% a year in term of budgeting expenses. The economy has, however, failed to meet these expectations, which is forcing the government into budget deficits, affecting the longer-term prospects of economic growth (worldbank.org/ug/).

The northern region of Uganda is one of the poorest in the country so over time the government will look to increase budgeting expenditure to this region. This will enable this region to progress to economic levels that are equal to the rest of the country. The northern region of the country is involved in political unrest and involved in a prolonged and disastrous civil war (worldbank.org/ug/).