Working Paper 151

Extension, Poverty and Vulnerability in Uganda
Country study for the Neuchâtel Initiative

Andrew D. Kidd
PACTeam

October 2001

Overseas Development Institute

PACTeam
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Copies of the ‘Common Framework of the Neuchâtel Group’ and of the ‘Guide for Monitoring, Evaluation and Joint Analyses of Pluralistic Extension Support’ (English version only) can be obtained by writing to:

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# Acronyms

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<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>ADC</td>
<td>Agribusiness Development Centre</td>
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<tr>
<td>ARDC</td>
<td>Agricultural Research and Development Centre</td>
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<td>ASSP</td>
<td>Agriculture Sector Support Programme</td>
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<td>ATAIN</td>
<td>Agribusiness Training and Input Network</td>
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<td>CDA</td>
<td>Community Development Assistant</td>
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<td>CDF</td>
<td>Common Development Framework</td>
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<tr>
<td>CLUSA</td>
<td>Co-operative League of the United States of America</td>
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<td>COMESA</td>
<td>Community of East African States</td>
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<tr>
<td>COWI</td>
<td>Consulting Engineers and Planners AS</td>
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<tr>
<td>CRS</td>
<td>Catholic Relief Services</td>
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<tr>
<td>Danida</td>
<td>Danish International Development Agency</td>
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<tr>
<td>DFID</td>
<td>UK Department for International Development</td>
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<tr>
<td>EPOPA</td>
<td>Export Promotion of Organic Produce from Africa</td>
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<td>EU</td>
<td>European Union</td>
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<tr>
<td>FAIDA</td>
<td>Finance and Advice in Development Assistance</td>
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<td>FAO</td>
<td>Food and Agriculture Organisation of the UN</td>
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<td>FEWS</td>
<td>Famine Early Warning System</td>
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<td>FINCA</td>
<td>Foundation for International Community Assistance</td>
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<tr>
<td>FIT Uganda</td>
<td>Local facilitator of ILO programme on business development services</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>GMO</td>
<td>Genetically-Modified Organisms</td>
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<td>GOU</td>
<td>Government of Uganda</td>
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<td>GTZ</td>
<td>German Technical Co-operation</td>
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<td>HDI</td>
<td>Human Development Indicators</td>
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<td>HIPC</td>
<td>Highly-indebted Poor Country</td>
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<tr>
<td>ICRAF</td>
<td>International Centre for Research in Agroforestry</td>
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<tr>
<td>ICT</td>
<td>Information and Communication Technology</td>
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<td>IDEA</td>
<td>Investment in the Development of Export Agriculture</td>
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<td>IDPs</td>
<td>Internally Displaced Peoples</td>
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<td>IDRC</td>
<td>International Development Research Centre</td>
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<td>International Federation of Organic Agriculture Movements</td>
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<td>ILO</td>
<td>International Labour Organisation</td>
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<td>ISP</td>
<td>Internet Service Provider</td>
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<td>International Trade Centre</td>
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<td>International Telecommunication Union</td>
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<td>LGDP</td>
<td>Local Government Development Programme</td>
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<td>MAAIF</td>
<td>Ministry of Agriculture, Animal Industry and Fisheries</td>
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<td>MFI</td>
<td>Microfinance Institution</td>
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<td>MSE</td>
<td>Micro and Small Enterprises</td>
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<td>MTN</td>
<td>Mobile Telephone Networks</td>
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<td>NAADS</td>
<td>National Agricultural Advisory Services Programme</td>
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<td>NARO</td>
<td>National Agricultural Research Organisation</td>
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<tr>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
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<td>NOGAMU</td>
<td>Network of Organic Agriculture Movements of Uganda</td>
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<tr>
<td>NR</td>
<td>Natural Resources</td>
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<td>NRM</td>
<td>National Resistance Movement</td>
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<td>OCHA</td>
<td>UN Office for the Co-ordination of Humanitarian Affairs</td>
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<tr>
<td>OED</td>
<td>Austrian Development Service</td>
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<td>Acronym</td>
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<tr>
<td>PAF</td>
<td>Poverty Alleviation Fund</td>
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<td>PEAP</td>
<td>Poverty Eradication Action Plan</td>
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<td>PLB</td>
<td>Public Libraries Board</td>
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<td>PMA</td>
<td>Plan for the Modernisation of Agriculture</td>
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<td>POP</td>
<td>Points of Presence</td>
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<td>PRA</td>
<td>Participatory Rural Appraisal</td>
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<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
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<td>ROSCAS</td>
<td>Rotating Savings and Credit Associations</td>
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<td>SG 2000</td>
<td>Saskawa Global 2000</td>
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<tr>
<td>Sida</td>
<td>Swedish International Development Cooperation Agency</td>
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<td>SNV</td>
<td>Netherlands Development Organisation</td>
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<tr>
<td>SWAp</td>
<td>Sector Wide Approach</td>
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<tr>
<td>UNAIDS</td>
<td>Joint United Nations Programme on HIV/AIDS</td>
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<tr>
<td>UNC-UNESCO</td>
<td>Uganda National Commission for UNESCO</td>
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<tr>
<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organisation</td>
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<td>UNFA</td>
<td>Uganda National Farmers Association</td>
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<td>UPPAP</td>
<td>Uganda Participatory Poverty Assessment Project</td>
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<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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<tr>
<td>UTL</td>
<td>Uganda Telecom Limited</td>
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<tr>
<td>UWFT</td>
<td>Uganda Women’s Finance Trust</td>
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<tr>
<td>VEDCO</td>
<td>Volunteer Efforts for Development Co-operation</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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Summary

This case study of Uganda is one of several undertaken to support reflections of the Neuchâtel Group on issues related to extension, poverty and vulnerability. The intention is to bring the broad issues down to country level, where many policies that impact on how extension relates to poverty reduction and vulnerability amelioration are constructed. Uganda is an interesting case for several reasons. It is widely recognised as having made great strides in mainstreaming a poverty eradication agenda into government policy. This has brought encouraging signs of poverty reduction in a way that may progress to help achieve the International Development Targets. Furthermore, the notion of extension has recently undertaken a radical shift, with responsibility for it being devolved to local governments and contracting-out being firmly on the agenda. Many of the developments are, therefore, compliant with the Neuchâtel Group’s Common Framework on Agricultural Extension.

Poverty and policy

Since 1987 with the installation of the NRM government, Uganda has followed an increasingly determined path of reform towards market liberalisation, democratisation and decentralisation. It has experienced a period of macroeconomic stability and growth that seems to be showing results. Recent evidence from household surveys suggests that growth-oriented policies have contributed to reductions in poverty across society. Though the HIV/AIDS pandemic remains of serious concern, Uganda is acclaimed for having begun to turn back the tide. The country is widely recognised as one of the few in sub-Saharan Africa which is making progress towards sustained economic development and poverty reduction.

Yet some commentators argue that recent developments are merely a ‘rehabilitation process’ after the economic crisis of the 1970s and 1980s, and question whether the positive trends are sustainable, given the limited capital accumulation and technological change which are likely to constrain long-term growth. Furthermore, the rehabilitation process is as yet incomplete, with several parts of the country still suffering from chronic political instability, which heightens regional inequality and leaves many people vulnerable. The north and east tend to be poorer than other areas and are still afflicted by insecurity. Over 5 per cent of a population of some 21 million are internally displaced people (IDPs) and there are significant numbers of refugees, from Sudan in particular. The bottom line is that the great majority of Uganda’s population remains poor, with GDP per capita averaging only about US$ 330 and at least 40 per cent of the people living in poverty. Many of the rural poor remain largely outside the monetary economy, producing mainly for subsistence. Food crop production still accounts for at least 65 per cent of agricultural GDP, and agriculture continues to be characterised by low productivity. Challenges of rural economic transformation and poverty eradication linked to progress in the agricultural sector are thus at the heart of government policy.

In response to these challenges, the government put in place the Poverty Eradication Action Plan (PEAP) in 1997. Policy is also now being informed and revised by means of the institutionalisation of participatory poverty assessments, which draws in the voice of the poor. With some modification the PEAP serves as a Comprehensive Development Framework (CDF), and a revised summary of the PEAP was accepted as a Poverty Reduction Strategy Paper (PRSP). In addition, Uganda has adopted a Sector-Wide Approach (SWAp) to agricultural development, the ‘Plan for the Modernisation of Agriculture’ (PMA), which is a core initiative emerging from the PEAP. Agricultural extension is given a new lease of life in the PMA, which recognises a central role for decentralised, demand-driven extension services in the sector’s development, to be backed by public funds through the National Agricultural Advisory Services (NAADS) programme. The
responsible for extension will be further delegated from districts to sub-counties, thereby deepening decentralisation. Advisory services demanded by farmer organisations at sub-county-level will be contracted-out to private sector agencies. At present the NAADS programme is entering its trail-blazing phase, operating initially in six districts.

The case study has focused on a number of areas that offer interesting insights on the scope for agricultural policy and extension to be pro-poor. The areas covered are not exhaustive and are intended to be illustrative of some of the key challenges and opportunities. They include:

- niche enterprises (bee products and organic produce)
- addressing market failure and transaction costs
- the challenge of restoring livelihoods disrupted by insecurity and HIV/AIDS

**Niche products**

Uganda is struggling to move beyond reliance on its traditional export crops (coffee, cotton, tea and tobacco). There are a few interesting initiatives in this regard in high-value (cut flowers, vegetables, dried fruit) and low-value (maize and beans) products, though few explicitly address sub-sector growth with clear poverty reduction objectives. Of the two niche enterprises examined in the inception report, bee products and organic produce, the former fits an important livelihood strategy niche for many rural people while the latter has greater potential for accessing benefits from globalisation.

**Bee products**

Bee-keeping is found in some 10–15 per cent of households in most regions of Uganda, but the government has paid little attention to the sub-sector. Such development interventions as there have been tend unfortunately to show all the classic signs of what has held back the sub-sector in sub-Saharan Africa in general: too production- and ‘modernising’-oriented, with not enough market nous. Advice and training have, therefore, often tended to be contrary to the needs of those involved in the sub-sector. In comparison with other commodities, honey can fetch a reasonable price locally, though beeswax tends to be under-valued and under-utilised. This limits its potential as an export commodity, though there may be some scope for speciality products.

Bee-keeping can be an important component of an overall livelihood strategy, since it has a very different rhythm from other crop and livestock enterprises in most farming systems. Hives may be harvested two or three times a year. The income generated often comes at times of peak consumption, for example, when school fees or graduated tax has to be paid, thereby reducing vulnerability. Given that bee-keeping requires no land, bee-keepers (or those then trained as bee-keepers) tend to be less vulnerable if displaced. There have been some training programmes to take advantage of this aspect among refugees in Uganda. It is also likely that asset recovery and accumulation may be easier for returning bee-keepers in situations of insecurity.

**Organic produce**

Organic produce was one of the more interesting issues explored. Limited use of agrochemicals and the predominance of traditional production practices for the majority of smallholder farmers have been used as a basis for defining much agricultural production as being ‘organic-by-default’.
Organic agriculture has been made the attention of two main thrusts. The first is value-based, aiming more towards natural resource conservation and improvements in the livelihoods of resource-poor farmers and is driven by NGOs (with some ‘environmental- and poverty-oriented’ donor support). The second has a profit-motive and is driven by the commercial private sector (with some ‘market-oriented’ donor support). Though the market share remains small at present (about 2–6 per cent of any specific commodity), there is clear growth potential. The government, however, has as yet elaborated no policy or perspective on the issue.

In 1994 a private sector initiative, the Export Promotion of Organic Produce from Africa programme, was launched with funding from Sida to develop organic exports. The aim is to enable farmers from often poorer areas to benefit from a premium price for their produce (this tends to be 15–30 per cent; the premium alone converted into about US$ 50 extra per household on average from a single commodity in a single season). The producers themselves are ‘passively organic’ and do little other than sign on the dotted line prior to the growing season (little change in practice is required since farming practices are assumed to be already organic). Though this is a contract of sorts, they are free to sell to whomever they wish at harvest. The exporter is the one who obtains, and holds, the organic certification, enabling him to sell the produce on the international market. Market liberalisation means that the organic exporter must price the conventional buyers out of the market in the area where producers have been contracted. The conventional buyer can move to the next parish, but not the organic exporter. This interesting interaction of regulatory and free market mechanisms pushes up the price in favour of the producer.

There seem to be some interesting lessons in this about ways in which donor financing was used to enable the sub-sector to develop. Exporters did not tend to have an easy ride, living on donor subsidies. Financing was targeted at reducing the risk of market entry (such as covering some early though declining costs of certification, and developing initial market linkages), without getting caught in subsidising basic costs that exporters normally face anyway (such as crop finance, transport), though there were exceptions.

Given the policy vacuum and the externally controlled regulatory framework, the benefits derived from this nascent sub-sector are vulnerable at present. The situation may well become more serious in the coming years, with the likelihood of tightening EU regulations acting against the interest of developing countries, particularly with regard to the acceptability of group certification and the length of the conversion period. This may well require robust action by Member States and lobbying by organic exporting countries in order to address the issue in favour of a reasonable settlement for poorer countries without compromising the interests of consumers. A more central position on risk assessment in the certification process that allows a context-specific definition of rules and procedures is likely to favour poorer farmers in more marginal areas, i.e. where scant access to, or ability to pay for, inputs makes them very low-risk.

The way forward is for government and donors to engage with the issue, recognising that, while being no panacea, development of this sub-sector does provide an opportunity for some farmers in poorer areas and is compliant with the prime objectives of the PEAP and the PMA. For many farmers it may provide a less risky (certainly less capital-intensive) entry into more commercialised farming. Starting therefore with traditional farming systems (‘organic by default’), organic certification can be achieved while farms are built up to highly advanced integrated organic systems as producer incomes improve.
Addressing market failure and reducing transaction costs

Developing markets

Agricultural policy (the PMA) is quite clear about the need to develop markets and market-oriented agriculture among smallholder farmers. Market liberalisation has done much to help producers secure a greater proportion of the benefit from their work. Yet there remain a range of challenges, from the international to the local, which the sector-wide approach needs to tackle. Uganda is a land-locked country and export transport costs are relatively high. Crop finance is a widespread and serious constraint, with national financial institutions being reluctant to provide credit to the agricultural sector. Investor confidence has been raised, on the one hand, by the politics of reform and the achievement of macroeconomic stability, but dampened, on the other, by endemic corruption and insecurity, which contribute to low levels of private investment.

There are a number of initiatives to support the development of market-oriented agricultural development. These have often taken a vertically integrated approach to commodity systems development, looking at advisory and other service needs at different levels. At present, the challenge of linking poorer producers to markets remains great. Many agencies have tended to address situations of lack of purchasing power for engaging in more commercial agriculture by providing handouts. This is becoming increasingly criticised for disrupting evolving exchange mechanisms in seed and inputs. Alternative approaches may also allow subsidisation of the acquisition of improved technologies, but in ways that reinforce rather than compete with local market mechanisms.

When external assistance is necessary, developing market linkages and the role of intermediary actors will require different kinds of advisory services, particularly given that there are advisory needs at different levels in commodity systems. The history of extension services and the way in which training institutions have developed in Uganda have primed them for increasing production in subsistence-oriented agriculture. They are largely unprepared for the changes of developing a modernised agricultural sector.

Rural financial services

The rural financial system is still largely undeveloped, fragmented and not integrated into the formal financial sector and operates in an environment faced with many daunting challenges. Uganda is one of the most severely under-banked countries in Africa, with a ratio of about 115,000 persons per formal bank branch (before the recent closure of the three commercial banks), compared with an average of 7,000 per branch in the COMESA countries. Also the savings ratio, at between 2 and 5 per cent of GDP, compared with 18 per cent for Africa’s average, is one of the lowest in the world. Microfinance institutions (MFIs) do not tend to reach the poorest of the poor, though they are important at present for the vulnerable non-poor. They tend to have rather weak rural outreach, being based in urban areas and district centres. Microfinance rules are often biased against investment in agriculture. One estimate from five districts, for instance, suggests that MFIs only meet about 6 per cent of the market demand for credit among the 10–15 per cent of more market-oriented farmers and agriculture-related enterprises. Furthermore, many initiatives in microenterprise and financial services development are not following internationally recognised best practices, nor do they interact in order to learn together as a sub-sector and share experiences with innovative approaches. It seems likely that both government and non-government initiatives will be seeking to address this situation.
Diversification of livelihood security and reduced vulnerability mechanisms may constitute an important step for movement towards good exits. This is likely to entail the choice, for example, of having cash savings with a government-underwritten rural savings and credit agency rather than investing in a goat or other small livestock. Small livestock can appreciate in value as they grow and reproduce, and are inflation-proof, but they are (a) at risk of disease and (b) visible and, thereby, appropriable by, for example, a family member or neighbour in need. Such a move would expand on the freedom to choose to have non-agricultural savings and asset accumulation as a step to reducing vulnerability and, for some, ‘good’ and gradual exits from agriculture. One lesson emerging seems to be that the chance to save in a reliable, secure, accessible, cheap and hidden manner is as (or more) important than credit for many rural poor. This will be of particular utility where there is macroeconomic stability and inflation is under control. The sector is now looking at innovations to address rural outreach and pro-poor financial service products.

Addressing the digital divide

Information and Communication Technology (ICT) can be an important aspect of support to rural development and the commercialisation of agriculture, providing better information links for producers (or at least their organisations), traders, government and service agencies alike. Any benefits for the poor are likely to be mainly indirect through having better-connected local governments, service agencies and markets. Compared with other African countries, the Ugandan telecommunications market is highly competitive. Various stakeholders involved in the agricultural sector can highlight the way in which the changing telecommunications landscape has transformed their work, by improving access to information and contacts and reducing uncertainty and the transaction costs associated with market development. ICT is also seen as an avenue for reducing rural-urban migration (or at least, when it does happen, of reducing vulnerability by providing better connectivity across dispersed social safety nets), and for offering a more attractive rural future to young people. Many of the poorer areas remain, however, outside these developments. Agricultural sector policy seems to have insufficiently dovetailed with telecommunication policy and practice.

Developing producers

Self-governed and -managed producer organisations of various types are widely regarded as important for the future development of the agricultural sector, particularly for shaping policy and in service provision and marketing. The NAADS programme places producer organisation at the centre of its administrative mechanisms.

There is a feeling that agricultural marketing has been operating inefficiently following market liberalisation, with too many middlemen and links in the marketing chain lowering the price obtained by the producer and distorting production incentives. Producer organisations are seen as one important and underdeveloped way of reducing the transaction costs involved in production and marketing. They are particularly important for enabling smallholder farmers to secure economies of scale in input purchasing and commodity trading. Various institutional arrangements and market exchanges can thus rely on group and social pressure or cohesion, rather than currently unenforceable legal contracts.

As yet, producer organisations remain under-representative of producers, and more needs to be done to draw poorer farmers into co-operative arrangements (of various types) from which they can benefit by having greater economies of scale, more bargaining power and a louder voice. The sector is supported by a range of NGO and donor agencies, with a network of district farmer associations receiving substantial support. There is some concern that the drive to sustainability and self-
financing of farmer associations is short-termist in the extreme. Experiences of cost-recovery in farmer organisations have also been disappointing.

**Systemic collapse and restoring livelihoods**

Natural disasters such as floods, droughts or earthquakes have caused temporary and localised displacement of people in various parts of Uganda. However, the majority of the internally displaced persons or refugees are displaced as a result of civil conflict internally or in neighbouring states. Systemic collapse remains a clear and present danger to the future of peace and prosperity. For many Ugandans, chronic political insecurity, insurgency and civil strife remain an important component of their livelihood context and drive growing regional inequality, a key determinant of conflict. At present there are about one million people who have been displaced due to civil unrest, a third of them as refugees and the rest as IDPs. The cycle has continued, with insecure parts of the country becoming flooded with small arms.

The impact of chronic political insecurity on the livelihoods of those affected has been dramatic. Many have lost their lives or been abducted, lost livelihood assets, suffered personal trauma, had their social networks and markets disrupted, and seen the state unable to provide effective services in many areas such as agricultural research and extension, health, and education. Those districts suffering from insecurity are among the poorest in the country and become increasingly marginalised in the process. Civil strife reduces investment in non-farm enterprises, with subsistence agriculture becoming a larger and more resilient component of GDP in areas under conflict (Matovu and Stewart, 2000).

There is a growing concern in Uganda regarding donor fatigue in supporting those areas affected by chronic insecurity, and there are calls to move ‘from relief to development’ in vulnerable areas. The recent revival of diplomatic relations between Sudan and Uganda is an important step in helping to resolve conflict. While innovative politics is critical, recent evidence suggests that active engagement in the development of areas suffering from chronic insecurity is necessary to address widening inter-regional inequality. Action to develop insecure areas will be an essential component of an overall strategy to break the vicious cycle of violence.

Agricultural development will then be an aspect of mitigation, and advisory and other support services will have an important role to play. As yet, however, these links have still to be clearly drawn in planning the implementation of the PMA or the NAADS programme. The challenge will be to support the development of resilient production and marketing systems that can contribute to overcoming regional inequality and chronic insecurity. There are also indications that links between trauma counselling and market-oriented groups (who may also receive production-related advice) can have positive associations for building social capital and reducing vulnerability.

HIV/AIDS has also had a significant impact on the livelihoods of poor people, though the pandemic tide seems now to have turned. Approaches for supporting affected households vary between promoting exclusively humanitarian assistance and engaging in developmental aspects. Provision of advisory services to vulnerable groups has been a common approach, with advice ranging from trauma counselling to alternative productive activities. This has meant that there are a number of programmes that support the livelihood diversification of affected households, with support for micro-enterprises or agricultural enterprises that are less labour-intensive and with higher returns to labour.
Livelihoods and extension

Poverty is multi-dimensional and the livelihoods of Uganda’s poor people are often complex. The role that extension and advisory services of various kinds can play in improving livelihoods and contributing to poverty reduction can be significant and will need to be considered at different levels and for alternative domains. There are links between changes in structures, policies and processes and the ability, on the one hand, of governments to deliver a poverty-reducing framework and of poor people to effect sustained improvements in their livelihoods through enhanced opportunity, empowerment and security. The recent history of Uganda in bringing about macroeconomic stability and poverty reduction demonstrates the connection. Yet Uganda remains a very poor country and more needs to be done, at international, national and local levels. Strengthening and broadening micro-macro links is one of the aims of introducing a sector-wide approach to development of the agricultural sector (the PMA) on which the majority of the poor depend. One key aspect of this will be to recognise the need for greater integration of advisory work in addressing different levels, from the needs of producers faced with an increasingly market-oriented economy to those of national stakeholders facing the challenges of globalisation. The NAADS programme can form an important contribution, though on its own it will be insufficient.

Technical change in and around the agriculture sector will affect the poor in different ways, according to where they live and the livelihood strategies they choose. For many people, the indirect effects of agricultural development (as consumers and labourers) will be as important as more direct production- and market-related impacts. The case study highlights that strengthening the position of the poor can be promoted by means of three overlapping categories of action where extension, training and advisory services of various kinds can make, and are making, an important contribution: (i) creating and supporting opportunity; (ii) enabling empowerment; and (iii) improving security and reducing vulnerability.

Two key risks to the poverty reduction programme remain insufficiently challenged: the chronic insecurity in poorer parts of Uganda, and the vulnerable position of the national economy in the face of globalisation. Chronic insecurity will require a positive programme to address the growing inequality in the country, and public investment will need to reflect such an imperative, certainly more than it does at present. This must go well beyond a military solution. Furthermore, the PMA puts its faith in market mechanisms for eradicating poverty. Reliable domestic and world markets for agricultural products are rightly regarded as crucial to success. The capacity for policy analysis and negotiation on global trade in regional and international fora, especially the World Trade Organisation, is as critical as Uganda’s ability to produce high quality products that are competitive in the global market. These capacities are at present underdeveloped, which puts at risk Uganda’s ability to maximise the benefits and minimise the losses that might arise from globalisation. Poorer countries such as Uganda are also only able to capture the lower-value links in the commodity chains, partly due to corporate interest and power and partly because of regulatory frameworks. These are critical elements of the national vulnerability context and may need action on the global rules of the game if poverty is to be eradicated. Bilateral donors will have an important role to play here and the type of donor convergence seen at country level in Uganda will also need to be reflected in concerted action in the international arena.
1. Introduction

1.1 Background and objectives of the study

This case study on Uganda is one of several undertaken to support the reflections of the Neuchâtel Group on issues related to extension, poverty and vulnerability. The intention is to bring the broad issues raised in the inception report (Christoplos et al., 2001) down to country level, where many policies that impact on how extension relates to poverty reduction and vulnerability amelioration are constructed. The examination of issues in Uganda built on an understanding of the ‘Common Framework on Agricultural Extension’ (Neuchâtel Group, 1999; see Box 1), and benefited from many of the questions raised in the Guide for Monitoring, Evaluation and Joint Analyses of Pluralistic Extension Support (Neuchâtel Group, 2000).

Box 1  Common Framework on Agricultural Extension

Driving forces for change
Several trends are having a particular influence on the current situation and make reform essential:
- changes are afoot in many countries: decentralisation, liberalisation, privatisation, and democratisation;
- new actors are becoming involved in ‘extension’ activities;
- public spending on extension is shrinking;
- the aims of official development assistance are becoming more focused.

The Neuchâtel Initiative vision of extension
In light of the changes taking place, the Common Framework outlines six key principles of a vision for extension:
- a sound agricultural policy is indispensable;
- extension is ‘facilitation’, as much as if not more than ‘technology transfer’;
- producers are clients, sponsors and stakeholders, rather than beneficiaries of agricultural extension;
- market demands create an impetus for a new relationship between farmers and private suppliers of goods and services;
- new perspectives are needed regarding public funding and private actors;
- pluralism and decentralised activities require coordination and dialogue between actors.

Proposal for the engagement and coordination of donors
The Common Framework also recognises six key avenues for the engagement and coordination of donors:
- support negotiated national policy-making between actual stakeholders;
- consider the long-term financial viability of extension activities;
- include exit strategies in all planning;
- facilitate funding of producer initiatives;
- ensure that extension activities are flanked by support for agricultural training, farmer organisations, and agricultural research;
- establish closer coordination between cooperation agencies.

Two points are important to note in understanding the way in which the study was executed. First, the decision was taken to ‘deconstruct extension’ and define it as a function that various actors and agencies can incorporate rather than as a particular organisation. Extension functions can operate across several domains, from production to the wider livelihood context, as shown in Table 1. Secondly, there is little sense in discussing extension in isolation. The complexities of rural livelihoods and the sector-wide dimensions of agricultural development require an understanding of the way in which extension fits within a broader gambit of interventions. Here, macro-micro links are of particular importance when considering the implications of policy.
Table 1 Potential scope of extension

<table>
<thead>
<tr>
<th>Intangible factors with a potential role for extension</th>
<th>Production</th>
<th>Production context</th>
<th>Wider livelihoods</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Crop and livestock husbandry</td>
<td>• Use of natural resources in relation to agriculture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Farm management</td>
<td>• Wider environmental issues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Use of natural resources in relation to agriculture</td>
<td>• Marketing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Wider environmental issues</td>
<td>• Processing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Processing</td>
<td>• Producer organisation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Producer organisation</td>
<td>• Alternative livelihood opportunities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Alternative livelihood opportunities</td>
<td>• Improving access to natural resources for the poor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Social safety nets</td>
<td>• Power relations and institutional landscape</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Power relations and institutional landscape</td>
<td>• Law</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Local and national level planning of agricultural and natural resources ‘futures’</td>
<td>• Local and national level planning of agricultural and natural resources ‘futures’</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Local and national level planning of agricultural and natural resources ‘futures’</td>
<td>• Reduced vulnerability in relation to the above</td>
<td></td>
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<tr>
<td>• Reduced vulnerability in relation to the above</td>
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</tbody>
</table>

Institutional support with a potential role for extension

<table>
<thead>
<tr>
<th>Institutional support with a potential role for extension</th>
<th>Production</th>
<th>Production context</th>
<th>Wider livelihoods</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Promotion of producer organisations or cooperatives for input acquisition, information access, veterinary services, phytosanitary services, etc.</td>
<td>• Promotion of groups for joint action in NR management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Promotion of groups for joint action in NR management</td>
<td>• Promotion of producer organisations for marketing, processing, certification, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Promotion of groups for joint action in NR management</td>
<td>• Promotion of groups to exercise small farm ‘voice’ in planning NR ‘futures’, in accessing NR, and in accessing alternative livelihood options and the requisite skills</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Tangible factors with a potential role for extension

<table>
<thead>
<tr>
<th>Tangible factors with a potential role for extension</th>
<th>Production</th>
<th>Production context</th>
<th>Wider livelihoods</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Seeds</td>
<td>• In relation to above</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Agrochemicals</td>
<td>• In relation to above</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Irrigation water</td>
<td>• Insurance schemes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Productive credit</td>
<td>• Consumption credit</td>
<td></td>
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</tbody>
</table>

Specifically, the objectives of this study are to look at the current and potential role and relevance of extension for supporting the livelihoods of the poor in Uganda. Some of the specific questions being addressed are:

- Should public expenditure on extension be focused on areas that have some opportunity for taking advantage of the opportunities of globalisation, e.g. where new infrastructure has opened access to formerly isolated areas? In this sense, should extension abandon the more difficult areas?

- On a similar theme, should extension be linked more closely with commercialisation and intensive production methods (even if these are beyond the capacity of poor farmers themselves) and so aim to impact on the poorest as consumers and labourers, rather than as producers?

- Is there value in thinking in terms of a separation of poverty perspectives, accepting a failure to find sustainable mechanisms for direct support to agricultural production, while retaining a clear focus on the poorest in indirect strategies (labour-intensive technologies for larger farms) and livelihoods (‘good exits’ from agriculture)?

- Can a new cadre of advisers be developed who are skilled in helping poor people make good exits from agriculture by making sound choices about their livelihoods? Which types of institutions might lead such an effort?
• Extension does not have a good record of providing support for diversification, having had more success with commodity approaches. The poor, however, need support for diversification, as their potential for successfully competing in the market and/or meeting subsistence needs through staple and single-commodity production is bleak. How can this be addressed?

• Do vouchers or other demand-oriented financing and subsidisation mechanisms provide realistic options for poor people to pull down a mix of relevant services, or do such schemes fall victim to the same deficiencies as other extension structures in poverty targeting?

• Are producer organisations a solution to the need for demand-driven mechanisms? Are they accessible to the poor, or is working through producer organisations a de facto form of triage if they fail to include the poor?

• Part of the paradox of new forms of diversified livelihoods is that they are a way of spreading risk but are also highly risky in and of themselves. Information is a major factor in mitigating these risks, but has considerable costs. Poor information is a widespread cause of market failure. How far can government (and public sector support for extension in particular) improve access to information by the poor?

• In meeting the dynamically changing and increasingly stringent demands for control of production quality, marketing, regulatory and certification agencies are playing a growing role in driving technological change in agriculture. What are the implications for the role of extension in supporting the poor? Are these organisations the extension services of the future? How can a mix of advisory and regulatory functions be handled? Do initiatives demanding strict quality control ipso facto exclude poor producers who cannot live up to the demands, or bear the costs, of these services? What are the implications of this?

• What is the potential for extension to make a more concerted contribution to addressing systemic crisis in major disasters or market collapse, either through information services or through closer links with public works and other safety nets?

Uganda is an interesting case for several reasons. The country is widely recognised as having made great strides in mainstreaming a poverty eradication agenda into government policy. This has brought encouraging signs of poverty reduction in a way that may progress to help achieve the International Development Targets. Furthermore, the notion of extension has recently undertaken a radical shift, with responsibility for extension being devolved to local governments and contracting out being firmly on the agenda. Many of the developments are, therefore, compliant with the Common Framework (Neuchâtel Group, 1999; Beckman and Kidd, 1999).

1.2 The overall political and economic situation

The Government of Uganda has been undertaking macroeconomic and development reforms since the National Resistance Movement (NRM) took power some 15 years ago following protracted constitutional crisis, highly centralised power and civil war. These are now being implemented under a no-party democratic system in which significant public responsibility has been devolved to the districts, combined with a strongly forged programme for privatisation and market liberalisation. Dollar and Kraay (2001), champions of globalisation as a positive force against poverty, note that Uganda is among the countries they term ‘globalizers’, having substantially reduced tariffs on imports and increased trade in relation to GDP in the last twenty years.¹

¹ Uganda was arbitrarily added to the list of ‘globalizers’ along with Ghana, given that they were close to the threshold and the list would otherwise have lacked African representation. ‘Globalizers’ also include, for example, China, India, Mexico, Vietnam, Bangladesh, and Nepal.
Most commentators agree that many of these structural changes have brought positive outcomes. The annual inflation rate has reduced from over 100 per cent in the 1980s to reach relative stability in single digits over the past few years. Over the same period, economic growth has come to average about 5 per cent per annum. This growth has been based on expansion in all sectors of the economy, with the agricultural sector (on which most of the poor depend) growing relatively fast, though much of the growth in agricultural GDP has been based on expansion of the area cultivated rather than enhanced productivity.

Recent evidence from household surveys suggests that growth is reducing poverty across society. At a national level, there also seems to be no systematic trend in the Gini coefficient, which gives an indication of inequality. Though the HIV/AIDS pandemic remains of serious concern, Uganda is acclaimed for having begun to turn back the tide. It is widely recognised as one of the few countries in sub-Saharan Africa which is making progress towards sustained economic development and poverty reduction.

Some commentators, however, question the over-optimism with this progress, suggesting that, for example, Uganda is better characterised as a ‘stagnant low income country with poor development prospects’ (Kappel, 2001: 23–4).² Bigsten (2000) suggests that recent trends are merely a ‘rehabilitation process’ following economic crisis in the 1970s and 1980s. Indeed, Uganda saw a dramatic decline in GDP per capita over two decades, following a period of nationalisation, expulsion of Ugandan Asians, civil unrest and instability, plus the impact of the oil crisis. During this period, it gained the reputation of being high-risk, contributing to a dramatic decline in investments and exports. Collier (1999) highlights that the dividend from peace after prolonged civil war is large. This has clearly been the case in Uganda.

Furthermore, are the positive trends sustainable? Both Kappel (2001) and Bigsten (2000) highlight limited capital accumulation and technological change, which are likely to constrain long-term growth. Bigsten (2000) notes that recent growth is ‘atypical, being more a dividend of policy reform and peace than to, for instance, higher investment rates’. Collier (1999) concurs with this view and suggests that recent economic trends reflect post-conflict recovery, the best example in Africa. Belshaw et al. (1999) argue that Uganda’s recovery is much less impressive than it appears, since it is now a heavily aid-dependent economy. Moreover, the rehabilitation or recovery process is as yet incomplete, with several parts of the country still suffering from chronic political instability, which heightens regional inequality and leaves many vulnerable. Over 5 per cent of a population of some 21 million are internally displaced people (IDPs) and there are significant numbers of refugees, from Sudan in particular.

The bottom line is that Uganda’s population remains largely poor, with GDP per capita averaging only about US$ 330 and at least 40 per cent of the people living in poverty. A distribution map of income poverty shows that the north and east tend to be poorer than other areas (Figure 1). These are areas where the seasonality of rainfall patterns is more pronounced (Figure 2) and which suffer from greater insecurity. They are also more sparsely populated (Figure 3). The economy also remains dependent on donor assistance and on the agricultural sector for both food self-sufficiency and foreign-exchange earnings from a variety of production systems (Table 2). Many of the rural poor remain largely outside the monetary economy, mainly producing for subsistence. Food crops production still accounts for at least 65 per cent of agricultural GDP, and agriculture continues to be characterised by low productivity. Challenges of rural economic transformation and poverty eradication linked to progress in the agricultural sector thus form the core of government policy.

² This view, part of a broader analysis of development prospects for Africa by German researchers, has been recently described as simplistic and counterproductive (Hansohm and Thomas, 2001).
Figure 1  Distribution of poverty

http://www.reliefweb.int/w/map.nsf/wByCLatest/ECF060A8E165815685256A0D006FAC55?Opendocument
Figure 2 Meteorological profile of Uganda

![Meteorological profile of Uganda](http://www.fao.org/WAICENT/faoinfo/economic/giews/english/basedocs/uga/ugamet1e.stm)

Source: http://www.fao.org/WAICENT/faoinfo/economic/giews/english/basedocs/uga/ugamet1e.stm

Figure 3 Population density

![Population density of Uganda](http://www.fao.org/WAICENT/faoinfo/economic/giews/english/basedocs/uga/ugapop1e.stm)

Source: http://www.fao.org/WAICENT/faoinfo/economic/giews/english/basedocs/uga/ugapop1e.stm
Table 2 Main farming systems in Uganda

<table>
<thead>
<tr>
<th>Farming system</th>
<th>Districts</th>
<th>Major crops grown</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Teso system</td>
<td>Soroti, Kumi</td>
<td>cotton, finger millet, sorghum, groundnut, sesame, sweet potatoes, cassava</td>
</tr>
<tr>
<td>2. Banana/coffee system</td>
<td>Bundibugyo, parts of Hoima, Kabarole, Mubende, Luwero, Mukono, Masaka, Iganga, Jinja, Mpi and Kampala</td>
<td>robusta coffee, banana, maize, beans, sweet potatoes, cassava, horticultural crops, tea, groundnut</td>
</tr>
<tr>
<td>3. Banana/finger millet/cotton  system</td>
<td>Parts of Masindi, Luwero, Kamuli, Pallisa and Tororo</td>
<td>cotton, robusta coffee, beans, maize</td>
</tr>
<tr>
<td>4. Northern system</td>
<td>Gulu, Lira, Kitgum, Apac</td>
<td>cotton, tobacco, sesame, finger millet, sorghum, cassava, sunflower</td>
</tr>
<tr>
<td>5. West Nile system</td>
<td>Moyo, Arua, Nebbi</td>
<td>tobacco, cotton, arabica coffee, sesame, millet, sorghum, cassava, groundnut</td>
</tr>
<tr>
<td>6. Montane system</td>
<td>Kabale, Rukungiri, Kisoro, Bushenyi, Kasese, parts of Kabarole, Mbarara, Mbale and Kapchorwa</td>
<td>arabica coffee, banana, cotton, maize, beans, wheat, millet, rice, Irish potatoes and sweet potatoes</td>
</tr>
<tr>
<td>7. Pastoral system</td>
<td>Rakai, parts of Mbarara and Masaka, Kotido and Moroto</td>
<td>millet, cassava, sorghum, beans, maize</td>
</tr>
</tbody>
</table>

Source: adapted from GOU, 2000.

1.3 Poverty status

The many years lost to civil, political and economic crisis have left Uganda with a low level of human development, ranking 158th out of 174 countries in terms of the UNDP’s Human Development Index. Poverty eradication is now at the heart of government policy, in broad coalition with civil society organisations and donors. The prioritisation of poverty reduction is well incorporated in national development planning, budget allocation and expenditure management and has been a driving force behind the decentralisation processes (Greeley and Jenkins, 1999). Poverty monitoring has become an important aspect of policy revision and the quality of information on poverty is improving.  

While Uganda remains a very poor country, recent figures have given encouragement. The 2001 Poverty Status Report (MFPED, 2001) notes that data from five nationally representative household surveys since 1992 suggest a consistent downward trend in income poverty, with the government being on target to attain its income poverty reduction target of 10 per cent by 2017 (Figure 4). The proportion of people living below the income-based poverty line has declined from 56 per cent in 1992 to 35 per cent in 2000. Much of the progress in the reduction of poverty can be linked to a  

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3 Knowledge of the dynamics of poverty in Uganda is now dominated by detailed analysis of national household surveys and participatory poverty assessments (for example, UBOS, 2001; MFPED, 2000b). The national household surveys have now become standardised and therefore a useful instrument to measure various trends and impacts at household level (Mackinnon and Reinikka, 2000). The Uganda Participatory Poverty Assessment Programme (UPPAP) is a multi-donor-supported co-operation between the government and civil society organisations. The first phase covered a number of sites in 9 districts and this will be extended in an on-going second phase, becoming increasingly integrated into policy processes at district and central levels. McGee (2000) reports that, while the two methods are not comparable, they are compatible and complementary. Household surveys are seen to offer broad coverage and highlight key trends, with the UPPAP providing depth by drawing on the voice and insight of those living with poverty. Both are recognised as having critical input into policy processes and the revision of poverty eradication policies and strategies, co-ordinated by the MFPED through bi-annual poverty status reports.

4 Some of the poorest districts, however, were not included in the most recent national household survey because of insecurity (Gulu, Kitgum, Kasese, Bundibugyo) (UBOS, 2001).
successful rehabilitation process in many areas after years of political, economic and civil strife. In Soroti and Katakwi districts, for example, Dutch-sponsored Participatory Rural Appraisals (PRAs) used for local government planning were carried out in every sub-county in a rolling process over a 2–3 year period and show a strong trend of resource accumulation since the mid-1990s.

Figure 4 Consumption poverty headcount 1992–2000 (MFPED, 2001)

The dynamic of poverty in Uganda has varied greatly since independence. There have been considerable fluctuations in income distribution among sectors, waged and unwaged, skilled and unskilled, as a result of policies and crises, particularly during the Amin and Obote eras and into the early years of the Museveni regime (Klugman et al., 1999; Bigsten and Kayizzi-Mugerwa, 1999). For example, overall poverty increased in the 1970s, but inequality tended to decline due to the reduction of the urban-rural gap since rural areas were more resilient (Matovu and Stewart, 2000).

The trends in poverty over the last ten years are taken as a source of encouragement for the aggressive reforming policies of the government and are used by international organisations and donors to reaffirm the reforming agenda in Africa. A 1999 World Bank review of sector performance indicates, for example, that liberalisation has meant that producers have captured a larger proportion of the world market price for coffee, Uganda’s largest export crop (Gibbon, 2000). As mentioned above, however, the extent to which the trend in poverty reduction is sustainable is contested, given limited private investment flows, poor technological change and over-reliance on raw agricultural commodity exports.

National data hide the growing regional and rural-urban inequality, with the south of the country, and particularly the Central Region, doing far better than the North. A regional analysis shows that the proportion of income poverty in rural areas is 26 per cent in the Central Region, 29 per cent in the Western Region, 39 per cent in the East and 67 per cent in the North.

The regional variation has an impact on the opportunities for households to reduce their poverty through, for example, wage labour. The price of wage labour varies significantly between the regions (Table 3), thus providing an incentive for migration particularly from the North (UBOS, 2001). Non-agricultural wages are generally higher in most regions, with further disparity according to gender.
Table 3 Wage rates per day 1999/2000 (Ush.)

<table>
<thead>
<tr>
<th></th>
<th>Central</th>
<th>Eastern</th>
<th>Northern</th>
<th>Western</th>
<th>Uganda</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural, men</td>
<td>1,630</td>
<td>920</td>
<td>550</td>
<td>1,020</td>
<td>1,030</td>
</tr>
<tr>
<td>Agricultural, women</td>
<td>1,420</td>
<td>860</td>
<td>550</td>
<td>940</td>
<td>940</td>
</tr>
<tr>
<td>Non-agricultural, men</td>
<td>1,640</td>
<td>1,230</td>
<td>820</td>
<td>1,200</td>
<td>1,280</td>
</tr>
<tr>
<td>Non-agricultural, women</td>
<td>1,230</td>
<td>1,130</td>
<td>540</td>
<td>1,070</td>
<td>1,020</td>
</tr>
</tbody>
</table>


Note: US$ 1 = 1,600 Ush.

Policy documents also highlight gender disparity in the control of assets favouring men, and the position of women to benefit from, for example, the sale of produce, though the extent of the inequality varies with location. The Plan for the Modernisation of Agriculture (PMA), for example, takes the line that ‘increases in household income do not necessarily mean increases in access to income for female members, or improved quality of life for all members, especially in terms of the nutrition of children’. In some instances the growing interest in cash crops, mostly controlled by men, has meant that women have lost access to land for food crops (MFPED, 2000b). While it is difficult to make definitive conclusions regarding the impact of gender disparity in relation to agricultural modernisation and overall household benefit, it seems clear that there is a tendency towards greater household livelihood security when women have a greater share in the control and allocation of assets.

A programme of affirmative action by the government, which guarantees women a third of seats in local government, has contributed to allowing 39 per cent of more than 17,000 strategic decision-making positions in Uganda to be held by women (MGLSD and UBOS, 2000, quoted in MFPED, 2001). However, the access of women to non-mandatory decision-making positions remains poor (Table 4).

Table 4 Percentage of women among decision-makers in 1999

<table>
<thead>
<tr>
<th>Administrative level</th>
<th>Political</th>
<th>Non-political</th>
<th>All sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central government</td>
<td>19</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>Local government</td>
<td>45</td>
<td>10</td>
<td>42</td>
</tr>
<tr>
<td>All levels</td>
<td>44</td>
<td>12</td>
<td>39</td>
</tr>
</tbody>
</table>


Information obtained during the Ugandan Participatory Poverty Assessment Programme (UPPAP) indicates that many communities consider that poverty is increasing. The perceptions of poor people covered in the UPPAP were based on a broader view of poverty, encompassing more than simply low income and lack of material assets, and including lack of access to services, indications of powerlessness and lack of alternatives in the face of surrounding conditions (MFPED, 2000b). A National Integrity Survey found that 40 per cent of the users of public services had to pay bribes, which were regarded as not only materially impoverishing but also demoralising. This was supported by the UPPAP and other surveys (for example, World Bank, 1996), with poor people experiencing no effective mechanisms to hold service deliverers accountable.

The UPPAP and other community studies (for example COWI, 2000) highlight people’s experience of ways in which households may move up or down the poverty-wealth scale. As some community

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5 The definition of decision-makers here was limited to the public sector, including the executive, legislature/parliamentarians, the judiciary, the public service, local governments, in addition to any other bodies that are decision-makers as prescribed in the Ugandan Constitution (MFPED, 2001).
members have highlighted, ‘Yesterday’s non-poor … today’s poor’ (Sebstad and Cohen, 2000). Factors commonly noted as enabling households to move up the poverty-wealth ladder included business skills, access to finance, getting salaried employment, diversification of income sources, and obtaining remittances from children. The key features leading to increased poverty were identified as over-reliance on one source of income, human ill-health and disease, alcoholism and ‘womanising’, and poor management of resources, including credit. By far the most critical factor determining movement in and out of poverty for many people was insecurity, with some one million refugees and internally displaced persons, particularly in the north of the country.

1.4 Vulnerability

The dynamics of poverty in Uganda is largely determined by the various ways in which individuals, households, communities and the national economy are vulnerable to external shocks, stresses and trends (MFPED, 2000b, 2001). The sources of vulnerability and the risks of remaining in or slipping into poverty are various, operating on a number of levels, and varying greatly across different parts of the country. These interact in various ways, potentially converging in a synergy of desperation.

Some of the poorest parts of the country suffer from a vulnerability cocktail that has human, political, natural and economic elements compounding a growing regional inequality, which itself is a key cause of conflict (Stewart, 1998, 2000). There is also some gender variation in the perceptions of risk and vulnerability, with women perceiving more risks associated with domestic factors than men (Sebstad and Cohen, 2000). The importance of the various sources of vulnerability is hotly contested among stakeholders in Uganda, with some of the commonly cited causes of vulnerability including:

- climate change, uncertain weather patterns, seasonality, crop and livestock pests and diseases (for example, cassava mosaic virus), with particular impact in the dryer northern and eastern regions;
- international trade regulations and globalisation, with particular impact on the national economy and commodity producers and exporters (recent external shocks include the increase in the oil price, the crash in the coffee price, the ban on imports of fish to the EU);\(^{6}\)
- poor international market position with higher transport costs, given that Uganda is a landlocked country, and perceptions of higher risk on the part of investors (for private investment flows), given the chronic political instability in some parts of the country, the wars in neighbouring countries and Uganda’s direct involvement in the Congo war;
- rising prices, the graduated tax burden and the seasonal variation in market prices;
- economic and social reform policies involving retrenchment and requiring users to pay for a variety of services (particularly health and education) that they find difficult to afford. Universal Primary Education (UPE), which has reduced the quality of public education through larger class sizes, has also made many vulnerable non-poor pay for private education, which puts them at greater risk;

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\(^{6}\) The impact of the decline in coffee price was particularly strongly felt in Uganda, as, in comparison with other coffee exporting countries between 1994 and 1998, it was characterised as a ‘loser in a declining market’, doing worse than the norm. Both slow liberalisation of producer prices and failure to overcome early institutional resistance to marketing reforms contributed to this situation (Belshaw et al., 1999). The ban of fish imports to the EU was also a particularly strong shock to the economy and the livelihoods of those involved, given that between 1994 and 1998 the fresh fish export sector had been regarded as an export ‘champion’ doing better than the norm (Elfring, 2001).
• chronic political instability, insecurity, insurgency, cattle raiding, and child abduction in various parts of the country, and in terms of Uganda’s relations with some neighbouring countries. The situation is exacerbated by the proliferation of small arms;
• the geographical isolation of some parts of the country, with high transport costs and poor market access;
• corruption and rent-seeking behaviour among public officials;\(^\text{7}\)
• theft, community violence (a particular concern of men), and the erosion of social cohesion;
• life-cycle events: births, marriages, and particularly the death of family, friends and neighbours;
• sexual behaviour and the HIV/AIDS pandemic, which brings untimely death and has created large numbers of orphans, and child- and female-headed households;
• operating an enterprise as a result of the livelihood strategies chosen, particularly among the vulnerable non-poor with a limited skill base;
• migration, with its risks and potential pay-offs: migrating workers may be preferred as they are willing to accept lower wages, poorer conditions, and have restricted choice and opportunity in the wage market, with less power and social recourse in their host society;
• high dependency ratio in household and ill-health;
• abandonment by spouse, domestic violence (faced by some 40 per cent of women on a weekly basis in various parts of the country) and men’s ownership and control of household assets, including land (concerns of women in particular).

The aspects of vulnerability that were commonly articulated in the recent participatory poverty assessment in nine districts (MFPED, 2000b) include: poor gender relations and other barriers to the effective participation of citizens in governance processes, geographic isolation, insecurity at household, community and regional levels, corruption and a lack of strong leadership, and cost-participation in service delivery (with a call for ‘agricultural extension services that are accessible for all and offer relevant advice and information’).

A strong message emerging from the UPPAP is that many rural people feel that their vulnerability is enhanced by the requirement for cost-sharing in service provision. This can have an influence on the livelihood strategies chosen. People’s response clearly depends on their specific context in terms of the vulnerabilities they face, the mediating macro- and micro-policy environment, and the assets at their disposal. This not only varies from region to region and community to community, but also between individuals. A number of trends are discernible, however.

\(^7\) Azam (2001) notes that a study of African countries shows a strong correlation between high public sector wages (often at the cost of the total number of civil servants) and peace in society. Problems such as lack of a living wage among public servants during political, economic and civil disturbance saw a consequent rise of alternative livelihood strategies among many public servants towards rent-seeking behaviour and corruption (de Coninck, 1992). For example, de Coninck (1992) notes that a bunch of matooke (staple starch bananas) sufficient for a family of four for 3 days costs Ush1000 in Kampala. A newly recruited messenger’s salary would last five days and the monthly salary of the head of the civil service would last only 19 days. Similar issues related to the cost of public transport. This situation contributed to creativity among civil servants in order to survive (growing own food, establishing small businesses, corruption). While wages have increased in real terms (especially following the release of recurrent budgets following massive retrenchments), there are fears that corruption has become endemic. Uganda ranks 80\(^\text{th}\) out of 90 in Transparency International’s Corruption Perception Index 2000 (Transparency International, 2000), sending signals that discourage private direct investment. The UPPAP also notes the concern of rural people about the level of corruption that they face in their dealings with public services. Some 40\% of those interviewed in a National Integrity Survey mentioned that they had had to pay bribes. This is confirmed by community studies (MFPED, 2000b; Nyanzi et al., 1998). This then has become a common livelihood strategy of many public officials. Corruption is recognised as an aspect of ‘systemic collapse’ that must be addressed in order for the PMA and NAADS to be effective.
Diversification is common, with the poorer often showing diversification of individual strategies while the non-poor household shows some diversification at the household level together with increasing specialisation by individuals. The level of livelihood diversification is highly influenced by the perception of security, with significant withdrawal into subsistence activities in situations of chronic political instability. Remittances from migration can also be an important component of household livelihood strategies, though they seem insufficient to lift vulnerable households out of poverty (Mackinnon and Reinikka, 2000).

In comparison with many other countries in sub-Saharan Africa, Uganda has agrarian systems that tend to be reasonably resilient, including to the impact of HIV/AIDS (Topouzis and du Guerny, 1999; Topouzis, 2000). Much of the country is blessed with agroecosystems that are particularly well-adapted to diversification: there is rain much of the year, or bimodal. This has clearly enabled many producers to follow a livelihood strategy which is diversified to some extent according to the rhythm of the vulnerability context. Many rural people have production strategies for dealing with the rhythm of non-production-related household expenditures. For example, in Lira district the sale of sesame is timely for the payment of second-term school fees, with the maize harvest coinciding well with the payments for term three. The first term remains a struggle.

It seems that, while producers have tried to develop strategies to partly cope with these cyclical events, public policy may not have been sufficiently responsive to fit with the asset liquidity of clients. In a sense there is probably some scope for thinking more strategically about technical change in agriculture and the rhythm of rural livelihoods (for example, fresh and dry produce, determinate and indeterminate crops, annual and perennial). Technology development and advisory services have rarely been able to incorporate a livelihood perspective. Of course, the unpredictability of various other events also shapes the choice of livelihood strategy.

There are also cases of vulnerability through asset concentration. Pastoralists may be very wealthy in terms of the monetary value of the cattle they own, but they are also highly vulnerable. This is particularly challenging when livelihood strategies are so closely tied in to cultural norms (cattle = wealth/status). There were anecdotal accounts of Karimajong who were doing well and had diversified to some extent away from cattle, enabling them to survive droughts and the effects of cattle rustling, but they had no respect among their (former) peers.

1.5 The status of extension

There has been some kind of public financing of extension in one form or another since 1812. It is commonly considered that the extension service established by the government in the 1960s was thought to be functioning well. Extension declined during the economic and political crisis of the 1970s and 1980s. The following chronology can be traced:

1812–1900 Colonisation and concentration on promotion of export crops  
1920–56 Extension through local chiefs, with enforced production of cash crops  
1956–61 Extension through progressive farmers; emphasis on providing inputs  
1964–71 Commodity approach with demonstration farms for transfer of technology  
1971–92 Political crisis, civil war. Disruption of the economy, centralisation. Confusion. Some transition and recovery  

More insights on the status of extension in a particular district context (Mbarara) are given in Beckman and Kidd (1999).
Criticisms of public extension services (e.g. World Bank, 1996). Various other donor bilateral financing arrangements and extension approaches. Sida-funded ‘Export Promotion of Organic Produce from Africa’ programme (EPOPA)

1998–

‘Village Level Participatory Approach’ (VLPA) introduced into the public extension service, the last death throes of the T&V system. Criticised within the World Bank as being too much rural development and not enough extension. VLPA put on hold. Introduction of the Graduate Specialist Scheme by central government, with responsibility for extension devolved to districts. Pluralism increasingly a reality. NGOs contracting public agents to deliver services, effectively privatising the management of extension services in many areas. Support for advisory service delivery by farmer organisations through DANIDA-supported Agricultural Sector Support Programme

1999–2001

Finalisation of the ‘Policy for the Modernisation of Agriculture: Eradicating Poverty in Uganda’ (PMA), concentrating on food security through commercialisation. Preparation of the National Agricultural Advisory Services (NAADS) programme, based (mainly) on public finance, private delivery, contracting-out, demand-orientation, farmer-‘ownership’, cost-sharing, decentralisation to sub-counties. Basket financing arrangements supported by a number of donors. Support for advisory service delivery by decentralised farmer organisations. National Agricultural Research Organisation (NARO) introducing Outreach Programme. Various experiences with private sector development in service delivery, with support to advisory services for vertical integration and commodity systems approaches (e.g. USAID-funded ‘Investment in Developing Export Agriculture’ (IDEA) project of the Agribusiness Development Centre (ADC))

2001–

NAADS Bill passed by Parliament and NAADS Secretariat established as a corporate body. Phased introduction of the NAADS programme linked to broader decentralisation of capacity-building initiatives, initially in 6 trail-blazing districts (beginning with a couple of sub-counties in each district). Graduate Specialist Scheme to be likewise phased out

Support to extension for the development of the agricultural sector has tended to focus on production, with limited attention being paid to the production or wider livelihood contexts, as referred to in Table 1. This is likely to change with the introduction of the NAADS programme, which is largely compliant with the Common Framework on Agricultural Extension of the Neuchâtel Group (Neuchâtel Group, 1999). The NAADS programme seeks to go beyond production and will look at supporting advisory services in marketing and processing, though this is likely to be focused mainly on producers rather than on advisory service needs at different stages in a commodity chain.
2. Policy frameworks

As mentioned above, the Government of Uganda has undertaken a strong economic reform programme since 1987 with the support of international financial institutions and donors. Liberalisation, privatisation and decentralisation have been key themes of the reform. The reform was rather reluctantly undertaken during the first five years of the process and has been described as being crisis-driven (Tsikata, 2000). From about 1992, with signs of macro-economic stability emerging, the programme has been increasingly driven by the government itself and now has high levels of ownership (Holmgren et al., 1999; Mackinnon and Reinkikka, 2000). Holmgren et al. (1999) note that the government has made ‘uncharacteristically good use of technical assistance’. The convergence of interest and perspective between the government and a broad coalition of national and international stakeholders has meant that the process of reform has not been as contentious as in many other countries of sub-Saharan Africa.

In response to the challenges of poverty and limited rural transformation, the government put in place the Poverty Eradication Action Plan (PEAP) in 1997. With some modification, this serves as a Comprehensive Development Framework (CDF) and a revised summary of the PEAP was accepted as a Poverty Reduction Strategy Paper (PRSP). The revision was informed by the findings of the national household surveys, participatory poverty assessments and a rolling stakeholder consultation process. Uganda was the first country to benefit from debt relief under the Highly Indebted Poor Countries (HIPC) initiative, under which funds are channelled to targeted investment through the Poverty Action Fund (PAF).

One important modification in the PRSP is the greater emphasis given to the importance of private sector development for indirect impact on poverty. It affirms that the public sector’s role is to intervene where there is market failure or where there would be very inequitable outcomes, and prioritises the use of contracting-out and the development of partnerships with other sectors in society. The PRSP places distributional considerations, of gender, of children’s rights, and of environmental impacts at the heart of public policy (MFPED, 2000a).

Uganda has adopted a Sector-Wide Approach (SWAp) for the agricultural sector – the ‘Plan for the Modernisation of Agriculture’ (PMA), which is a core initiative emerging from the PEAP. The sector-wide status of the PMA was affirmed by its being co-ordinated by the Ministry of Finance (MFPED). The fact that MFPED was the lead agency for reform has tended to leave other ministries feeling marginalised and resentful (Therkildsen, 2001). Chairmanship of the Steering Committee of the PMA has now been transferred from the MFPED to the agriculture ministry (MAAIF), though some agencies (civil society organisations and some donors) lobbied against this move, given that it would compromise the sector-wide status of a core government initiative. There is also a fear that it may lead to procrastination, as, in the view of Botchwey et al. (1998), the ‘most significant, even if unorganised, source of opposition to ... reforms are mid- to senior-level civil servants’ who have lost their rent-seeking opportunities.

Agricultural extension is given a new lease of life in the PMA, which recognises a central role for decentralised, demand-driven extension services in the sector’s development and will be backed by public funds through the National Agricultural Advisory Services (NAADS) programme. The responsibility for extension will be further delegated from districts to sub-counties, thereby deepening decentralisation.

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9 The UPPAP reported that people are frustrated by their perceived lack of influence over public policy. UPPAP has itself helped to raise the voice of the poor.
2.1 Policy process and progress for eradicating poverty

The PEAP/PRSP sets out a national strategy for eradicating poverty and is established on four major pillars:

- creating a framework for economic growth and transformation
- ensuring good governance and security
- directly increasing the ability of the poor to raise their incomes
- directly increasing the quality of life of the poor

The recent Poverty Status Report (MFPED, 2001) drew out a number of messages under each of the pillars. While there has been continued macroeconomic stability, apparently one of Uganda’s major achievements (Morrissey, 2000), a number of adverse economic shocks have contributed to slightly poorer than expected economic growth and transformation. Private investment is also not taking place at the pace the government had expected. The report suggests that this is partly due to the continuing challenge of reforming public utilities and improving the physical infrastructure. Bigsten (2000), as noted above, points to even more fundamental reasons.

Ensuring good governance and security remains a complex and vital challenge to the government. The numbers of people affected by emergencies, both the drought in some parts of the country and the internal conflicts, have increased during the 1990s, representing more than 5 per cent of the population. Insecurity is probably the biggest single reason for persistent poverty in the North, making serious development virtually impossible in some parts. International peace efforts, disarming Karamajong and dealing seriously with development are central to poverty eradication in these areas.

There are encouraging signs of progress in directly increasing the ability of the poor to raise their incomes. Rural incomes in general and agricultural incomes in particular have increased in the 1990s, apart from in the North, which has been badly affected by insecurity. Though there is clear evidence of growing inter-regional inequality and some suggestion of increasing inequality in some communities (Nyanzi et al., 1998), it does appear that all broad income groups have made gains. The question remains as to whether these gains can be sustained, given the limited diversification of economic activity, with much of the economic growth coming from expansion of the area cultivated.

Objectives under the pillar ‘directly increasing the quality of life of the poor’ are designed to provide better health, education, nutrition, and clean drinking water. These are, of course, critical preconditions for enabling the poor to address income-related aspects of poverty. The policy of free universal primary education (UPE) has led to an enormous increase in primary school enrolments, which has, in turn, created problems for maintaining the quality of education. This has led to a growth in the use of private education among the vulnerable non-poor. Other social service outcomes have been mixed, with many PEAP/PRSP targets not being met.

Learning these lessons is important. Mackinnon and Reinikka (2000: 50) note that the PEAP process in Uganda has:

- ‘produced a clear but flexible set of expenditure priorities which have been reflected in the medium-term expenditure framework and annual budgets;
- by being not too specific, allowed sectoral strategies to evolve;
- enormously increased civil society involvement in policymaking and public spending; and
- promoted debate both within and outside the government.’

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2.2 A sector-wide approach: The ‘Plan for the Modernisation of Agriculture’

Despite being the backbone of the economy, the agricultural sector has seen serious under-investment, with only 1.8 per cent of the recurrent budget in 1998/9. A sector-wide approach, the ‘Plan for the Modernisation of Agriculture’ (PMA), aims to address this situation. The PMA is a bold statement of intent, a strategic vision for agricultural development, that will contribute to, as the full title goes on to suggest, ‘Eradicating Poverty in Uganda’. The PMA aims to be a ‘holistic strategic framework for eradicating poverty through multi-sectoral interventions enabling the people to improve their livelihoods in a sustainable manner’ (GOU, 2000). The document outlines a vision for ‘poverty eradication through a profitable, competitive, sustainable and dynamic agricultural and agro-industrial sector’. Levels of public action envisaged in the plan range from international trade negotiations to deepening decentralisation and empowering producers. A legitimate role for a wide range of stakeholders in the governance of the agricultural sector is acknowledged in the PMA.

There is clear concern that responsibility for factors necessary for agricultural modernisation lie outside the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), and that it will be critical to build broad partnerships with other ministries and agencies. The elaboration of the plan was the responsibility of the Ministry of Finance after the MAAIF was considered unable to co-ordinate and prioritise effectively. The PMA Steering Committee is multi-sectoral, though the Secretariat is now under the MAAIF, and implementation of the plan will be co-ordinated by a stakeholders’ Planning and Financing Forum (PMA–PFF) which is intended to ensure that all partners adhere to the principles of the PMA.

The PMA has managed to gain broad support from various agencies and from most donors, who are working towards basket finance mechanisms to fund the plan. One of the key donors to the agricultural sector, DANIDA, has already committed itself to the Agricultural Sector Programme Support (ASSP) with various components (in particular, support for farmer organisations, institutional support for MAAIF and rural financial services). While consistent with the PMA, whose preparation DANIDA supported, the ASSP remains financially distinct. At the end of the present commitments future support may well be brought within the PMA.

The PMA is intended to be the central mechanism through which the third pillar of the PEAP – ‘directly increasing the ability of the poor to raise their incomes’ – is supported. It is thought that ‘modernising agriculture’ will contribute to increasing the incomes of the poor by raising farm productivity, increasing the share of agricultural production that is marketed, and creating on-farm and off-farm employment. The PMA takes the position that the livelihood of poor farmers will be improved by engaging with the market. In addition, the poor will benefit from lower food prices and increased opportunities for employment.

The PMA notes that transforming subsistence agriculture requires addressing two types of constraints: productivity-related constraints and constraints related to governance. The productivity-related constraints noted in the PMA include a broad range from lack of sufficient food, lack of land and soil infertility, lack of inputs, lack of skills and knowledge, lack of capital and access to credit, and market problems (low prices, lack of markets), to poor roads and transport networks. Insecurity is also highlighted as a productivity-related constraint with regard to the loss, for example, of oxen for draught power.

Broad governance constraints include insecurity of persons and property, corruption, lack of accountability and transparency, poor delivery of basic public services, weak local leadership, and lack of voice among the majority of producers. It is therefore recognised that good governance and security (the second PEAP pillar) are important preconditions for agricultural modernisation. The broad strategies that are expected to contribute to the fulfilment of policy objectives include the following:
• ‘deepening decentralisation for efficient service delivery;
• reducing public sector activities and promoting the role of the private sector;
• supporting the dissemination and adoption of productivity-enhancing technologies;
• guaranteeing food security through the market and improved incomes, thereby allowing households to specialise, rather than through household self-sufficiency;
• enhancing and strengthening stakeholder consultation and participation in the planning and implementation of programmes;
• designing and implementing gender-focused and gender-responsive programmes; and
• ensuring the co-ordination of the multi-sectoral interventions to remove any constraints to agricultural modernisation.’ (GOU, 2000).

Much of the PMA will be implemented through decentralised planning processes which will identify the key constraints at the local government level and help remove them through ‘joined-up’ public sector interventions involving policy adjustments when required or public sector investments or new public service delivery mechanisms.

Within the PMA, there will be public finances available and these are intended to be targeted at providing those services that are characterised as of ‘public good’. These include advisory services to enable producers to acquire knowledge and skills for agricultural transformation, product processing and marketing. Support will also be given to smallholder-oriented agricultural research, capacity-building initiatives for rural institutions (including farmer organisations), the emergence of rural market infrastructure and regulatory services. The PMA document (GOU, 2000) also notes what the government will not do, including supplying agricultural inputs, processing or marketing agricultural outputs, and subsidising or providing credit directly to farmers; nor will it construct irrigation infrastructure.

Financing the ‘public good’ in a market-oriented agriculture
The PMA has six main public expenditure intervention areas that are expected to lead to poverty eradication and a more productive and commercial agricultural sector, namely:

• research and technology development
• agricultural advisory services
• rural finance
• agro-processing and marketing
• agricultural education
• sustainable natural resource management

The key guiding principle is that the private sector should be as active and involved as possible in each of these areas. The role of the public sector will be restricted mainly to addressing policy, legal and regulatory issues. The state is recognised as having a legitimate role in building up the private sector and in addressing aspects of public-good consideration or forms of market failure.

Client-oriented research
The focus on research and technology development will be to make it more client-oriented and to ensure to the participation of the key stakeholders, both men and women, in the formulation of the research agenda. Uganda has some limited experience with client-oriented adaptive research funds, for example the DFID-funded Client-oriented Agricultural Research and Dissemination Project
based at Serere. A key aspect is the development of research partnerships among various agencies involved in the agricultural sector. This is likely to encourage new forms of interaction between researchers and other stakeholders, and to provide some useful lessons for NARO as a whole.

Some research outreach will be delegated to Agricultural Research and Development Centres (ARDCs), located strategically in each agro-ecological zone. A research strategy has recently been produced, though detailed plans are yet to be established of how research and extension under the NAADS programme may dovetail into it. However, the balance of control will shift somewhat as decentralised bodies will have increasing capacity to contract researchers, with the expectation that accountability will be enhanced.

Advisory services beyond ‘business as usual’
The development of advisory services is intended to be radical, particularly in regard to the type of advice and the role of different actors. Thus it is intended that the content of advice will be expanded towards a more vertically integrated approach beyond ‘traditional advice on productivity enhancing technologies and soil conservation’, to include marketing, storage and agro-processing. Furthermore as Figure 5 suggests, responsibility will be shifted from the public to the private sector in both delivery (more or less immediately in a phase programme) and financing (gradually, where possible).

### Figure 5  Policy shift in the financing and delivery of extension

<table>
<thead>
<tr>
<th>Public finance</th>
<th>Private finance</th>
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<tbody>
<tr>
<td>Public delivery</td>
<td>Private delivery</td>
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<tr>
<td>with immediate effect</td>
<td>a long-term project</td>
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The PMA document notes that advisory services will see an increase in short- to medium-term public expenditure to ‘fund this public good’, while in the long term private sector funding is expected to exceed public funding.

**The importance of financial services**
The PMA highlights the importance of rural financial services in agricultural sector development. Poor experiences with public sector involvement in rural financial services have meant that the PMA commits the government to ensuring the provision of rural financial services only through policy, legal, regulatory and capacity-building measures. Delivery will be left to the private sector, with micro-finance institutions expected to play a key role in this sector. The government is currently putting a micro-finance policy framework in place, and a number of donors are cooperating with the government on this issue.

**Agricultural education**
Agricultural education is of critical importance for human resource development to meet the challenges of transforming the agricultural sector. It has therefore been agreed that it will be fully incorporated in the curricula at all levels from primary through secondary schools, to tertiary institutions and universities in order to produce commercial farmers. An innovative internship programme is also in operation at the Faculty of Agriculture at Makerere University, supported via the USAID-funded Agricultural Development Centre. The programme gives students practical experience of working with the private sector dealing with non-traditional export agriculture, and is now being extended with support from other donors.
Security of land tenure
The Land Act, 1998, came into force to give citizens greater land rights and more security of tenure under a uniform freehold tenure system throughout the country. Land ownership is regarded in the PMA as an important factor supporting investment in agriculture and contributing to environmental stewardship. The Land Act, was finalised, however, in the absence of a broad land-use policy framework and it is intended that this will be addressed as a priority issue early in the PMA process (Okoth-Ogendo, 2000). The rights of women and young people in terms of tenure and inheritance were largely overlooked in the Land Act, much to the surprise of the Uganda Land Alliance lobby group, as early drafts had addressed this aspect (Hilhorst, 2000). This remains a highly contentious issue. Furthermore, the cost and capacity problems of implementing of the Land Act and the complexities of operating under decentralisation with varying customary tenure systems were not given full attention prior to promulgation (Palmer, 2000; Toulmin, 2000).

Public action on international trade
Given that the PMA puts great faith in the market as a mechanism for eradicating poverty, having reliable domestic and world markets for agricultural products is rightly regarded as crucial to success. Uganda is faced with the growing impact of globalisation and the maintenance of northern industrial country protectionism on agricultural products. Furthermore, the PMA notes that the capacity for effective policy analysis on global trade and negotiations in regional and international fora, especially within the Community of East African States (COMESA) and the World Trade Organisation (WTO), is as critical as Uganda’s ability to produce high quality products that are competitive in the global market. These capacities are recognised as being underdeveloped at present, which puts at risk Uganda’s ability to maximise the benefits and minimise the losses that might arise from globalisation. Bennell et al. (2000) also note the lack of national capacity in policy analysis for poverty reduction and suggest an approach for developing policy learning networks among a range of countries facing similar issues.

Deepening decentralisation
The government decided to devolve power to lower levels in 1992, and this was enacted in 1997 with the Local Government Act. The decentralisation process involved substantial transfers of political, financial and planning responsibilities from the centre to local governments, including agricultural extension. The Extension Directorate of MAAIF was abolished. The intention was to promote popular participation and the empowerment of local people in development planning and decision-making, though participatory poverty assessments have shown that the intention has often been misunderstood of abandoning rural areas (MFPED, 2000b). The accountability of service providers, including those offering extension services, was to be enhanced in the process, but many producers feel that this is still far from being the case. The NAADS programme has, somewhat controversially, taken the challenge of decentralisation further by delegating responsibility from districts to sub-counties and broadening the role of producers in governance.

There remain concerns about the capacity at sub-county level to effectively undertake strategic planning, financial and contract management and institutional building. A common example cited is that many extension agents and technical staff are more highly qualified than civil service heads at sub-county level. The PMA and the NAADS programme will seek to address these capacity issues, in line with other capacity-strengthening initiatives.
2.3 National Agricultural Advisory Services (NAADS)

As mentioned above, advisory services are regarded as a key component of the PMA, given that the plan identifies the key factors undermining agricultural productivity as including poor husbandry, low use of improved inputs and limited access to technical advice. The UPPAP reported people’s frustration at the lack of access to agricultural extension services and at being unable to hold service providers accountable. Both access and accountability issues were at the heart of developing the National Agricultural Advisory Services (NAADS) programme.

The NAADS programme is one of five programmes which were identified for development and implementation under the PMA. It was prepared by a government Task Force, which incorporated the voice of the non-governmental actors and agencies by means of co-option and consultation. The preparation process had broad and often intensive support and advice from the Joint Donor Agriculture Sector Support Group. The programme is at present entering a ‘trail-blazing phase’ throughout 2001, following the recent appointment of an Executive Director for the NAADS Secretariat. The main objectives for which NAADS is established are ‘to increase the security of rural livelihoods with sustainable improvements in agricultural productivity and household incomes’, with the main strategy for achieving this being through ‘increased commercialisation of farming’.

The programme is planned as a mechanism for directing public investment in extension – despite what is characterised as a history of ‘failure of the traditional extension approach … despite costly government interventions’ – in a way that is ‘demand-driven, client-oriented and farmer-led … particularly targeting the poor and the women’. NAADS is intended to increase overall spending on agricultural extension from just over 0.4 per cent of agricultural GDP currently to over 2 per cent in the long term. The programme has taken a long-term perspective in line with the overarching policy initiative Vision 2025 and the PEAP, by outlining a vision of the contribution of advisory services to agricultural transformation over a 25-year period. Over this period it is expected that the share of public financing of farm advisory costs will be gradually reduced to no more than 50 per cent. The transition from public to private delivery, however, will be immediate in the participating districts and sub-counties, with all districts expecting to be phased into the programme over the first five years.

The principles guiding implementation of the programme lay great emphasis on putting as much control as possible in the hands of producers, with particular attention to poor farmers. This will involve deepening decentralisation by delegating responsibility for extension from districts to sub-counties. Participatory processes in planning, contracting, monitoring and evaluation are also intended to empower producers. The harmonisation of donor support is also regarded as being an important aspect the of programme’s development.

The NAADS programme will have the following five components:

- **Advisory and information services to farmers.** Producers will collaborate with sub-county administration in contracting agricultural advisers to deliver priority services. Farmers will be helped to finance such contracts under a matching intra-governmental fiscal transfer mechanism made available from the district and national levels of government.

- **Technology development and linkages with markets.** This component will support the multiplication of technologies at sub-county and district levels. The creation of linkages among farmers, advisers and researchers will be promoted. Funds will be made available to

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10 Much of the description of the NAADS programme is derived from the NAADS programme documentation (MAAIF, 2000a).
farmers to contract researchers to work with them on technology development and adaptation and also to link with markets.

- **Quality assurance – regulation and technical auditing of service providers.** Support will be provided for the establishment of a regulatory framework for service agencies by setting and enforcing standards for qualification and performance. This is regarded as a critical component for contractual effectiveness and sound public-private relationships.

- **Private sector institutional development.** The shift from public to private delivery of services is expected to require support for retraining and private agency development. Producer and marketing organisations are also expected to require training in management and leadership functions under this component if they are to play a greater role in sector development.

- **Programme management and monitoring.** National and local government levels will be supported to play their statutory roles with respect to NAADS. This will include monitoring and evaluation of programme activities, and the establishment of Management Information Systems (MAAIF, 2000).

**Financing of NAADS**

Funds will come from the revenues of central government, districts and sub-counties as well as contributions from development partners and the farmers themselves. The funds coming from the centre, including those from donors, will be pooled in a common ‘basket’ from which they will be allocated to districts and thereafter to sub-counties. Funds are integrated into normal planning and budgeting systems and will flow via mechanisms established with the Poverty Action Fund (PAF), which has strengthened financial management, reporting and accountability procedures. The release of funds will be based on the plans of registered farmer groups aggregated through farmer fora and submitted to the MFPED through the NAADS Secretariat. Sub-counties, together with farmer fora, will then make contracts with private service agencies. Further allocation will be subject to annual performance evaluation against work-plan and accountability criteria.

In this sense there is a partial reversal of the flow of funds, a mechanism that is considered to strengthen the accountability of service agents to clients. This is combined with the enhancing of voice accountability mechanisms through group representation in the Farmer Forum, which has a central role in the contracting of service agencies.

**NAADS, decentralisation processes and governance**

Introduction of the NAADS programme will see the responsibility for extension delegated from district to sub-county level, at which level significant responsibility will be further delegated to producer institutions. Producer institutions and the way they relate to various levels of government will be the core control mechanisms of the programme. Producer groups can be registered to become eligible to be clients of the advisory services and to have the official right to demand specific advisory services according to their needs. These groups will be represented on fora at sub-county, district and national level, and are intended to form the major leverage points between producer and government institutions.

To participate in NAADS districts and sub-counties will be expected to satisfy criteria laid down by the government’s Poverty Action Fund and the Local Government Development Programme (LGDP). The latter outlines a number of capacity issues that are considered to be pre-conditions for the effective functioning of local government. These tend to relate to specific planning, financial management and accounting procedures. Thus the phasing in of the programme will follow broader decentralisation processes, so that it will only begin in a district when that district and its participating sub-counties are defined by central government as being ‘LGDP-compliant’. There are also some eligibility criteria that are NAADS-specific, including a willingness to retrench public
extension agents, the institutionalisation of mechanisms for producer empowerment, and the provision of counterpart contributions.

Advisory service provision will be based on the aggregated demands of producer groups and will be ensured through contract arrangements with private service agencies. It is expected that extension agents and some technical staff will be absorbed into the private sector. At present, the NAADS programme is open to entertaining a wide range of possible service delivery agencies (individuals, small groups of advisers, professional companies, parastatal agencies, academic institutions or commercial companies), though each must first be registered. Award of contracts will be based on the needs expressed by farmer representatives in Farmer fora, with the intention that this will be by means of competitive mechanisms. Producers will also be involved in the monitoring and evaluation of contracts.

Control of the NAADS seeks to address the objective of producer empowerment. The level of involvement of producers in the provision of services is a matter on which important lessons will be learned during the trail-blazing phase. To what extent will poorer producers, often those with least social capital, and women be able to gain access to the programme, so that male and elite capture is avoided? The NAADS programme is likely to explore a number of situation-specific mechanisms for encouraging broader representation,\footnote{For example, constituting Farmer fora based on local social mapping.} having learnt from the elite capture that seems to occur with more uniformly structured farmer institutional arrangements such as the Chambers of Agriculture in, for example, Guinea, Mali, and Morocco. ‘Who contracts whom?’ has been one of the key areas of debate, given that some producer organisations have their own advisory capacity. The NAADS programme recognises the need to address such potential conflicts of interest. Are there sufficient private service agencies to absorb demand and allow for competition among them?

Furthermore, there are some concerns about the balance of power between producers and local government in terms of determining and agreeing contract arrangements. Some of the proposed amendments in institutional arrangements for extension provision do not fit with the Local Government Act, for example. A NAADS Organisation Bill has therefore been drafted, which addresses the legal regulatory framework for the programme, including: the establishment of the NAADS Board and Executive as statutory entities; the creation of legally recognised farmer fora; and the amendment of tendering and contracting regulations to allow sub-counties to issue contracts of up to US$ 50,000.

**Advising on advisory services**

The NAADS programme recognises that a facilitating function for the mobilisation of farmer groups and the development of farmer fora will be necessary, particularly in the early years. Advisers who should be able to address non-sectoral, local or livelihood planning issues would enable specialist agricultural advisers to operate where they make sense. One option is to allocate such a function to Community Development Assistants (CDAs) who, unlike extension agents, will remain as public servants. There seems, however, to be considerable scepticism about the capacity of CDAs.

A potential role in facilitating institutional transformation during the start-up of the programme is accepted. In order to avoid conflicts of interest, the programme will require civil society organisations to choose whether to be advisers to local processes (advisers on, for example, the production context and wider livelihoods, with local governments and farmer fora as clients) or providers of advisory services to producers. Bringing together a range of stakeholders to regulate local planning processes across sectors, and defining local priorities by incorporating livelihood approaches, requires local governments having good advisers to hand. The experiences of local planning partnerships among sub-counties, districts and NGOs, for example, some of them
facilitated by the Dutch development organisation SNV, have not yet received much attention in the design of the NAADS programme. Those relating more to the wider livelihood context are likely to have an important role in advising on the targeting of PMA non-sectoral grants and other Poverty Alleviation Fund (PAF) resource allocations in order to strengthen the possibilities for livelihood diversification, addressing vulnerability and developing a local environment within which the agricultural sector can more readily develop.

There will be a need to think strategically about the various cadres of adviser that will be able to address various domains at various levels. Examples may be tied in with advice related to coping with HIV/AIDS, and some others related to addressing aspects of vulnerability faced by women under threat of domestic violence, for instance. Some 40–80 per cent of women, depending on the region, face regular exposure to domestic violence. Various counselling initiatives help them to develop strategies to cope with exposure to the shocks and stresses that this violence brings. There are other cases where moderated discussion among members of producer (or other types of) groups offered, for example, by a church organisation, has enabled them to overcome mistrust and conflict, which has then had benefits in the productive arena. This counselling service focuses on social capital which is a precondition for securing and stabilising other forms of capital accumulation (S. Lindorfer, pers. comm.).

Nesting the NAADS programme in a sector-wide approach?
There has been some concern that implementation of the NAADS programme will not be sufficiently nested in a sector-wide approach. As an extension strategy, the programme is much more reliant on external factors than previous public investment strategies in agricultural extension. In the past, improved own production by smallholders as a means to food security was seen as valid. This is no longer the case, and producers are expected to engage in the market. This makes input and output market infrastructure of greater importance than before. It will not often be possible to address this through contract arrangements between farmer groups and service agencies alone.

NAADS and targeting the poor
The NAADS programme is likely to develop a number of mechanisms to target public investment in extension at poorer producers. These will operate at different levels. Resource allocation, or at least a budget ceiling, to districts (and then to sub-counties) via intra-governmental fiscal transfers will take levels of poverty into account. The allocation will be primarily via per capita measures (simple ‘equity’ considerations) with a poverty adjustment allowing for an up to 20 per cent budget increase or decrease for poorer and richer districts respectively (an ‘equalisation’ policy). At another level, there is the intention of scaling down the financing of the various activities among farmer types, with expenditures for subsistence farmers being largely supported from public resources while commercial or market-oriented farmers will be supported through cost-sharing mechanisms. This is likely to mean that those districts with higher per capita (A) GDP will have

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12 Districts are ranked according to the composite measure of poverty, social service access and implementability, with resources then being adjusted according to quintiles: 120%, 110%, 100%, 90%, 80% of per capita resource allocation. The composite poverty index was based on that developed by other programmes faced with financing the PEAP using intra-governmental fiscal transfers as a blunt distributional instrument. A number of poverty and deprivation indicators were used based on data available at district level. The indicators currently available, with the weighting applied to each when used for relative adjustments in resource allocation among districts, include: Human Development Index (HDI; a measure of human progress in three broad indicators: longevity, educational attainment, and standard of living in the sense of real GDP per capita), 40% weight; social service access, with both water and health facilities coverage at 15% weight each; cumulative HIV reported cases per 100,000 population, 10% weight; and programme implementability (security), 20% weight. ‘Implementability’ signifies the level of each district’s physical security issues that would influence the success and impact of the programme. Districts are simply ranked as either secure or insecure, with the potential that insecurity would mean a reduced per capita resource allocation. This may be an example of where systemic collapse (of the human-engineered kind) is being used for a triage-like adjustment. On checking the complex spreadsheets used for ranking and resource allocation adjustment purposes, it seems that the amount of resources allocated would only be affected in one of the 9 insecure districts (out of 45 districts). Thus insecurity in Kotido meant that its per capita resource allocation adjustment was reduced from 110% to 100%. Of course, the structure of the ranking meant that it changed one place in the ranking with Kiboga, which was then upgraded from 100% to 110% of per capita resource allocation.
higher levels of cost-sharing either from the local government, producer groups or individual producers, depending on the way extension provision (and its financing) is structured. As most producers in Uganda are classified as ‘subsistence’, the NAADS programme will be providing heavy subsidies for advisory services.

Incorporating the voice of the poor and enabling them to access services are rightly regarded by those involved in the NAADS programme as among their biggest challenges. Producers must be in registered groups to access services, and yet the poorer are least likely to be members of production or marketing groups. This is a Catch-22 situation: having social capital is a precondition for accessing services targeted at those who have least social capital. The trail-blazing phase of the programme will be testing various ways of forming and/or registering groups in different contexts so that the poor are able to get access to the type of services they are likely to demand. This is one point on which the more ‘poverty-oriented’ donors will be keeping a critical eye, with investment in programme learning. A common feeling tended to see this as incurring fewer problems than the administration of a large-scale voucher scheme in a highly corrupt society.

Nevertheless, preparation of the NAADS programme did consider whether to use a voucher scheme to target the poorest farmers. The NAADS Working Paper on Poverty and Targeting notes that: ‘Agriculture-related voucher programs are not new in Uganda, and many NGOs have been utilising them.’ The few voucher schemes discovered (for example, those of Saskawa Global 2000 and Catholic Relief Services) related, however, more to the targeting of inputs (seed, fertiliser) than to extension itself. Extension, mainly through demonstrations, is more widely available to farmers in those areas where voucher schemes have been in operation. The association of input-related voucher schemes with more widely available extension activities meant that advice and training on input use became of relevance to those who would otherwise not have been able to afford the technologies promoted.

The NAADS programme – A learning process
The NAADS programme is likely to begin on a good footing, i.e. accepting that it does not know everything and that not everything can be known. This distinguishes clearly from its predecessors, which were often variants on a T&V theme involving significant rigidity and centralised planning. A learning approach is accepted as central to programme development incorporating flexibility and situation-specificity in the application of NAADS principles. It is recognised that the different regions of Uganda vary in terms of their agricultural potential and in the capacity and level of organisation of producers. A learning approach can be perceived, however, as being high on uncertainty, and this was reflected in the concerns of many of those at district level and below.

The first two years of the programme, the ‘trail-blazing’ phase, will be carefully designed and monitored to ensure that the lessons learned will guide further expansion of the programme. This will involve introducing learning mechanisms at different levels of the programme’s operation. The programme will be launched initially in 12 sub-counties in 6 districts across the country. The objective of this trail-blazing phase is to explore various modalities concerning contracting, the capacity-building of producers and service providers, the formation of Farmer fora, and mechanisms to ensure the inclusion of special target groups. It is likely that particular attention will need to be given to monitoring and steering the shifting power relations that the programme envisages among the various players related to agricultural extension.
3. Opportunities for pro-poor development

Following the initial report for the Neuchâtel Group study on issues related to extension, poverty and vulnerability (Christoplos et al., 2001), the Uganda case focused on a number of areas that offer interesting insights on the scope for agricultural policy and extension to be pro-poor. The areas covered are not exhaustive and are intended to be illustrative of some of the key challenges and opportunities. They include:

- niche products (bee products and organic produce)
- addressing market failure and transaction costs
- the challenge of restoring livelihoods disrupted by insecurity and HIV/AIDS

3.1 Niche products

Uganda is struggling to move beyond reliance on its traditional export crops (coffee, tea, and cotton). There are some interesting initiatives in this regard in high-value (cut flowers, vegetables, dried fruit) and low-value (maize and beans) products, though few are explicitly addressing sub-sector growth with clear poverty reduction objectives. Of the two pro-poor ‘niche enterprise’ opportunities highlighted in the inception report (Christoplos et al., 2001) – organic produce and bee products – only the former had an interesting tale to tell. The local price for honey in Uganda compared with the world market price meant that there was limited scope for exploiting the benefits of globalisation, while organic produce seems to have a significant potential, as a pro-poor opportunity in many of the poorer areas of the country, though it is no panacea.

Nevertheless, transaction costs related to poor transportation, infrastructure and communications will remain a challenge to the development of any niche product. Problems of accessibility add to the costs, and the premiums secured by the niche must make it worthwhile. Enterprises are likely to be more durable if demand is stable and if the comparative advantage is maintainable (i.e., it is not worthwhile beginning an enterprise that could just as easily be executed to the same level of consumer satisfaction but with better market access).

3.1.1 Bee products

Bee-keeping is carried out throughout Uganda, and is found in some 10–15 per cent of households in most regions. There are high proportions of bee-keepers in many of the poorer areas and in those suffering from chronic insecurity. Bee populations play an important role in pollinating the crops of many farmers (including non-bee-keepers). Yet the government has paid little attention to the sub-sector. There are two bee-keeping associations which claim national representation. Only one of them has a broader membership, while the gatekeeper role of the other seems to hinder rather than promote development of the sub-sector. There are also a number of local associations, such as those supported by OED in Kabarole and Kisoro, which have more interesting features, though they still lack expertise in business development. Advice and training have therefore often tended to be contrary to the needs of those involved in the sub-sector.

Bee-keeping and globalisation

The sub-sector is in great need of market analysis, with much of the support for its development unfortunately being characteristic of the malaise of many bee-keeping developments in sub-Saharan Africa (Kidd and Schrimpff, 2000). The present quality of processed honey in Uganda is very low
for various reasons; much of it is only worthwhile as industrial honey, though much of this is still packaged and sold in Kampala. The margins between the world and the local market price are likely to limit international market potential. There are reports of some exports of honey to Rwanda.

There may be some scope for specialisation. Most of the honey is very dark, which tends not to be preferred in many countries as a table honey, but dark forest honey does have a high premium in some countries, particularly Germany where the market is under-supplied. The changing attitudes of the urban public towards the ‘healthiness’ of the rural economy are likely to increase the demand for honeys from areas that are clearly isolated from agricultural areas, few of which exist in more industrialised economies. Much of the honey from in and around forested game parks, for example, could qualify for organic certification, as could honey from those areas dominated by ‘passively organic’ farming systems. Beeswax is also an under-utilised resource, given its various potential uses in local and international economies. In the region, Tanzania has been able to secure a good market in beeswax, but only very limited amounts are exported at present to neighbouring countries. There may therefore be potential for developing local, regional and global markets for beeswax from Uganda, further raising the incomes of bee-keeping households.

**Bee-keeping, vulnerability and insecurity**

Bee-keeping can be an important component of an overall livelihood strategy, since it has a very different rhythm from that of other crop and livestock enterprises in most farming systems. Most hives are traditional woven cylindrical hives, and introduced hives (such as the Top Bar Hives) are not preferred by most beekeepers for a number of reasons. Hives may be harvested two or three times a year. The income generated often comes at times of peak consumption, for example, when school fees or graduated tax has to be paid, thereby reducing vulnerability. In some cases, however, consumption demands (for example, second-term school fees) mean that beekeepers may be forced to harvest hives earlier than they would want.

Given that bee-keeping requires no land, beekeepers (or those then trained as beekeepers) tend to be less vulnerable if they are displaced. There have been some training programmes to take advantage of this aspect among refugees, displaced people and on pastoralist settlement schemes in Uganda. It is also likely that asset recovery and accumulation may be easier for returning beekeepers in situations of insecurity. The siting of hives is becoming part of co-management agreements in national parks and border zones so as to reduce the vulnerability and increase the opportunities of local people. Bee products may well be a key component of a recent initiative to carry out intensive market development of forest products.14

### 3.1.2 Organic produce

Conventional agricultural practices have had limited penetration and adoption in sub-Saharan Africa, and Uganda in particular. Limited use of agrochemicals and the predominance of traditional production practices for the majority of smallholder farmers in Uganda have been used as the basis for defining much agricultural production as being ‘organic-by-default’ or ‘passively organic’, though for many this may relate to a lack of choice, given poor access to alternatives. From the perspective of commercial organic farming, less effort and lower investments are required for its conversion into ‘organic’ production. Organic certification in most circumstances in Uganda is a well-known and respected standard.

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13 For example, the Star Supermarket, Bombo Rd., Kampala, had 10 types of honey for sale with 7 of these being packed in Uganda (prices Ush. 2,900–3,600 per half kg). The other 3 came from the UK, the US and India (Ush. 4,600–5,800). The quality of packaging and of the honey itself was very poor for the Ugandan honeys.


15 ‘Conventional’ is the term commonly used to describe inorganic input-dependent agriculture in countries of the North.

16 Most commentators agree that simply defining endogenous farming systems as being ‘organic’ due to their lack of inorganic inputs misinterprets the concept of organic farming.
convenient ploy used by exporters to exploit a niche market and obtain a higher profit. It is in complete contrast to the image of organic farming in countries of the North, where farmers follow a substantially different philosophy and mode of production, whereas in Uganda they need to do little more than sign a contract. Nevertheless, certification serves the same purpose and guarantees that the interests of the consumer are served.

Though organic produce has a very limited share of Uganda’s export market (perhaps 1 per cent for coffee and cotton, and about 6–7 per cent for sesame exports), there are indications that some recent initiatives are tapping successfully into the growing demand for organic produce in the European Union, the main market, and that exports have the potential to rise significantly. These initiatives have been exclusively private sector-driven and, while following the spirit of the PMA, deviate from some of its production-related assumptions. An examination of the organic produce export market in Uganda highlights some interesting issues related to the pro-poor opportunities that allow some beneficial impacts to be derived from globalisation. There are also useful lessons about the patterns of interaction among different actors and agencies and the way in which regulatory and advisory functions interrelate.

The promotion of organic agriculture has had two main thrusts in Uganda. The first is based on income-generation objectives and is driven by the commercial private sector (with some ‘market-oriented’ donor support); the second aims more at natural resource conservation and improvements in the livelihoods of resource-poor farmers, and is driven by NGOs (with some ‘environmental- and poverty-oriented’ donor support). Of late, the two have converged around a common interest in the promotion of organic agriculture in Uganda and the vacuum in public policy on the issue, with a network being formed among the various parties involved (NOGAMU).

**The value-based wave**

The first wave of formal promotion of organic agriculture occurred in the early 1990s when NGOs, with support from their (mainly) European funders, adopted and initiated programmes under the label of ‘sustainable agriculture’, with the intention of arresting the degradation of smallholder farm lands and rejuvenating production to improve food security. While the production-oriented approach being promoted by NGOs has led to improvements in farm productivity, food security and the incomes of the smallholder farmers involved, it tends to be expensive, with only a limited number of farmers benefiting (though there is an indication that some act as multipliers). The NGO approaches are knowledge-intensive, requiring significant training and advisory input, and include the promotion of gender equity, the organisational development of farmer groups and, in some cases, other services such as revolving credit and the provision of initial organic inputs such as agroforestry tree seedlings and equipment such as wheelbarrows and spades. There may also be some ‘contribution in kind’ expected from supporting donors. Most NGOs claim to target the most vulnerable members of the community, often referred to as the ‘poorest of the poor’, though this does not generally seem to be the case in local terms.

This production-oriented strand of support to organic agriculture takes place with little or no effort at bringing the produce on to the organic market. This can partly be attributed to a lack of marketing expertise among the NGOs, most of whom are production-oriented in their expertise, and also the

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17 There are also some inroads into the North American market, with organic Ugandan coffee recently being brokered for the first time in the US (http://www.sweetmarias.com/coffee.africa.uganda.html).

18 Scialabba (2000) notes that promotion of organic production systems may be driven by a number of objectives, including income generation (securing a place in international markets, export promotion, economic self-reliance), health considerations (against poisonous, synthetic inputs), natural resource conservation, and improving and sustaining the livelihoods of resource-poor farmers (food self-sufficiency, links to rural and wider social development).

19 Though AusAid has been supporting an organic farming training centre (http://www.dfat.gov.au/geo/uganda/).

20 For example, Environmental Alert, Africa 2000 Network, Integrated Rural Development Initiatives, Uganda Rural Development Trust, Uganda Centre for Sustainable Agriculture, TEFU and Kulika Charitable Trust, RUCID and several Catholic dioceses supported by Misereor to develop sustainable agriculture programmes.
lack of a local market for organic produce. The NGOs also have no contacts in the international organic market. Some have recently started to support produce marketing and are exploring international organic marketing opportunities in collaboration with their European partners.21

The profit-oriented wave
The second wave to promote organic agriculture has tended to come from the for-profit private sector, and is unreservedly market-oriented. In 1994 the Sida-funded ‘Export Promotion of Organic Produce from Africa’ programme (EPOPA) began.22 The programme was contracted out to the Dutch consultancy firm, Agro-Eco, and implemented in Uganda under its associate Agro-Eco (Uganda) Ltd. The aim of the project is to facilitate the sale of smallholder farmers’ produce on the international organic market; this would provide a premium farm gate price, thereby increasing farmers’ incomes. The underlying assumption is that ‘farming practices in many places are organic and that the agriculture systems are very suitable for conversion to organic farming’. The driving force behind the programme is commercial and the main motivation of exporters and farmers is to participate is the potential economic benefits to be derived from the higher prices obtained on the international market for organic products. The farmers tend to be paid an organic premium of about 20 per cent in comparison with that offered by the local conventional buyers (the range is about 15–50 per cent).

One of the first organic produce projects was with a producer organisation, the Lango Co-operative Union, which was emerging out of the government-controlled co-operative movement. Subsequently, private export companies have been the basis around which most of the organic produce export initiatives have been organised. Currently over 25,000 farmers in more than ten districts have been involved in the production of organic produce for export, many of these being in the poorer districts in the north of the country.23

The Lango organic cotton project has now been weaned from this assistance and its field organisation has become an autonomous NGO handling the farmer mobilisation, documentation, extension and internal control system, with costs covered from the premium price. The exporter, the Lango Co-operative Union, is now responsible only for purchase, processing and international marketing of organic cotton, in association with a Dutch company. The certifier has changed from KRAV (based in Sweden) to SKAL (based in The Netherlands). It is interesting to note that the Lango project operated a quite different philosophy from that of the Cotton Sub-Sector Support Project (financed by the World Bank). The latter promotes high input use and offers free pesticides, for example, the costs of which are then recovered through a chemical tax levied at the ginnery. The Lango project was able to secure an exemption from the chemical tax, which further raised the farm gate price obtainable by producers.24 This exemption does not apply as yet, however, to another organic cotton dealer, Outspan Enterprises, which has to pay the chemical tax at the ginnery despite the crop being certified as organic.25

There are a limited number of additional organic export arrangements. These are low-volume, high-value operations involving organic fruits (sweet bananas, pineapples, avocados) and ginger. Exports are in the range of 2–3 tonnes per week. Under one of the arrangements, which is purely private with no donor support, the exporters (Bio Tropical Gardens Ltd and AMFRI Farm Ltd) have organised 10 to 20 farmers to produce organically in a form of outgrower scheme around a pivotal

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21 TEFU and Kulika Charitable Trust.
22 A regional programme involved in Uganda, Zimbabwe, Tanzania and Mozambique.
23 Including Nebbi (some 4,500 arabica coffee farmers), Apac, Lira and Kaberamaido (some 20,000 cotton and sesame farmers with two enterprises – one producer organisation and one export company).
24 The exemption from the chemical tax was accepted, given the limited problem with pests in the Lango area which has an effective biological control by ants.
25 This situation will change. Outspan Enterprises, lack of exemption relates to the Cotton Sub-Sector Support Project being unaware until recently of other organic cotton enterprises, and there is now a basis for negotiation. There are also plans to abolish the chemical tax in 2002 and for pesticides to be sold on a cash basis.
entrepreneur. The farmers do not receive much technical input from the exporter, beyond information about what is prohibited in organic farming, though advice on quality and the control of quality at the time of purchase is important. Again, the farmers have not had to change their farming practices much, if at all. The exporters cover the costs of certification (which is in the range of US$1,000–1,500 per year) and they, not the farmers, own the certification. In such cases, it has not been necessary to establish a field organisation. Simple farm management records are adequate for the internal control system. The certification of such farmers is still based on farmer group certification and is the responsibility of the exporter. For such projects, 100 per cent inspection is possible and cost-effective, given that the farmers involved are few.

Surplus production, not bought by the exporters, is sold on the open conventional market and to conventional exporters. Under this arrangement the farmers do not receive a premium price for their organic produce. What motivates the farmers is the fact that they are able to supply a known, secure market outlet and are therefore assured of selling most, if not all, of their produce. Unlike many of the field crops, there are a limited number of buyers and few middlemen dealing with low-volume, high-value fruit and vegetables. The arrangement works in such cases as market security provides strong motivation not to default on supply contracts. Also, the exporter had already been dealing with the same farmers in conventional produce and had established a relationship.

Other arrangements have led to the establishment of farmer-owned companies. One NGO, the Sustainable Agriculture Training Centre in Mubende, motivated farmers (at least those who could afford to do so) to form a publicly limited company to operate a factory for solar dried organic tropical fruit under contract with the Danish supermarket Urtekam, which pays for, and therefore, owns, the certification. Urtekam also figures in a different institutional arrangement with a processing factory, St Jude's in Masaka, owned by a wife and husband. They operate a pivotal enterprise mobilising farmers in the neighbouring area to produce organic crops which they then process for export.

**Exporter agency and certification**

Exporters (whether producer organisation or private company) tend to be the actors around which the sub-sector is developing, and who obtain the organic certification from a certifier recognised in the EU who act in the interests of consumers. The exporter sets up a ‘field organisation’ in a well-defined geographical production area, which for field crops may coincide with the LCI and LCII decentralised political units whose officials may become involved in farmer mobilisation. The field organisation establishes an internal control system for ‘farmer group certification’, and this is the foundation for certification ensuring that organic standards and principles are complied with. Certification is based on validating the credibility of the internal control system, which includes inspection by the certifier of a sample (usually 10–20 per cent) of contracted farmers.

For projects with numerous smallholder farmers, it would be prohibitively expensive to inspect all of them. The group certification approach is therefore crucial to project viability and relies heavily on the integrity of the internal control system run by the field organisation. The whole project, not individual farmers, is certified and the exporter holds the certification. This means that the individual farmers can not sell their produce as organic to any other buyer who may be interested in buying organic produce for export, though they can sell it to conventional buyers and are under no obligation to sell to the exporter who contracts them. In addition, a more central position of risk

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26 The premium price received on the international market helps the exporter cover the costs of certification, with some increased profit margin.

27 In Uganda, the certifying bodies include KRAV (IFOAM accredited certifier from Sweden), SKAL (non-IFOAM accredited certifier from The Netherlands) and IMO (non-IFOAM accredited certifier from Switzerland), the choice of which depending on the national or personal affiliation of the exporter or donor. Organic products exported to the EU must be produced according to EC regulation 2092/91 and its amendments.

28 Organic certification is, therefore, an export device that enables the holder of the certificate to present and sell organic produce on the international market.
assessment in the certification process, that allows a context-specific definition of certification rules and procedures, is likely to favour poorer farmers in more marginal areas, i.e. where there is little access to, or ability to pay for, inputs, which makes them very low-risk.

The general principle is for certification costs to be no more than 3 per cent of the value of the product. Certification costs are high because of the European location of the certifying organisations, the large number of smallholder farmers involved, and the often remote location of these farmers. These costs can be reduced by the use of local inspectors (contracted by the European certifying body), and would be further reduced if the certifiers set up an in-country or regional office or there was a national framework for certification. The organic movement in the country (including NGOs and a network of organic exporters, NOGAMU) is exploring the possibility of establishing such a framework, but at present poor organisation, lack of funding and the need for organic standards to be developed by a ‘competent authority’ (as yet unassigned in Uganda) present serious constraints.

Market-oriented organics and poverty reduction

The commercially oriented approach of the EPOPA programme has enabled farmers to obtain 15–30 (sometimes up to 50) per cent higher prices for their produce with no significant increase in their production costs.29 (Forss and Sterky, 2000). However, these organic exports have not yet involved the introduction of a new ‘product’ on to the market, though the initiative on solar dried fruit in Mubende and Masaka will do just that. Produce being marketed as organic was previously being produced and exported as conventional produce. What the programme has done is to increase the farm returns and offer the farmers an alternative market outlet. The EPOPA programme is estimated to have increased the incomes of more than 24,000 farmers by on average about US$ 50 per annum, providing high value on Sida’s investment. A recent evaluation showed that the benefit-to-cost ratio of the EPOPA project was considerable (Forss and Sterky, 2000).30 Sida’s financing was to some extent acting in the role of venture capital without the return. The case of Uganda (and Tanzania, which is being managed by the same local co-ordinator) contrasts with that of other countries included in the EPOPA programme. A recent evaluation highlights the fact that the commercial, private sector orientation of the local co-ordinator, a business approach, was the key difference which seems to have made the Uganda case successful.

Average increases of US$ 50 are highly significant in a situation of annual farmer incomes ranging from US$ 170 to US$ 1,300. Many of the benefiting producers, especially sesame and cotton growers, live in the poor north of the country. In these areas where the organic exports are field crops and all producers in a certain geographical area are free to be contracted, the exporter applies no exclusion. Where EPOPA-supported export projects are in operation (Nebbi, Bushenyi, Lira, Apac and Kabermaido), all farmers, including non-certified organic farmers, have directly benefited from the increased producer prices, since the other produce dealers have made attempts to match those offered by the organic project.31 In addition, organic exporting offers a direct, reliable and more transparent market, as opposed to the conventional marketing system which is still full of middlemen.

In some cases there would be no influence on production costs, given there is no change in production methods. In other cases production costs show a downward influence of no longer using chemical inputs and an upward influence of higher labour demand. The balance and scale of the two factors will vary depending on the agroecology and household production system. It appears that there is as yet no significant increase in labour requirements to warrant concern. It is also likely that, once organic agriculture takes root and more emphasis is placed on production technologies, labour requirements will increase. This increase is, however, likely to be covered by returns from the increase in yield which will result from improved management. This is one area that needs careful research if sound policies are to be formulated to assist further development in the organic export sub-sector.

The benefit was taken as a crude measure of the additional income producers received from the organic premium, on average about US$ 50 per year for some 24,000 producers (around US$ 1.2 million). The total cost of the project over about five years had amounted to about US$ 1.6 million.

Though this may have led some conventional local agents, perhaps vulnerable non-poor in the local context, to make a loss, given that they were subsequently unable to obtain a price premium.

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There has been a crucial role for donor support in assisting the sub-sector to gain a foothold in Uganda. Project financing was used mainly for the following activities: early and reducing costs of certification (100% in year one and 50% in year two); early and reducing costs of establishing the field organisation; some feasibility studies and marketing costs, and some training and advisory costs.

The project does not pay costs that would normally be covered by an exporter under conventional marketing (crop finance, storage and processing facilities, transportation costs), so as to avoid dependency as much as possible. The intention is to help overcome the risk and uncertainty of market entry to some extent. One other donor-funded programme has paid for certification costs, but does not pay for advisory or training costs. In marked contrast to the EPOPA project, it will also cover the cost of transporting of produce from the farm gate to Kampala and from Kampala to Europe (a normal cost to exporters), believing that this helps build the capital base of the export company.

**Technical change, extension and organic exports**

Many production systems in Uganda are based on a rich natural resource base with relatively good soils. A key opportunity for poorer farmers to benefit lies in the fact that many traditional production systems at present comply with the basic principles of the International Federation of Organic Agriculture Movements (IFOAM). Here being traditional has a comparative advantage in the face of globalisation. However, there are indications that many smallholder farming systems are under strain and some of the traditional husbandry practices, such as fallow, are no longer adequate to replenish soil fertility, given the shorter fallow cycles. In addition, some soils have limited supplies of phosphate and would require some external inputs for higher productivity. It is certain that sustaining organic certification will inevitably require improvements in the farming systems, as degrading farms cannot be certified. Improvements in husbandry will require substantial extension input, which could be provided thorough the field organisation and other agents. Yet the role of extension in the development of organic produce exports has been limited to date, given that the way farmers operate at present can often satisfy the requirements for certification. The need for training and advice is expected to increase as the sub-sector expands into areas where land is more limited or farming systems are in danger of becoming degraded. If the market share of organic exports continues to rise in Uganda, however, the advisory needs of the sector are likely to be under-supplied for both producers and exporters.

Expertise in organic agriculture is, however, extremely limited in Uganda, with no training available at colleges and little research explicitly into organic farming, though various specific technologies are compliant with it (Braun et al., 1997; Nakileza and Nsubuga, 1999). There is great scope for further research into improved organic technologies, including improved agroforestry fallow technologies, rock phosphate, rhizobium inoculum, resistant crop varieties, biological pest management, etc. Clearly, technologies exist that can be adapted by local farmers to improve the productivity of their farming systems organically. The organic premium would also provide an incentive to adopt technologies that might otherwise have been characterised as only enhancing farm drudgery.

The type of training provided to public agents has not equipped them to address the demands of the sector properly. Much of the technical expertise lies with the various agencies in the NGO sector, which tend to draw on technologies developed outside Uganda and have shied away from developing relationships with the input-oriented public sector or the profit-oriented organic export entrepreneurs. This may change, given some potential convergence of interests among the three

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32 Some natural sources of phosphate are acceptable for use as external inputs in organic farming. The use of inorganic fertiliser would certainly be much more convenient and cost-effective in many cases of phosphate deficiency.
groups and the decentralised, stakeholder inclusive planning that will be strengthened through the NAADS programme. Competent NGOs, such as the Kulika Charitable Trust, have a local, intensive training input into the development of organic farming that could be tapped (and further supported) by farmer fora and linked with organic exporters.

Nevertheless, there are inherent incentives for a field organisation (exporter) to offer extension on organic production systems and local processing, which may be contracted to private agents. First, a buyer can only buy from a predetermined number of producers, with high initial start-up costs per farmer in establishing the internal control system. Where productivity increases are possible from organic technical change, which seems often to be the case, this provides an incentive to help increase the productivity of each registered farmer rather than moving to new groups of farmers. Secondly, there remains the normal incentive related to higher quality when there are quality price differentials in the international organic market (which is usually the case). For example, improving the quality of coffee beans is one area where extension through the field organisation paid high dividends to both farmers and exporter, perhaps even producing higher overall returns than that from the organic premium. Thirdly, organic produce certification requires a high level of commitment on the part of exporters to producers, but not vice versa. This is in contrast to itinerant, seasonal buyers. The exporter has an incentive to invest in trust-building, which is favoured by the certification requirement for a year-round field presence. Hence, there is a high incentive to offer good advice that clearly and demonstrably adds value for producers.

One private initiative, with some limited donor support, has seen substantial advisory input designed to improve the organic production systems. This is a joint-venture arrangement between local farmers in Mubende and Masaka districts and a European-based supermarket chain, Urtekam of Denmark. Under this arrangement, the production and processing of dry organic sweet bananas, mangoes and pineapples are to be conducted by two recently established farmers’ companies. The European partner provides technical expertise in organic farming and processing through two experts stationed in the area (with some funding from the Danish Private Sector Support Fund), covers certification costs (with the Swedish-based KRAV, which uses a Ugandan inspector), and provides the export market outlet for the organic produce. This is probably the best arrangement for small organic farmers, as it involves a secure income stream together with intensive extension input leading to improvements in the production systems, the costs of which are factored into the product price. The arrangement addresses many of the risks faced by farmers, exporters and importers in the commodity chain given the close partnerships involved. The farmers not only sell their produce but also own the processing factory, which enables them to capture a higher-value link in the commodity chain. This arrangement was worked out by local NGOs, which have contacts with the Danish organisations in the organic movement.

Exporters also need advice when beginning to deal with organic produce. This may come from a number of sources: from certifiers, on regulations and procedures; from consultants, on the smooth and cost-effective implementation of an internal control system that complies with regulations and procedures; and from an intermediary organisation (which may or may not also offer the consultancy above) or from business development services, for advice on marketing and market linkages. One of the consultants, Agro-Eco (Uganda) Ltd, is now in a position to carry out feasibility studies into new organic projects that can then be used to encourage an exporter (with or without some donor assistance) to launch a new project, with some of its investment factored into the cost of any advisory work arising.

Interests such as environmental protection, enhanced commercialisation and trade, and poverty reduction. There are clearly public-good considerations that would justify some public investment.
National neglect of an organic opportunity

The attitude of policy-makers ranges from hostility, indifference, and scepticism to mild support. The PRSP, describing the core government focus on poverty reduction, mentions that the public sector has a role to play in setting policies on genetically modified organisms (GMOs) and organic farming. However, sector-wide agricultural policy, as articulated in the Plan for the Modernisation of Agriculture (PMA), does not build on this and makes no mention of GMOs, organic farming or the foothold that the organic export sub-sector has gained. The lack of any policy on GMOs is of concern to a coalition of civil society organisations, the Food Rights Alliance, and those involved in the organic trade who fear the ease with which GMOs can be dumped on the Ugandan market. Organic exports have not as yet been much of a concern for donors engaged with the agricultural sector in Uganda. Interestingly, Sida (the sponsor of the EPOPA project) is not considered to be a player in the agricultural sector.

It is perhaps safe to say that developing poverty-reducing strategies through agricultural development at the sub-county level, the main operational level for the PMA, would benefit from serious consideration as to whether the local context is organic export-compliant and could benefit from going down an organic modernisation road. This will still require access to training and advisory services, which could be supported through the NAADS programme. However, it will not happen in the policy vacuum that now exists in relation to organic farming and exports.

Traditional agriculture is seen merely as a constraint in the fight to modernise agriculture, with imports and the use of agricultural inputs (particularly inorganic fertilisers and pesticides) often being used to indicate progress in ‘modernisation’. What constitutes ‘modern agriculture’ is contested, with many of those trained by the NGO sector in organic farming claiming that they carry out ‘modern’ farming as opposed to ‘conventional’ or ‘traditional’ farming. To date, there has been no platform for exploring the organic debate in Uganda, with a consequent policy vacuum. Those supporting the development of the organic farming sub-sector claim that productivity can be greatly enhanced by organic agriculture technologies and practices, whether or not they are linked to international organic markets. This, of course, is not the view of many other agencies aiming to increase input use among smallholders.

The international challenge

The international market for organic produce and products is growing at present by some 25 per cent a year in the major markets (Europe, North America and Japan). The European Union is the biggest market for Uganda’s agricultural produce and one of the world’s biggest markets for organic produce. There are, however, some barriers to accessing this market, and a high risk that these may increase to the extent that poorer farmers in Uganda will be excluded from the benefits this opportunity presents. The present lack of transparency in European regulations (different countries accepting different things) increases the risk and, thereby, reduces the incentives for

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34 Organic agriculture has not yet attracted much interest from national policy-makers and the understanding of those who know something about it seems to be limited to the non-use of synthetic agrochemicals. One exception is the Ugandan Coffee Development Authority (UCDA) which has recognised organic agriculture as a valid, productive system that can add value to coffee, and offers its support.

35 Interestingly, the Sida-funded EPOPA programme was supported through the Department for Infrastructure and Economic Cooperation, with no input from departments dealing with the environment, food, agriculture or extension. Given that Sida is not a member of the donor sub-group on the agricultural sector, information on this rather innovative programme has not made it into policy arenas. The USAID-funded IDEA project has also begun contact with an organic exporter, though this is likely to remain of limited scope in terms of a highly input-oriented project. The project's broad policy and trade-related work on non-traditional agricultural exports may have some positive spin-offs for organic exports. The Dutch-funded Lira District Development Programme (LDDP), an integrated rural development and local government-strengthening project, has given some assistance to the Lango Co-operative Union and other agencies involved in an organic cotton project. The district council has gained considerable interest in the potential trade in organic produce following some generally positive experiences. The Dutch Embassy was interested that Lira was included in the initial trail-blazing phase of the NAADS programme along with Soroti, where it also funds a district development programme. It is perhaps unfortunate that Lira was dropped from the list of districts to be initially involved in the NAADS programme, as this might have provided some interesting learning experiences from the modernisation of agriculture on an organic basis. It might also have provided an impetus for addressing policy issues related to organic trade.
entrepreneurs to enter the market. The situation may well become more serious in the coming years, with the likelihood of tightening EU regulations acting against the interest of developing countries, particularly with regard to the acceptability of group certification and the length of the conversion period.

EU organic regulations require farms to go through at least a one-year conversion period during which produce cannot be labelled and sold as organic on the European market. In 1995 this was not a requirement and the first projects were able to get certification within six months of establishment. The one-year requirement imposes additional costs on a new project, as the certification organisation has to be engaged during this period. Crop purchases from the first year are sold on as conventional. This is likely to be a disincentive for market entry, particularly among exporters with limited experience with organic produce marketing. In Europe there are subsidies available to cover the costs of farm conversion, while in Uganda some exporters have been able to access donor funds to cover some of the early certification costs. But this assistance was not planned as a long-term subsidy package, but rather as one aimed at developing an emerging sector and demonstrating its profitability to exporters.

A second key barrier concerns the unclear status of group certification with regard to EU regulations. Some Member States of the EU tend at present not to accept imports whose certification is based on group certification, though they may gain entry by being re-exported within the EU. Practices vary among Member States. The regulation itself does not at present give clear direction for accepting group certification, and there is a danger that, without amendment, this approach to certification will become unacceptable throughout the EU. The uncertainty is potentially a very serious constraint on exports from Uganda, as the cost of certification is likely to become prohibitive for all smallholder farmers. The poverty-reducing prospects for the organic export trade would then be lost.

There is a need for some flexibility in the interpretation of certification regulations (though flexibility is being incrementally eroded in order to establish uniformity and standardisation throughout the EU). For example, with sound risk assessment there is the possibility of minimising the ‘conversion’ time or the interval from registration to purchase, depending on the history of the farming system (particularly in terms of the use of inorganic inputs and antibiotics). There is, however, a growing trend towards applying the same standardisation of conversion to producers in the South (requirements for individual certification, standard conversion periods). This would increase transaction costs enormously and make the cost of market entry too high for the sub-sector to develop (or the costs of organic tropical produce would remain very high in comparison with conventional produce and kill demand). Only larger-scale farmers and those exporting high-value crops would survive such a change, i.e. perhaps less than 5 per cent of those benefiting at present.

Furthermore, EU regulations specify a requirement for a national ‘competent authority’ in those countries from which organic products are imported. At present there is a regulation specifying that those countries not listed as having a competent authority and national organic accreditation procedures by 2005 will be excluded from imports into the EU. It is likely, however, that this deadline may not hold, given the interest in maintaining organic imports and the slow rate of progress in the regulation of organic farming in countries of the South.

36 There has been some flexibility in the interpretation of conversion-period regulations by certifiers, with minimum conversion periods acceptable if there is low risk, given the history of the production system. Most of the production systems in Uganda currently involved in the organic trade are low-risk, with a limited history of inorganic inputs. A sound risk assessment that reduces ‘conversion’ periods even further in situations where no conversion is necessary would seem sensible, while still upholding the prime interests of consumers.

37 Another difference is that in Europe subsidies are targeted at producers, whereas the time-bound donor support in Uganda has subsidised the market entry of exporters.

38 In developing rules for group certification, the EU could make use of the criteria for grower group certification developed by IFOAM, which would not act unfavourably on smallholders.
Given the policy vacuum and the externally controlled regulatory framework, the benefits derived from this nascent sub-sector are vulnerable at present. Robust action by EU Member States and lobbying by organic exporting countries may well be required in order to address this issue in favour of a reasonable settlement for poorer countries without compromising the interests of consumers. In Uganda’s case the way forward is for government and donors to engage with the issue, recognising that, while being no panacea, development of this sub-sector does provide an opportunity for some farmers in poorer areas, and is compliant with the prime objectives of the PEAP and the PMA. For many farmers it may provide a less risky (certainly less capital-intensive) entry into more commercialised farming. Starting therefore with traditional farming systems (‘organic by neglect’), organic certification can be achieved while farms are built up into highly advanced integrated organic systems as farmer incomes improve.

3.2 Making markets work for the poor

Making markets work for the poor is a central challenge in securing the position of agricultural development as a poverty-reducing strategy, whether through direct (as producers) or indirect (as consumers or labourers) effects on the poor. Four strategic elements that require or facilitate a role for extension are highlighted as follows:

- developing markets
- rural financial services
- addressing the digital divide
- developing producers

3.2.1 Developing markets

Agricultural policy (the PMA) is quite clear about the need to develop markets and market-oriented agriculture among smallholder farmers in Uganda. Yet there remain a range of challenges, from the international to the local, which the sector-wide approach needs to tackle.

Trade liberalisation

Trade liberalisation has been on the agenda during and since the Uruguay Round, and Uganda is making progress in complying with its World Trade Organisation membership commitments. With internal market liberalisation in the early 1990s, the marketing boards for coffee, tea and cotton were dismantled, which led to higher farm-gate prices through increased competition (Bigsten, 2000; Bigsten and Kayizzi-Mugerwa, 1999). The higher share of the gross price obtained by farmers contributed to an expansion of production which continued until the collapse in the world coffee price after the mid-1990s.

Efforts are continuing to open up trade further and to capture more of the benefits of globalisation. Involvement in the evolving Common Market for East and Southern Africa (COMESA), the intergovernmental East African Co-operation and, for example, the Cross-Border Initiative are looking to bring about greater regional market integration. A number of international organisations39 have been keen to deliver trade-related technical assistance via the implementation of an integrated framework with the aim of capturing the benefits of globalisation. Uganda’s economy, however, is much more vulnerable than that of many other members of the WTO to trade trends and shocks, given that it has a narrow export base which is reliant on traditional export crops

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39 These include IMF, ITC, UNCTAD, UNDP, World Bank and WTO.
(coffee, cotton, tea and tobacco). While there have been dramatic changes promoting trade liberalisation, some commentators suggest that there remains some anti-export bias (Bigsten, 2000), with, for example, complexities in import-export procedures, particularly in terms of livestock.

Northern protectionism, particularly from the agricultural sector in the EU and North America, adds to biases in terms of trade against countries like Uganda, heavily dependent on the export of agricultural commodities. As many of the rules of the game are set externally, there is only a limited amount that Uganda can do to address this situation. These factors, together with high transport costs, have made it difficult for Uganda to make a serious breakthrough in non-traditional export crops. The next round of WTO negotiations on agriculture will be important, and developing Uganda’s capacity in trade negotiations is critical. Initiatives to boost policy advisory capacity will be important in this regard.

**Transportation costs**

Transport costs from Uganda are relatively high. It is a land-locked country and dependent to a large degree on transportation through Kenya. Poor road and rail infrastructure in both countries results in very high costs. The cost of air freight, necessary for exports of high-value fresh produce (cut flowers, fresh fruit and vegetables), is higher than in other parts of the region (MFPED, 2000c). Discussions are under way in co-operation with Kenya to look at cross-border trade and transportation, including a revival of the rail network.

**Crop finance**

Crop finance is a widespread and serious constraint, with national financial institutions being reluctant to provide credit to the agricultural sector. In the last few years a number of banks have collapsed following a series of large losses, partly by agricultural exporters, after the liberalisation of exports in the early 1990s. Apart from obtaining credit, the lack of a functioning banking system makes it difficult to move money within the country, though discussions are currently going on to address this situation. In addition, exporters often face difficulties in guaranteeing uniform and regular supply, in terms of quality as well as quantity. These factors combine to create a high turnover in small- to medium-scale exporters. When support is available, this is being focused on non-traditional export crops where Uganda has made some interesting progress, with some sub-sectors being characterised as ‘achievers in adversity’ (Elfring, 2001).

**Investor confidence**

Donor support for Uganda and the way in which the Ugandan leadership is perceived as being a willing reformer can be powerful signals to private investors (Bigsten, 2000). The politics of reform is important and the Museveni regime has been able to build up a fairly broad consensus. Other positive signals to private investors include the achievement of macroeconomic stability. However, investor confidence is dampened by endemic corruption and insecurity, which contribute to low levels of private investment (Tangri and Mwenda, 2001).

**Marketing skills and access to specific market information**

Marketing skills and access to specific market information are hampered by, among other factors, lack of experience and the remoteness of markets. A few useful initiatives are being taken to address this situation, particularly in terms of developing market linkages and providing market information using information and communication technology (ICT). Foodnet, for example, is an Association for Strengthening Agricultural Research in Eastern and Central Africa (ASARECA) research and development network funded by USAID. Market information about various agricultural commodities in various markets across the country is updated daily on the Foodnet website. Market trends and predictions (in comparison with five-year averages) are given in bi-monthly bulletins, together with research on commodity export potential, on the same website.

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which operates in co-operation with the IDEA project.\textsuperscript{41} As mentioned below, accessibility to and the reliability of information and communication technology remain a challenge, particularly for poorer, more remote areas of the country. There may also be some potential role for the telecommunications industry to become more involved than it is at present.

There are a number of initiatives dealing locally with this market information (for example, emailing collated to market information to district headquarters, which can then be announced by local radio stations in the local language). Commodity-specific information systems are also being piloted in three districts (Robbins and Ferris, 2000). Some experiences also demonstrate that market information is clearly insufficient for many poor farmers, and that it will be necessary to adopt other initiatives that help to build market linkages.

**Problems of contract farming**

The possible benefits to smallholder farmers of embedding extension in contract farming arrangements were mentioned earlier (Christoplos et al., 2001). Experiences with some contract farming in Uganda have been rather more problematic. The IDEA project, for instance, had attempted some early experiments with contract farming to include small-scale farmers but without success, and this led the project staff to deal with fewer, larger farmers where possible. They discovered that in a liberalised market economy, contract farming did not work, for low-value exports where there was buyer competition or for a product that was also used for home consumption (the low-value component of the IDEA project deals mainly with beans and maize). Contracts were meaningless. Contract farming has tended to work in situations where the producer had no choice but to sell to one buyer (buyer monopsony, perhaps in areas close to an isolated processing plant, or for some niche products), or where there was some collusion among buyers, though in such cases price may become a concern (Mackinnon and Reinikka, 2000). The IDEA project is now encouraging groups in input purchasing and output marketing in preference to contract farming, i.e. promoting the use of ‘social contracts’ in preference to legal ones. These groups become autonomous outgrowing schemes, though they may be particularly dependent on a pivotal entrepreneur around whom they can coalesce. There are also a number of other agencies promoting such producer co-operative arrangements, for example Technoserve and the Irish Foundation for Co-operative Development, though with mixed results.

Criticism of, for example, the IDEA project for being insufficiently poverty-oriented and shifting the emphasis away from some smallholder farmers is perhaps oversimplified. While more could be done, it would also seem that there has been too much emphasis on the direct poverty impacts from investment in agricultural development (increased productivity and incomes from smallholder’s own farms), with insufficient attention being paid to the indirect effects on poverty reduction from investment in agriculture (wage economy, purchased food prices). The reality is certainly not an either/or situation, and the debate needs to go beyond a ‘market v. poverty-orientation’ dichotomy. This is one of the strengths of the PMA. But the market-poverty reduction link may well have been insufficiently strategised as yet within, for example, the NAADS and some other programmes. It is certainly unfortunate that the indirect impacts of increased labour demands, and of the opening of market channels that allow small-scale farmers to ‘piggy-back’ when they have a surplus, have not been examined, though they appear to be positive. It might perhaps be better to value such projects as useful elements of a sector-wide strategy that gives rural people more choice, thereby enabling them to benefit directly and/or indirectly. Other elements would be needed to address issues of the exclusion of the poor. It would certainly be worthwhile taking a closer look at the wider poverty-reducing implications of existing market-oriented programmes, and to build monitoring of these effects into the learning process of the NAADS programme.

\textsuperscript{41} http://www.cgiar.org/foodnet/market/adcreps/adcreps.htm
Linking poorer producers to markets

Linking poorer producers to markets will be one of the key challenges in the coming years in Uganda. As mentioned above, some agencies with a more market orientation, whether through individual farmers or producer organisations, prefer to work with more commercialised producers (probably ranging from vulnerable non-poor to rich) who are considered to ‘have potential’. This may well leave a large number of farmers excluded, given that many poor households cannot even produce enough food to feed their own families and are net buyers of food, with food purchases commonly accounting for 60 per cent of monthly expenditure. This situation may lead to the forced sale of assets in order to meet household needs, or to localised casual labour and private food-for-work schemes that do not allow for asset accumulation. Many poorer households are tendering their labour in order to live from hand to mouth for the private interests of others. The situation of casual labourers is becoming progressively worse in relative terms, as the annual rise in the cost of casual labour is well below the rate of permanent or contract labourers (MFPED, 1997). The PMA is aware of this situation and aims to increase food production. At the heart of the PMA, however, is the assumption that food security will come mainly through the commercialisation of smallholder agriculture (GOU, 2000).

There are few initiatives to date explicitly addressing this situation, which is likely to become an important feature of the NAADS programme as it unfurls. Many agencies have tended to address the lack of purchasing power for engaging in more commercial agriculture by providing handouts to poorer producers. This is increasingly being criticised for disrupting evolving exchange mechanisms in seed and inputs (see, for example, Longley, 2001b). Alternative approaches may also allow subsidising the acquisition of improved agricultural technologies, but in ways that reinforce rather than compete with local market mechanisms. Using vouchers (as was done by SG2000 and CRS, though with limited coverage) to transfer purchasing power to poorer producers for a private good (seed and fertiliser) can thus help address the excludability aspect associated with input-dependent advice and training that is otherwise being freely offered.42

The input voucher scheme organised by SG2000 is closely associated with the development of a rural stockist network, which can also fulfil an extension function by advising on and demonstrating the use of inputs to voucher recipients. A critical aspect of SG2000 has been to support partnerships between philanthropic organisations and the commercial private sector that do not lead to market failure. Thus agents of the programme (often NGOs, religious organisations) are able to target special interest groups (for example, the poorer, or female- and child-headed, households, or those caring for AIDS orphans) without compromising (in fact supporting) the development of a market-oriented rural stockist network. These organisations then alter their approach from input distribution (thereby bypassing important links in the market) to one of transferring purchasing power (thereby supporting vertical integration of the market). Experience suggests that the schemes can operate well to address such issues related to input supply, but that they are costly,43 open to the possibility of forgery, and require significant support and regulated community participation for effective targeting.

Similar programmes have recognised that most producers tend to have an instinct to try out particular seed if they can acquire it in reasonably small quantities (Longley, 2001a). For the more input-oriented, there seems to have been some useful experience in using tester packs (small quantities of improved seed and fertiliser) among such agencies as the IDEA project and SG2000.

42 It is worth noting here that vouchers are only closely linked to ‘demand’ and ‘accountability’ when a farmer has choice. If there is little or no choice then they are merely a mechanism for transferring purchasing power.
43 There are extra operational costs in training operators, printing and handling vouchers, identifying beneficiaries, and in the additional profit margin to stockists and dealers for operating the system.
Vertically integrated thinking on service needs and advice

The Agribusiness Training and Input Network (ATAIN) component of the IDEA project provides an example of a more vertically integrated approach to advisory and other service needs among a range of actors in the agricultural sector. The project takes account of various links in the commodity chain for low-value non-traditional exports, in particular maize and beans. This requires strategic thinking about the constraints placed on the various actors involved in developing the sub-sector, especially input suppliers, distributors, stockists, extensionists, producers, and traders, and the patterns of interaction among them. Much attention in the past has been given to farmers’ need to receive credit and advice about inputs. The project goes further by focusing attention on the information and advisory needs of support services, together with associated credit needs and risk management, at other links in the commodity system.

In order to reduce the risks associated with key actors in the chain interacting with one another – a common source of market failure, particularly with emerging markets – the USAID-supported Agribusiness Development Centre (ADC) has established a credit guarantee programme. Under the programme, stockists deposit 30 per cent of the total purchase price with the distributor, the remaining 70 per cent being guaranteed until it is paid off by the stockist. To date, there has been a 100 per cent credit recovery without any drawings on the guaranteed fund. This does not suggest, of course, that the fund was not necessary. Indeed, markets can fail because the risks may be perceived by the parties involved as being higher than they actually are. A guarantee fund can help address such forms of market failure and help draw in an intermediary that can fulfil other risk-reducing functions of intermediation. The credit guarantee programme is being extended to the supplier-distributor part of the chain in such a way that it can be operated on a commercial basis.

Such a system is not extended to the interaction between producers and stockists and inputs are sold on a cash-on-delivery basis, with credit only being extended on the basis of genuine trust and at the discretion and risk of the stockist. The stockist’s presence also seems to have had a stabilising influence on input prices. A conscious effort is also being made to develop knowledge about products among rural stockists that would enable them to take on certain extension functions. There is some evidence to suggest that farmers prefer to buy their inputs from these stockists, given the more reliable quality and the additional product knowledge available at the time of purchase. While this will not substitute for independent advice and may require some form of quality control, it helps address some of the problems associated with the incorrect use of inputs – a common source of inefficiency and added risk for farmers. This is complemented by farmer production training paid for by the project and sub-contracted to local public or private sector agents in the areas where the project is operating, mainly through the use of demonstration plots and mini-tester packs sold to farmers.

Other agencies are aiming to heighten attention to other key actors who can help make things happen in market-oriented agricultural development. FIT Uganda Ltd, for example, has been developing a profile as an intermediary organisation that can support training and business development services to the microenterprise sector. SNV is also drawing on its positive experiences with FAIDA in Tanzania (see Christoplos et al., 2001) to develop a programme to address market linkages and support the role of business development services, financial services and other intermediary organisations. The Co-operative League of the United States of America (CLUSA) may also become involved in Uganda and will draw on its experiences as an intermediary organisation promoting market linkages and developing autonomous outgrower schemes that include farmer-managed extension and other service support.

44 FIT Uganda Ltd is the local facilitator of the ILO FIT Programme supporting training, advisory and other business development services in the MSE sector.
Market orientation and extension services

When external assistance is necessary, developing market linkages and the role of intermediary actors will require different kinds of advisory services, particularly in view of the fact that there are advisory needs at different levels in commodity systems. The history of extension services and the way in which training institutions have developed in Uganda have primed them for increasing production in subsistence-oriented agriculture. They are largely unprepared for the changes in developing a modernised agricultural sector. The internships being developed at Makerere University to give students experience in commercial agriculture are important developments in this regard, and such programmes may need to be extended to other non-degree training institutions which had traditionally fed the public service.

There is also a need to get beyond a tendency for policy to suggest that richer farmers need specialist advice and poorer farmers can do with generalist advisory services for the sake of diversification. The reality is clearly rarely so simple. Advice on diversification (farm management, enterprise development) is wrongly thought to be synonymous with ‘general advice’, whereas in fact it is highly specialised and an under-represented cadre of advisers. Producers of all kinds (and advisers themselves) are probably in most situations correct in their commonly felt characterisation of ‘specialist = good’, ‘generalist = bad’, and this is one reason why the Unified Extension System was hated by producers and advisers alike. It highlights the problem of using, for example, bland measures of coverage (farmer:extensionist ratios) as the main planning tool.

3.2.2 Rural financial services

The importance of developments in rural financial services for the modernisation of agriculture and livelihood diversification is highlighted by studies suggesting that the development of local financial markets improves the efficiency of (purchased) input use in agriculture and promotes diversification and non-agicultural investment (Deininger and Okidi, 1999). Furthermore, microfinance can help drive livelihood diversification away from a high dependence on agriculture. In Uganda, the micro-enterprise sector employs about 90 per cent of all non-farm private sector workers and contributes an estimated 20 per cent of GDP. The development of the rural financial services sector has become the common denominator for support to poverty reduction, diversifying rural livelihoods and the modernisation of agriculture, and one around which the interests of a range of stakeholders (whether donor, government or non-government, of different sectoral focus) have coalesced. The role that microfinance has played in the rehabilitation process following many years of systemic collapse caused by political, economic and civil disturbance is also acknowledged (Beijuka, 1999), though government involvement in credit provision has often had a history of political manipulation to serve populist agendas (Goetz and Jenkins, 1999).

Yet the rural financial system in Uganda is still largely undeveloped, fragmented and not integrated into the formal financial sector, and operates in an environment faced with many daunting challenges. Uganda is one of the most severely under-banked countries in Africa with a ratio of about 115,000 persons per formal bank branch (before recent closure of the three commercial banks), compared with an average of 7,000 per branch in the COMESA countries. Also the savings ratio at between 2 and 5 per cent of GDP, compared with 18 per cent for the African average, is one of the lowest in the world. Microfinance institutions (MFIs) tend not to reach the poorest of the poor, though they are important at present for the vulnerable non-poor. They tend to have rather weak rural outreach, being based in urban areas and district centres. Their rules are often biased against investment in agriculture; one estimate from five districts, for instance, suggests that MFIs

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45 It is perhaps unfortunate that only the best students are accepted for the internship programme and yet the best students are the least likely to have practical future involvement in the agricultural sector, preferring jobs in tertiary education, etc.

46 One estimate based on a survey of 5 districts suggests that the monetary savings rate is less than 2 per cent of GDP (COWI, 2000).
only meet about 6 per cent of the market demand for credit among the 10–15 per cent of more market-oriented farmers and agriculture-related enterprises (COWI, 2000). Furthermore, many initiatives in micro-enterprise and financial services development in Uganda do not follow internationally recognised best practices, nor do they interact in order to learn together as a sub-sector and share experiences with innovative approaches. It seems likely that both government and non-government initiatives will be seeking to address this situation.

A number of donors, notably DANIDA under the rural finances component of the Agricultural Sector Support Programme (ASSP), DFID and USAID, have worked with the government and the rural financial services sector to analyse and develop a perspective on how to deal with these issues (see, for example, Wright et al., 1999; COWI, 2000). The cost of rural outreach and the increasing, and perhaps unrealistic, expectation that MFIs should be fully self-sustaining are important challenges to be addressed. Goetz and Jenkins (1999) highlight the need for government incentives if MFIs are to reach farmers, given that ‘the micro-finance market provides poor rewards for servicing the geographically isolated and asset-deprived producers who most need its services’.

Microfinance is, of course, no panacea when there are more basic problems facing farmers in their production systems. In Gulu and Kitgum, for example, the Acholi farming system has been affected by the chronic political insecurity. Here, ‘lack of credit’ tends to be far below ‘conflict’ in the list of reasons given by farmers for not cultivating certain crops (Longley, 2001a), unlike in many other areas of Uganda.

**Microfinance clients and the exclusion of the poorest**

Based on four key impact studies, Wright et al. (1999) show that microfinance programmes in Uganda do not tend to reach the ‘poorest of the poor’.

47 This is supported by a further overview of microfinance (Sebstad and Cohen, 2000). Instead, clients come from a broad group between the rich and the poorest. The poorest are excluded because of their lack of a viable business and their inability to access the social networks required for schemes using group solidarity mechanisms. Exclusion can, however, be self-imposed, given the perception of risk associated with the financial service products on offer and the opportunity costs related to, for example, weekly group meetings. Sebstad and Cohen (2000) conclude therefore that microfinance provision has not been successful in reducing the severity of poverty, but they go on to suggest that MFIs do seem to have reduced the incidence of poverty by reducing the vulnerability of the non-poor and helping them avoid slipping below the poverty line.

48 Of course, this vulnerability will often be increased in the short term, necessitating the association of social or financial insurance mechanisms with microfinance schemes.

Studies of the clients and non-clients of the UWFT (Wright et al., 1999) showed that the ‘extremely poor’ often tend to exclude themselves from participating in microfinance schemes, viewing any loan as too risky. The ‘destitute’ are always excluded. The ‘non-poor’ and the ‘wealthy’ also tend to exclude themselves, given the small size of the loans and the opportunity cost related to weekly meetings. Most clients fall into the categories ‘moderate poor’ to ‘vulnerable non-poor’. Those taking loans often employ others in their enterprise. Most MFIs tend to weed out some poorer lenders in the early loan cycles, who seem to reflect higher risk in their repayment behaviour.

Most MFIs are based at district urban centres and have little rural penetration. This is largely because of the high transaction costs associated with greater rural outreach. Pride Africa, which provides financial and information services to micro and small entrepreneurs, tends to focus on urban centres. One of its restrictive measures designed to help control the cost of its operations has been that clients must reside within 5 km of the site (Nyanzi et al., 1998).

47 Based on their own findings from studies with the UWFT and three other studies covering more than 30 MFIs.

48 Of course, this vulnerability will often be increased in the short term, necessitating the association of social or financial insurance mechanisms with microfinance schemes.
There is also the common experience among MFIs that women are more reliable and that the gains made are more likely to benefit the whole family (for example, COWI, 2000). Participation of women in microfinance schemes tends to strengthen the position of women in the family (Wright et al., 1999).

Credit rules and anti-agricultural bias
The product portfolio of many MFIs and the rules associated with them are often biased in opposition to investment in agricultural enterprises, in opposition to a significant proportion of market demand (COWI, 2000). When VEDCO makes an agricultural loan, for example, clients must, on the one hand, be able to demonstrate that they have another source of income with which to service the regular repayments, while initially saving 30 per cent of the loan as opposed to the 10 per cent required from other enterprises. Capital tends to be targeted at the expansion of existing businesses and for start-ups for diversification into microenterprises. When there is capital diversion, this tends mainly to go to school fees. Several MFIs seem over-concerned with the use of credit, which may have no relation to ability to repay.

Non-agricultural enterprises tended to prefer monthly repayments, while those taking agricultural loans preferred weekly, smaller and more manageable repayments (Wright et al., 1999). This tends to be somewhat different from traditional agricultural credit programmes with a larger lump-sum payment at the end of the season when income arising from the loan is expected.

There is also some evidence to suggest that the requirement of weekly group meetings helps to build social capital that has benefits in other areas than in savings and loans (Wright et al., 1999). The rigid meeting, saving and payment schedules operates, however, against the livelihood rhythms of the poor. There also seems to be a case for ‘graduating’ members of group solidarity mechanisms to individual-based loans, given the problems with the older groups (Wright et al., 1999). Many rural people would, indeed, prefer individual loans (COWI, 2000; MFPEDE, 2000b).

Latent potential
Studies clearly show that many poor people in Uganda have a propensity to save, though this is much more likely to be in the form of livestock than cash. It was found that women purchase consumer durables, such as utensils, as a form of savings, while men prefer to purchase livestock (Wright et al., 1999; Sebstad and Cohen, 2000). Much of the monetary savings is made outside formal financial institutions. Given the right policies and institutional framework, rural household savings have great, largely untapped, potential to help support the development of the rural economy. There is a growing consensus that local savings mobilisation should form the basis of rural financial services, so that locally available financial assets can be used to cross-capitalise the rural economy more efficiently.

While it is recognised that livestock have some advantages as a form of saving (for example, they grow and reproduce, and their appreciation is not reliant on external agency or probity), the disadvantages (for example, the variable market price which is, often lower when needing to sell in an emergency, risk of disease, non-divisibility, and visibility to husbands, relatives, friends and neighbours) are being used as a rationale for offering greater choice and access to saving opportunities within the formal rural financial services sector.

49 The concept of household savings as distinct from investment is not clearly differentiated in the minds of most households. Furthermore, the perception of the utility of livestock in terms of livelihood strategies varies greatly between different livestock and the choices available to households in different areas. A study of 5 districts (Masaka, Kabarole, Rakai, Tororo, Pallisa) showed that about 30% of households saved money and about 40% saved in livestock, with annual savings in livestock 10–12 times higher than in cash (COWI, 2000). The ratio was similar in both ‘poor’ and ‘not-so-poor’ households, i.e. those below and above the national poverty line of Ush 30,000 per month. Other forms of saving included shorter-term crop savings (in the ground, or dry produce in the store) and longer-term purchase of land or buildings. Regardless of poverty level, female-headed households in all districts reported average savings much lower than those of male-headed households. By far the most common reasons for selling livestock, the most common form of savings, were to pay medical or education expenses.
Microfinance and agricultural sector policy
The PMA notes that micro-enterprise development in and around the agricultural sector is an important component of the sector’s modernisation. Much micro-enterprise development in rural Uganda is closely tied to the agricultural sector, for example stockists, processors, and traders. Non-agricultural micro-enterprise development is also recognised at the policy level for providing livelihood diversification that can reduce overall vulnerability, though many of these enterprises can themselves be risky. In the past, policy has tended to focus on a dichotomy of agricultural and micro-enterprise development in the rural economy, with little regard to dependences and synergies between the two sectors or the way in which rural people’s lives are often diversified.

Policy orientation following the PEAP/PRSP and the PMA has taken on a broader perspective that better addresses the sector-wide and cross-sectoral nature of the rural economy. Joined-up thinking on the issue has been strengthened by the incorporation of MAAIF (which chairs of the PMA) into the Micro-Finance Forum co-ordinated by the Micro and Small Enterprise Unit of MFPED. Women will be specifically targeted under the rural financial services initiative of the PMA, following positive experiences with their involvement in microfinance institutions.

The government is addressing this issue of the promotion of improved financial services for the poor by implementing the policy framework for microfinance (Goetz and Jenkins, 1999; MFPED, 2001), which would support the development of the financial services sector. The PMA notes that the role of the public sector will be to provide a legal and regulatory framework and capacity-building for private sector operators. Given their greater rural orientation, the strengthening and promotion of MFIs is an important policy focus under the PMA, with public resources being used for capacity-building programmes for MFIs involving contractual arrangements with private sector training firms.

Rural financial services and extension
The NAADS document indicates that, although advisory services will be specified at the sub-county level, the drive for commercialisation is likely to require advice on aspects of production and the wider livelihood context that impinge on the development of the agricultural sector, including market linkages, group savings and access to financial services. The document is not very specific about the complementary components of a sector-wide approach, such as rural financial services. This may be an area where problems emerge when trying to construct sector-wide thinking at decentralised levels, with components working at different paces or with various priorities. It also requires the physical infrastructure (roads, communication systems, efficient transport, security of movement, etc.) to be in place in order to encourage microfinance institutions to locate easily up-country.

Management of financial assets is one area where extension can develop human capital (through knowledge and skills development), particularly in support of a market-oriented approach to agricultural modernisation. The PMA and the NAADS documents make it clear that links to rural financial services are critical for the attainment of their objectives. There is concern, however, that agencies involved in agricultural development, such as MAAIF and UNFA, were for a long time insufficiently involved in policy discussions about microfinance (Goetz and Jenkins, 1999).

There are often insufficient links between MFIs and other agencies involved in service delivery. For example, the training given by MFIs often focuses on accounts and bookkeeping, i.e. is directly related to securing loan repayment, rather than also including other business development services, training and extension that could enable enterprises to function more effectively. Market linkages are also an area that requires further action if rural financial services are to meet the needs of the sector. While some MFIs have recognised this, the experiences have not always been positive, partly because of a lack of business sense among MFI staff.
Innovation in rural financial service products

The range of financial service products tends to be too narrow and to miss the local rhythm of financial flows and repayment cycles. There is need for an understanding of local needs for various types of (commercially viable) savings and insurance products (particularly as vulnerability to clients and to the MFI portfolio are so closely linked), namely for:

- local understanding of client perspectives and needs,\(^{50}\) recognising that household assets are fungible and that clients will use microfinance services for a variety of purposes;
- broader range and greater flexibility in financial service products (for example, emergency loans, insurance products, voluntary savings, including the vulnerable non-poor who may provide secondary employment effects);
- networking and cross-learning within the financial services sector and with the social (for example, health and education) or productive sectors (for example, agriculture, livestock and fisheries);
- developing linkages to markets and other productivity-enhancing services such as extension.

Strategies for the development of rural financial services need to clearly define potential clients and the range of financial products that fit their livelihood strategies. Available evidence shows that poor people need a range of services catering for credit to purchase productive inputs, consumption credit for tiding farmers over a season, various types of savings opportunity, remittances, and financial transfers and insurance programmes (COWI, 2000).

Pro-poor microfinance

Access to a range of rural financial products can help smooth consumption and expenditure profiles, thereby reducing vulnerability. Some commentators argue that this suggests that many MFIs have been over-concerned with the use of credit, and need to shift from a focus on productivity to incorporate the way rural financial products can reduce vulnerability. Many MFIs are limited in their product range and would benefit from support to review their portfolios and explore ways in which they can reduce their transaction costs related to greater rural outreach and the incorporation of poor groups.

The microfinance sector in Uganda has tended to exclude many of the poor, but has been an important service for the vulnerable non-poor (Stebstad and Cohen, 2000). Some of the innovations have lowered the entry requirements for access and have addressed the enhanced short-term vulnerability that credit can inflict on a household. Recent studies supported by a number of donors, some in partnership with government and the financial sector, suggest that much more can be done (COWI, 2000; SNV, 2000; Stebstad and Cohen, 2000; Wright et al., 1999). Studies in Uganda and elsewhere in Africa suggest that the poor require little compulsion to save, needing only reasonable mechanisms to do so and the assurance that they can access their savings when necessary.\(^{51}\)

Wright (1999) notes that accessibility and convenience of the financial services is the primary determinant of poor people’s use of them. Clearly the most convenient and accessible form of savings is to save at home, in cash or possibly in kind. But Wright goes on to quote from Hannig and Wisniwski (1999) who point out:

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\(^{50}\) Sebstad and Cohen (2000) show the utility of taking a livelihood perspective for understanding the connection between microfinance and the non-income dimensions of poverty, particularly in relation to risk, vulnerability and assets.

\(^{51}\) Rutherford (1996) highlights the conditions under which the poor will save: savings are secure, and accessible (as withdrawals or as loans); opportunity to save often and easily; following the example of others who save regularly; some social pressure to save; perception of ownership of savings (the savings are not owned by a group); perception that savings are growing (by interest rates or bonuses); and protected from inflation.
'In-kind savings such as grain or animals can easily deteriorate when they are not looked after properly. When assets are held as insurance, they generally have to be sold at a loss as a consequence of the quick sale at the moment when the crisis occurs. Where in-kind savings are visible, they may stimulate claims from relatives or friends. Savings in cash at home are exposed to risks of theft or could get lost in case of fire or floods.'

Illiquidity of savings is important for many poor people, so that they cannot use them without genuine crisis and that they remain hidden from friends and relatives. There is also an interest in not concentrating savings and insurance, but having several insurance and savings schemes at any one time to cope with different needs.

Rutherford (1999) notes that the poor will benefit from a variety of savings products that can be used for various purposes and characterises two main types. The first offers permanence and growth (which formal financial institutions tend to prioritise) and may be suited to longer-term needs. The second type is those structured to allow replication and multiplication (often organised by the poor themselves, such as rotating associations (ROSCAS), which may be self-contained, often self-liquidating), and suited to meeting shorter-term savings needs. There is a need for products that suit the poor’s capacity to save in small sums, of varied value, as frequently as possible, and their needs for easy and varied access to lump sums (through withdrawals or loans). At present, however, many of the MFIs offer rigid savings mechanisms (for example, only agreed amounts on a pre-determined, regular saving schedule). In addition, product delivery systems that are convenient for the poor are local, frequent and quick, not burdened with paperwork and other transaction costs, and transparent in a way that is easy for illiterate people to grasp.

Wright et al. (1999) highlight that there are no recipes for designing appropriate savings products for poor people, with no substitute for market research and thorough product development. The rewards in terms of profits and client loyalty can be remarkable, and well worth the investment. The MicroSave-Africa study highlighted that there were a number of MFIs which had reached the point of recognising the limitation of imported models and had begun to consider adaptations. One key modification would be a clear distinction between compulsory and voluntary savings, for example, giving them different names and accounting for them separately, so that personal savings are not at risk (Rutherford, 1999).

There are some cases of insurance and microfinance (for example, UWFT and FINCA)\textsuperscript{52}, where a 1 per cent premium is charged which helps those who would otherwise fall into difficulties on the death of a member of the family.\textsuperscript{53} This was introduced after difficulty was experienced in recovering loans in such situations. While there may also be community insurance mechanisms, their prevalence varies greatly between regions and there is some evidence to suggest that they are not as effective these days as they were in the past. The development of rural financial services that address vulnerability (in addition to productivity) will need to be additive rather than substitutive of the existing vulnerability-ameliorating strategies of rural people, so that informal coping mechanisms are not weakened in the process (Dercon, 2000).

3.2.3 Addressing the digital divide

Information and communication technology (ICT) can be an important aspect of support to rural development and the commercialisation of agriculture, providing better information links for producers (or at least their organisations), traders, government and service agencies alike. Various stakeholders involved in the agricultural sector can highlight the way in which the changing

\textsuperscript{52} Underwritten by American International Group (AIG).

\textsuperscript{53} If the client dies a natural death, the UWFT pays the outstanding loan and the family receives Ush. 1,200,000. If the client loses a spouse the trust pays Ush. 600,000, or a child Ush. 300,000.
telecommunications landscape has transformed their work by improving access to information and contacts and reducing uncertainty and the transaction costs associated with market development. ICT is also regarded as being an avenue for reducing rural-urban migration (or at least, when it does happen, reducing vulnerability by providing better connectivity across dispersed social safety nets), and for offering a more attractive rural future to young people. Many of the poorer areas in Uganda remain, however, outside these developments.

Compared with other African countries, Uganda’s telecommunications market is highly competitive. The telecommunications industry has gone through privatisation, and increasing competition has been reducing prices and improving quality since the Communications Act of 1997. Rapid developments have meant that the cost of transferring information over distances is falling dramatically in many areas and it is also becoming more reliable. The change in direct customer access has been particularly rapid in the last two years, with a tripling of subscriptions taking the total number of direct voice telephone customers to around 210,000. The privatisation of Uganda Telecommunications Ltd (UTL) is likely to bring about aggressive growth plans. The second national operator MTN, which entered the market in 1998, has been able to secure more than 60 per cent of the market since acquiring a licence to provide both fixed and mobile services. There is also a competitively priced mobile operation (Mango), though it still has limited coverage and is not yet recommended for those requiring greater rural access.

The challenge of rural outreach

While most telecommunications users are in and around Kampala, there is increasing rural access, partly driven by market outreach and enforced by the licence agreement that requires mobile access in every district headquarters (some 44 rural districts) and at least one public payphone in each county (some 169 rural counties, made up of some 733 sub-counties and some 4020 parishes). The government has made rural outreach a condition of telecommunication licensing; in other words, it is using regulation to address aspects of market failure.

MTN, for example, expects to fulfil its licence agreement by around 2002 or 2003; only then would it expect to tackle the task of serving rural zones outside the spillover coverage. MTN’s coverage is shown in Figure 6. In early 2001, MTN covered about one-third of the sub-counties and expected to reach about 40 per cent by mid-2001. The UTL network has a land-line presence in virtually every district and is committed to install at least 100,000 new lines over the next five years, with 30,000 of these set aside for rural outreach.

The demand for telephone services in rural areas is growing, to the extent that would make service provision to much of the country commercially viable, according to estimates. Technologies also exist, for example signal-enhancing roof-mounted antennae and fixed wireless terminals together with solar power, that could make some localities in as many as two-thirds of sub-counties reachable from base stations by mid-2001. However, about 250 sub-counties have little chance of obtaining coverage by then and probably 150 of these will be unreachable two years from now. Half of these will be in the poorer, more sparsely populated and politically insecure northern and north-eastern areas of the country.

MTNs rural customers are not among the poorest, being mainly rural traders, headmasters, teachers, and middle to higher-ranking government and NGO workers. There is also an extensive informal market for services on the mobile network, where villagers pay handset owners on a call-by-call basis. Though the unit charge is higher, this access on demand is quite clearly preferred by most rural dwellers. The challenge that can partly be addressed through policy will be to improve access and reduce costs further. While the licence agreements of national operators providing one payphone per county have done something to address the access issue, the present and expected coverage remains clearly insufficient. It is widely acknowledged in the Ugandan telecommunications industry that more needs to be done.
Figure 6 National operator MTN wireless telecommunication coverage

Legend
- Current and up to December 2000
- 2001 onwards

- Indicates coverage
- Indicates coverage on Lake Victoria

Area of coverage denotes a 95% chance of making a call. Coverage is subject to topographical conditions.
http://www.mtn.co.ug/products/coverage.htm
The demand is much less for information and communication technologies such as email and Internet, though some initiatives are looking at developing such capabilities. One key constraint is the lack of Points of Presence (POPs) among the six Internet Service Providers (ISPs) capable of providing a similar level of service to that in Kampala, meaning that long distance calls have to be made.

**Telecentres**

There are a few multi-purpose community telecentres (in Nabweru and Buwama in Mpigi district and Nakaseke in Nakasongola district\(^{55}\)) helping to link some rural areas, and these are implemented through the National Council of Science and Technology and supported mainly by the IDRC through a pan-African Acacia project.\(^{56}\) These are intended to address the widening digital divide between rich and poor countries, cities and rural space. These initial experiences will help test the extent to which ICT can have a significant transformational effect in less developed countries.

The telecentres present a range of challenges, from technical to administrative. Keeping the information technologies operational and well-maintained is a crucial aspect of telecentre management, which is often complicated by partnership agreements that do not allow for the accountability of the service provider to the telecentre. There are also a number of issues concerning the control of the telecentres, particularly with regard to their embeddedness in local structures and the role of local governments. It is likely that lessons learned from these experiences will support moves for more entrepreneurial solutions to telecentre operations and management, by means of contracting-out and other forms of private sector participation (NTCA, 2000).

Illiterate producers would, of course, be unable to find many of the services offered by telecentres of direct use. There is a tendency to regard community telecentres as not for the community as such, but ‘for the educated people’ (Dahms, 1999; O’Farrell et al., 1999; Fuchs and Mayanja, 1999). Some of the more promotional publicity given by third parties regarding the impact of telecentres in Uganda is clearly unreasonable (see Prakash, 2000). It is becoming recognised, however, that some creativity in the use of space, based on real community needs and effective community involvement, is necessary for telecentres to be more community-oriented.

**Benefits for the poor**

It is likely that the poor will benefit only indirectly from improved telecommunications via better-linked entrepreneurs, local governments and service agencies. Agricultural entrepreneurs, buyers and exporters have seen their ability to reduce the risk associated with produce marketing significantly enhanced with greater rural outreach of telecommunications. For example, it can enable them to plan their crop finance and urban-rural cash flows more effectively in order to avoid buying on credit, a last option for many poor producers that often substantially increases their vulnerability. Bad experiences from the times of the state-operated ‘co-operative’ movement have made this a particularly important issue in many rural areas. Buying on credit has often proved to be the basis of compromising ‘trust’ and social capital development.\(^{57}\)

There are indications that these changes are being used to support market development in the agricultural sector, partly through donor-financed initiatives and partly through private sector entrepreneurship (particularly with regard to market linkages and market information; see, for example, Robbins and Ferris, 2000). It is increasingly likely that the private sector will choose between similar areas on the basis of ease of communication, as a way of reducing risk and

\(^{55}\) The Nakaseke telecentre was supported by a wider initiative involving UNESCO/Danida Funds-in-Trust, in partnership with the International Telecommunication Union (ITU), the International Development Research Centre (IDRC), the British Council and local partners, such as Uganda Telecom Limited (UTL), Uganda National Commission for UNESCO (UNC–UNESCO), the Public Libraries Board (PLB) and Nakaseke Local Councils.

\(^{56}\) [http://www.idrc/acacia](http://www.idrc.acacia)

\(^{57}\) For discussion on the issue elsewhere in Africa see Lyon, 2000.
uncertainty. The logic of the PMA suggests that poverty reduction in poorer areas will require clear action in those areas which are technologically marginalised. At present, however, agricultural sector and extension policy lags behind developments and the opportunities and challenges which are emerging.

**Agricultural sector policy and ICTs**

To date the rapid changes in ICT have by-passed planning on the development of agricultural advisory services in Uganda. At present there has been only limited consultation between the telecommunications industry (on either a policy or entrepreneurial level) and those involved in the PMA or NAADS. Clearly the effective integration of a greater number of farmers into commercialised agriculture will benefit from improved access to cheaper telecommunications, perhaps not as individuals but as groups or producer organisations. Access to market information using local radio is regarded as being useful, but perhaps insufficient.

The main focus will rightly remain on inter-personal communication, but this is expected to be supported by the use made of ICT by advisers. The potential for this may have been underestimated in those areas where there is rural access. Furthermore, the NAADS Working Paper on Information and Communication suggests that it is necessary to flag the danger of trying to overplan development in ICT in a sector where private interest dominates, so that there remains a propensity for centralisation and hierarchy rather than nodes and networks driven by market developments.

On a limited basis, funds will be provided to test phase the use of low-cost, mobile (wireless) ICTs (e.g. Personal Digital Assistants, PDAs, or WAP phones) by advisors. This will provide them with e-mail and Internet-access and the ability to receive and transmit information and data from and to a wide range of regional and national sources and beyond to global sources. This information can be ‘repackaged’ in formats for communicating it to farmers. Furthermore, these ICT tools will help advisors work with farmers to generate local content and databases (NAADS Working Paper on Information and Communication, October 2000).

There is mention of telecentres in the PMA as part of the outreach programme of the NARO. Little detail is given, but the intention would seem to be to cover 12 agro-ecological regions at a cost of US$ 250,000 for one telecentre a year. The NAADS Working Paper notes that links could be fostered with existing community telecentres with regard to contracts for the production of communication materials and information products.

ICT is not particular to the agricultural sector; other business and personal needs can use the same forms of ICT as a tool. Hence, thinking strategically about the development of ICT is likely to benefit from more joined-up thinking, where a range of different information needs, users and forms of market failure are brought into the consultation process.

**Addressing market failure in rural outreach**

Many of the poorer, more sparsely populated and insecure areas are being left out of developments in the ICT revolution in Uganda. These areas are of less interest to the private sector and present cases of market failure where the state may need to act. As mentioned earlier, the licence conditions have already brought some improvement, though it is still insufficient, given the large number of black spots that will remain. There is a clear need for a creative balance of private sector participation and regulatory framework to address issues of rural connectivity (NTCA, 2000).

The telecommunications industry is also thinking quite innovatively of ways to make money from the licence conditions by launching various new products. For example, MTN, the largest wireless operator, is considering mobile village telecentres based on the Grameen Bank model, and GSM Eurosets installed with rural entrepreneurs as a joint venture between a microfinance and small and
micro business development institution. It is also interested in engaging with government and donors to address market failure in partnership.

In the first half of 2001, the Uganda Communications Commission (UCC) has been further developing policies and strategies in rural communications. The main planning level is likely to be the sub-county, given that licence agreements have addressed the situation at district headquarters. The government at present levies a 1 per cent rural communications development fund tax on gross profits in the telecommunications industry. This will be targeted at innovative projects to improve rural access, contracted out to the private sector (including the taxpayers). Development of plans is currently under way for the operation of the rural communication development fund, in consultation with the industry and other stakeholders. This will also involve the setting of minimum standards for the industry to support effective development of the sector.

The telecommunications industry may also be offered incentives for rural outreach based on worldwide best practice (see Kayani and Dymond, 1997; NTCA, 2000; TeleCommons Development Group, 2000) through, for example:

- allowing national operators to declare exclusivity over certain sub-counties where the potential revenue streams would not allow full competition;
- area-based subsidisation for certain sub-counties, and technology-based subsidisation for rural access franchisees;
- introduction of special rural interconnect rates that provide an incentive to deal with incoming calls in rural areas;
- financial inducements for training and content development in the private sector (for example, agricultural market and commodity trading information through SMS);
- temporary subsidisation of POPs for ISPs.

3.2.4 Developing producers

The PMA highlights that capacity-building for commodity associations, farmer organisations and co-operatives will be critical during the early stages of the sector approach (GOU, 2000). The NAADS programme will invest significant resources in farmer organisation as a means of supporting the modernisation of the sector. This proposal is particularly welcomed by civil society organisations, as it will enhance collective marketing and improve the terms of trade to producers (Food Rights Alliance, 2000). There are concerns, however, that the experience of farmer groups and organisations in Uganda to date has been dominated by those not including the majority of poor farmers. The aims of the NAADS in targeting public finance to benefit the majority of smallholder farmers make this a critical issue for innovative programming and learning.

Self-governed and -managed producer organisations of various types are widely regarded as important for the future development of the agricultural sector in Uganda, particularly for shaping policy, and in service provision and marketing. There is a feeling that agricultural marketing has been operating inefficiently following market liberalisation, with too many middlemen and links in the marketing chain lowering the price obtained by the producer and distorting production incentives. Producer organisations are seen as an important and under-developed way of reducing the transaction costs involved in production and marketing. They are particularly important for

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58 The interconnect rate is the way the call charges are distributed between originating and receiving call operators.
59 The new language of information technology makes this acronym read ‘Short Mail Service’ (text messages) rather than the ‘Subject Matter Specialist’ of the T&V system of extension.
enabling smallholder farmers to secure economies of scale in input purchasing and commodity trading. Various institutional arrangements and market exchanges can thus rely on group and social pressure or cohesion, rather than currently unenforceable legal contracts. This has proved useful in some situations of contract farming or outgrower schemes, for example.

Furthermore, producer organisations can also have a comparative advantage when it comes to organic certification. Most examples in Uganda are of the exporter being the holder of the organic certification and then operating an internal control system among contracted farmers (who remain free to sell on the open conventional market). As the producer and his/her organisation is not the holder of the certification, they are not free to capture an organic premium on any other commodities from their ‘organic’ production system. Their produce is not recognised as being organic unless they sell to the exporter by whom they are contracted. The Lango Co-operative Union is one example of a producer organisation that is struggling to abandon the historical poor performance and mismanagement associated with the formerly state-structured co-operative sector and enter the organic export market. As a producer organisation, it is the holder of the organic certification and is, therefore able to sell any commodity produced by its members as officially ‘organic’ if it can find a buyer. Producers are then able to capture a greater share of the organic premium more easily on a range of products. However, the common management problems associated with a large producer organisation remain, and at present members often prefer a stable relationship with an exporter who has sufficient crop finance to avoid buying on credit (not usually the case with producer organisations).

Supporting farmer organisations
As yet, producer organisations remain under-representative of producers in Uganda and more needs to be done to draw poorer farmers into co-operative arrangements (of various types) from which they can benefit by having greater economies of scale, more bargaining power and a louder voice. The sector is receiving support from a range of NGO and donor agencies. The greatest support in recent years has come through a DANIDA-supported Agriculture Sector Support Programme (ASSP),60 with the longest-running component being support to farmer organisations61 and, in particular, district farmer associations. There are also a number of commodity-specific farmer associations at the national and local level, some of them being successful born-again primary commodity societies.

The objective of the farmer-organisation component of the ASSP is to support capacity-building initiatives by farmers through their organisations in order for them to increase their incomes. This involves support for developing advisory services within farmer organisations for the benefit of their members. A standard farm management course is being offered through district farm associations, which can also offer specific seminars subsidised by the ASSP. The idea is also to establish a network of ‘extension link farmers’ (contact farmers) who are entrepreneurial and willing to pass on their knowledge and skills to neighbouring farmers. The concept of extension link farmers may also be used more widely in the NAADS programme, with a network of link farmers being used to draw together advisers and producers.

Support began through a national farmer association (UNFA), but there was dissatisfaction with its performance and it was ‘encouraged’ to decentralise (following government decentralisation). Districts now have autonomous farmer associations that can become members of a national UNFA. This has been seen as a critical empowering step in the life of farmer organisations. Some of the stronger district organisations are also building their own network of support agencies and donors. But the district farmer associations are a heterogeneous mix of performers. The better ones remain

60 The ASSP was designed with seven components: agricultural education; district agricultural information and training centres; livestock research; farmer organisations; household agricultural support programme; support to MAAIF (particularly for policy and regulatory functions); and, rural financial services.

61 Denmark has a long history of completely farmer-owned advisory services, though until recently heavily subsidised.
poorly representative (around 2 per cent of farmers may be members) and often do not offer the services demanded by their members, though there are exceptions.

Some of those working within and supporting the district farmer associations suggest that farmer associations are not for every farmer, this being rationalised as working with producers with ‘potential’. Given the unrepresentative membership, it is likely that many of the ‘poor with potential’ and ‘vulnerable non-poor’ are not included. The level of performance suggests that many farmers have made a rational choice not to become members (or in many cases not to renew their membership). Clearly farmer associations will need to work at offering services demanded by farmers in the area.

**High expectations for cost-sharing**

There is some concern that the drive to sustainability and self-financing of farmer associations is short-termist in the extreme. Farmers have been lukewarm about paying for the training and advice on offer from farmer association; they are much more willing to cover the costs of input supply (when a lower price can be secured) or joint marketing (when a higher price is obtained). Farmer associations are expected to cover, in the first instance, 35 per cent of the cost of professional staff (for example, district co-ordinator, extension co-ordinator), with the share increasing over time. Most of the staff of district associations receive only the 65 per cent secured from the donor, with no cost-sharing. Cost-sharing has therefore not met expectations, and the initial timeframe for attaining a certain level of membership and capacity is now regarded as unrealistic. Some associations are focusing attention on developing activities that can generate income. Certainly there now seems to be a shift in understanding and expectation of the development of district farmer associations. Comments such as ‘It took the Danes 150 years to get where they are today, 140 of which were government subsidised’ are now more prominent than, for example, ‘Farmers must pay for services that are primarily in the private interest’ of a couple of years ago.

**Mainstreaming a role for farmer organisations in extension**

Farmer organisations in the sub-counties will be able to qualify for service provision contracts after having registered with the NAADS programme (MAAIF, 2000). Their consolidated plans will form the basis of the budgetary allocation of public funds under the NAADS programme. Funds will also be available to build-up the capacity of the organisations, though the difficulties experienced in farmer organisation development is regarded as a significant programme risk. Clearly there will be an important role for intermediary organisations to play in helping poorer and women farmers secure the benefits that can be gained from producer organisation.

The role that the district farmer associations will play in the NAADS programme is as yet far from clear, and is likely to vary substantially from district to district. They may, on the one hand, be able to be one of the organisations eligible to access NAADS funds allocated to sub-counties for contracting advisory services for their members (sub-county branches). Alternatively, they may also be contracted as service agencies in some districts to deliver services to farmers. At present many farmer organisations use public extension agents to deliver extension services to their members, paying them an allowance to do so. This relationship is likely to change, given the phasing out of the public extension agent under the NAADS programme. The pool of expertise will not be accessible in the same way. If farmer associations wish to become service agencies using NAADS funds, the NAADS programme will require a clear, legal separation of the service arm (for example, by registering the service agency arm as a company) in order to avoid conflict of interest. There are certainly some who hope that district farmer associations will be able to capture some of the NAADS funds to help ensure their sustainability and lessen their reliance on funding from DANIDA.
3.3 Systemic collapse and restoring livelihoods

Clearly much has been done to establish a lasting peace in many parts of Uganda following the long period of civil war. This has largely been due to the government’s programme for political, social and economic inclusivity and, not only democracy (Stewart and O’Sullivan, 1998; Stewart, 2000). The extent to which the economic turn-around can be sustained or the peace dividend has been a matter of ‘rehabilitation’ or ‘post-conflict recovery’ rather than economic transformation is open to question (Bigsten, 2000; Collier, 1999). Natural disasters such as floods, droughts or earthquakes have caused temporary and localised displacement of people in various parts of the country. However, the majority of the internally displaced persons or refugees are displaced as a result of civil conflict internally or in neighbouring states (most recently Sudan and the Democratic Republic of Congo). Continued unrest is becoming recognised as one of the most critical threats to the maintenance of economic revival in Uganda. For many Ugandans chronic political insecurity, insurgency and civil strife remain an important component of their livelihood context and drive the growing regional inequality, which, certain commentators (for instance, Stewart, 2000, Addison et al., 2000, Luckham et al., 2001) warn as being a key determinant of conflict. The danger was highlighted during the presidential elections in early 2001 by the size of the vote in opposition to the incumbent in Gulu, one of the most severely affected districts.

Beijuka (1999) highlights five conflict and post-conflict zones in Uganda (Figure 7), some that were particularly affected by the civil war and others where there remains insecurity to varying degrees. In addition, the two districts that make up Karimoja (Moroto and Kotido) suffer from chronic insecurity, given the high numbers of small arms and the history of cattle raids; this has spillover effects into neighbouring districts and across the border into Kenya. During the civil war the World Bank estimated that some 5 per cent of the population, almost one million, were physically or mentally disabled, following years of war, civil disturbance and social breakdown (de Coninck, 1992). Systemic collapse remains a clear and present danger to the country’s future peace and prosperity. At present there are about one million people who have been displaced due to civil unrest, a third of them refugees and the rest internally displaced persons (Figure 8). The cycle has continued with insecure parts of the country becoming flooded with small arms.

Proliferation of small arms
Northern Uganda has become awash with small arms. Oxfam estimates, for example, that there are now about 160,000 guns in Karimoja, on average about one for every four persons. Most of the guns are AK-47s, which can be bought for about US$ 10 apiece near the Sudan border. Cattle raiding has a long history among the Karimajong, but guns have shifted the scale of violence to a totally different level. The insertion of small arms into an inherited cattle-raiding culture has caused greater economic and social differentiation among rival groups (Belshaw and Malinga, 1999). The situation has deepened poverty and has made many more people highly vulnerable.

The small arms come from a variety of sources, with the Lord’s Resistance Army (LRA) being supplied from Sudan and previous looting of Ugandan army weapons. The Ugandan government has supplied local civilian vigilantes. There is also private trading of arms across the Sudan and Kenyan borders.

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62 Additional maps can also be found for refugee encampments (http://www.unhcr.ch/refworld/maps/africa/uganda.htm) and for USAID-highlighted vulnerable areas.
http://www.reliefweb.int/w/map.nsf/wByCLatest/0163A160F9C7F8CB85256A0D00718D2F?Opendocument
Figure 7 Conflict and post-conflict areas in Uganda (adapted from Beijuka, 1999)

Key
- Zone 1 North Western Conflict Areas;
- Zone 2 Current Conflict Area Northern Uganda: Gulu and Kitgum Districts;
- Zone 3: Post-Conflict Areas: Soroti and Kumi Districts;
- Zone 4: Post-Conflict Central Region: Luwero Triangle;
- Zone 5: Current Conflict Area: Western Uganda: Bundibugyo, Kabarole and Kasese Districts;
- Zone 6: Karimoja Conflict Area: Moroto and Kotido (with impact on neighbouring areas).

Source: adapted from Beijuka, 1999.
http://www.reliefweb.int/w/map.nsf/wByCLatest/0163A160F9C7F8CB85256A0D00718D2F?OpenDocument
Figure 8  Distribution of displaced persons in Uganda, December 2000

Legend

Affected Population

- Refugees
- IDPs
- IDPs & Refugees

IDPs
Refugees

Source: http://www.reliefweb.int/w/fullMaps_Af.nsf/IuFullMap/24598BB75DB61F83852569FA007DD367/$File/uganda_affected_dec00.pdf?OpenElement
UN Office for the Coordination of Humanitarian Affairs, December 2000
The UPPAP highlights many people’s frustration with the government’s inability to handle the situation adequately. More recently the government has put more effort into ensuring security following the return of soldiers from the DRC and in disarming the Karimajong, though there is a view that the military approach to disarmament needs to be reconsidered (for example, Oxfam, 2001). This is not a situation that Uganda can tackle on its own. The disarming of the Karimajong will require the involvement of Kenya, as the problem is also a cross-border phenomenon. Recent talks between the two countries are aiming to find a permanent resolution to the crisis. However, the flow of guns is likely to continue as long as civil war continues in Sudan. The re-opening of diplomatic relations between Uganda and Sudan is another step in this direction.

Impacts on livelihoods
The impact of chronic political insecurity of the livelihoods of those affected has been dramatic. Many have lost their lives or been abducted, lost livelihood assets, suffered personal trauma, had their social networks and markets disrupted, and seen the state unable to provide effective services in many areas such as agricultural research and extension, health, and education. Those districts suffering from insecurity are among the poorest in Uganda and they become increasingly marginalised in the process. For example, one of the organic produce export projects based in Bundibugyo, begun under the Sida-funded EPOPA programme in 1997, has been halted because of the insecurity in the area.

The loss of assets was particularly drastic in a number of districts through the destruction of homes and agricultural assets, including cattle raiding; for example, the Agricultural Sector Survey of 1989 notes that there were 8,500 cattle in Lira, down from 250,000 less than five years earlier (de Coninck, 1992). Destocking in the Teso and Acholi regions also contributed to a dramatic reduction in the use of ox-ploughing, with consequent impact on agricultural productivity. There have been other impacts on the farming system with, for example, a change in the crops grown and disinvestment in soil and water conservation measures (K. Longley, pers. comm.; Boyd et al., 2000; Boyd and Slaymaker, 2000; Oxfam, 2001). Out-migration from areas of greater poverty and insecurity has contributed to a reduction in the availability of labour and to change in farming systems in some areas (for example, in the Acholi farming system of Gulu and Kitgum; Longley, pers. comm.). In areas of insecurity, destocking and abandoning the use of ox-ploughs have further contributed to the impact of labour availability on change in farming systems.

Civil strife reduces investment in non-farm enterprises, with subsistence agriculture becoming a larger and more resilient component of GDP (Collier, 1999; Deininger, 2001, quoted in MFPED, 2001; Matovu and Stewart, 2000). Luckham et al. (2001) highlight that civil strife in Uganda also led to a rapid decline in per capita agricultural production between the mid and late 1970s, since when it has stagnated. In addition, Bigsten and Kayizzi-Mugerwa (1999) show that, in situations of civil disturbance, war and insecurity, withdrawal to allocating greater attention to subsistence activity is a common theme, putting livelihood strategies into a low-risk holding pattern that can then change when the wider environment is more secure. This was the case in Uganda and remains so in many of the areas where insecurity persists.

The situation might well have been worse if market liberalisation and attention to pluralism, allowing a greater role for non-state actors and agencies, had not become part of official policy. Before the conflict most cash crops were marketed directly through local markets, whereas now there is a much greater role for middlemen, traders and processors. In areas of chronic insecurity, the market is therefore still operating with clear inroads by the ‘food security through

63 Around 5,000 children were abducted by the LRA between 1990 and 2000, with some 42% yet to return. Child abduction is common in other areas of Uganda suffering from chronic insecurity.

64 The quality of information on poverty in some of the poorest districts is influenced by the fact that the 1999/2000 National Household Survey covered all districts except those most badly affected by rebel activity and insurgency – Kitgum, Gulu, Kasese and Bundibugyo (UBOS, 2001).
commercialisation’ strategy promoted by the PMA (Longley, 2001a). A range of crops (or crop varieties) were being reported as ‘new’ in farmers’ systems during 2000 in some of the most insecure areas. For example, in Gulu 54 per cent of farmers reported groundnuts and beans as being new, in Kitgum 71 and 43 per cent of farmers reported groundnuts and finger millet respectively as being new, the common reasons being that such new crops produce ‘greater profit’, from 21 per cent for maize to 94 per cent for rice.

**From relief to development**
There is a growing concern in Uganda regarding donor fatigue in supporting those areas affected by chronic insecurity, and there are calls to move ‘from relief to development’ in vulnerable areas (OCHA, 2001). The Ministry of Disaster Preparedness and Refugees has prepared a ‘Framework for Recovery’ that aims to target development issues and regional inequality, with a ‘Self-Reliance Strategy’ designed to attract ‘development-minded’ agencies to vulnerable areas. Some of the changes taking place in, for example, the district support programmes of the Dutch Embassy in Lira and Soroti / Katakwi are indications of a progression from relief to development.

The recent revival of diplomatic relations between Sudan and Uganda is an important step in helping to resolve conflict. While innovative politics is critical, recent evidence suggests that active engagement in the development of areas suffering from chronic insecurity is also necessary. Stewart (2000) and Luckham et al. (2001) suggest that the root causes of conflict can often be traced to widening *inter-regional* inequality, rather than *intra-regional* differences between rich and poor. Tackling ‘horizontal inequality’ (i.e. inequality among groups, as opposed to inequality among individuals – ‘vertical inequality’, Stewart, 1998) is particularly important for crisis prevention (Klugman et al., 1999; Stewart, 2000). Action to develop insecure areas will be an essential component of an overall strategy to break the vicious cycle of violence.

**Extension and chronic insecurity**
Agricultural development will then be an aspect of mitigation, and advisory and other support services will have an important role to play. As yet, however, these links have still to be clearly drawn in planning implementation of the PMA or the NAADS programme. The challenge will be to support the development of resilient production and marketing systems that can contribute to overcoming regional inequality and chronic insecurity.

Longley (2001a, b) describes practical measures for moving from relief to development in situations where farming is an option as a livelihood strategy. She criticises the tendency of many agencies to distribute seeds and tools when operating in post-conflict and ongoing emergency situations. Looking at the seed system of the Acholi region, which is badly affected by chronic insecurity, she notes that a first step is to recognise people’s ability to cope in the midst of chronic insecurity. These coping strategies can then be strengthened in a way that builds up local networks of exchange mechanisms and markets, rather than facing economic disruption and competition from well-meaning humanitarian agencies. Three options are highlighted: poverty-focused approaches that widen access to agricultural inputs; advice and training on alternative technologies; and institutional arrangements for access to / supply of agricultural inputs and technologies.

The Catholic Relief Services (CRS) have been using a combination of seed vouchers and seed fairs (incorporating an advisory service) as an innovative poverty-focused approach to assisting farmers in insecure areas of northern Uganda. The seed vouchers transfer purchasing power to farmers which can then be exchanged at planting time with local traders during seed fairs where there is also an opportunity to obtain advice on varietal choices.

Advice and training on alternative technologies is particularly important in situations where producers are faced with a new and unfamiliar environment, as happens with the many displaced persons and refugees who are often given poor land to cultivate or with those who stay behind and
have reduced access to labour. Advice on new varieties and cultivation techniques that meet these challenges will have a role to play. In addition, reducing vulnerability can be supported by broadening agro-biodiversity and building farming system resilience, combined with greater market opportunities for a wider range of agricultural products. Longley (2001b) sees an important role here for both producer organisations and market traders in creating pro-poor institutional arrangements.

Topouzis and du Guerny (1999) report that training and the provision of survival skills are seen as important aspects of helping orphans protect themselves from exploitation and abuse. They may also provide opportunities for positive changes in agricultural techniques, which would create links between advisory services associated with the wider livelihood context and agricultural productivity. In Uganda there are indications that links between trauma counselling and market-oriented groups (who may also receive production-related advice) can have positive associations for building up social capital and reducing vulnerability (S. Lindorfer, pers. comm.).

Insecurity and the NAADS
Seven out of 45 districts have been listed as ‘insecure’ during the planning of the NAADS programme, an indicator that is intended to have a downward influence on the budget allocated for extension service provision on the basis of difficulties with ‘implementability’. While this is likely to have little impact on the overall budget allocation, it does appear to send out the type of signal that is increasingly being criticised by those humanitarian agencies trying to bring an end to insecurity: namely, that it is being used as an excuse for non-action (OCHA, 2001).

Chronic insecurity, HIV/AIDS and agricultural change
One vulnerability can lead to another. Luckham et al. (2001) note that the incidence of HIV/AIDS is accelerated by conflict. For many years Uganda had the highest HIV infection rate of any African country. The infection peaked during the early 1990s, with an estimated 15 per cent of the population affected. This had an enormous impact, with many households slipping into poverty as a result of one or more members becoming infected or dying from the disease. Female-headed households in Uganda increased by 30 per cent during the 1990s, child-headed ones by some 40 per cent (MAAIF, 2000). A UNDP study (Topouzis and Hemrich, 1996) demonstrated that food insecurity and malnutrition were foremost among the immediate problems faced by female-headed AIDS-affected households.

In the following decade, with peace and the adoption of appropriate prevention methods and programmes of mitigation, levels of infection have been halved. Uganda’s National AIDS Control Programme included training community leaders and mobilising the community, innovative communication techniques to change attitudes, reduction in discriminatory practices, and the involvement of people living with AIDS in care and prevention activities. Nevertheless, the population still lives with the continuing impact of the disease. In northern Uganda conflict continues to increase vulnerability to HIV/AIDS. Unsafe sexual behaviour remains highly prevalent in Gulu, for example, among youths who are internally displaced. High-risk behaviour in such areas is often the outcome of a sense of hopelessness in situations of psychosocial trauma (S. Lindorfer, pers. comm.).

At the household level, the impact of HIV/AIDS manifests itself in loss of labour, leading to a decline in productivity and in household income, and a loss of assets, savings, and remittances, plus increased expenditure and an increased number of dependants who rely on a small number of productive family members (Topouzis and du Guerny, 1999). Most of the affected households are still largely dependent on agriculture, particularly for producing food for home consumption.

65 The 7 districts are as follows: Bundidugyo, Gulu, Kabarole, Kasese, Kotido, Kitgum, Moroto. As mentioned earlier, the ‘insecurity’ indicator only reduced the budget allocation to Kotido.
HIV/AIDS has had a particular impact on those livelihood strategies that are highly labour-intensive such as agriculture. Topouzis (2000) notes that the impact will be much less in those areas with more resilient farming systems (in terms of having more fertile soils and abundant and well-distributed rainfall, with a wide range of crops). This, Topouzis suggests, makes Uganda much less vulnerable, given its relatively fertile soil, abundant land and rain, and a staple diet based on more drought-resistant and less labour-intensive crops than, say, the maize-based cropping systems of southern Africa.

Affected households are also plunged further into poverty as they resort to selling off property in order to meet basic livelihood needs and medication. This leads to a decline in livestock production, which is often used as a form of saving. Topouzis and Hemrich (1996) showed that 65 per cent of AIDS-affected households were obliged to sell property to pay for care. In Rakai district, for instance, rural households can spend up to a third of their annual income on monthly medical bills or on a single funeral (UNAIDS, 1996).

The disease has also hindered the effective operation of agricultural sector institutions and extension service organisations, with employee infection causing absenteeism, low productivity, job insecurity, low morale and lack of capacity to respond (MAAIF, 2000). In MAAIF and the sector institutions HIV/AIDS has more than doubled the expected number of deaths occurring among the workforce. While public agencies may have ways of addressing such internal problems through staff counselling against the infection, there is a challenge to reorganise the service delivery approaches towards those affected by the pandemic. The ministry has set up a Family Life Education Unit in the crop production and marketing department to co-ordinate any AIDS control programme, and FAO has assisted it in incorporating HIV/AIDS considerations within extension services. However, the decentralisation of responsibility for extension to the districts has made links with programmes co-ordinated by the centre difficult. Private sector organisations have also needed to make adjustments in their replacement and retraining strategies because of the effects of HIV/AIDS (Topouzis, 2000).

Approaches in support of affected households vary between promoting exclusively humanitarian assistance and engaging in developmental aspects. The provision of advisory services to vulnerable groups in relation to the pandemic has been a common approach, with advice ranging from trauma counselling to alternative productive activities. This has meant that there are a number of programmes that support the livelihood diversification of affected households, with support for micro-enterprises or agricultural enterprises that are less labour-intensive and with higher returns to labour.

Government assistance by means of orphan registration is intended to prevent their rights being abused, particularly property rights. Some orphans receive bursaries from the government and a clonal coffee distribution programme sponsored by the government to the affected families has been implemented. But many programmes have limited outreach and targeting may be distorted by local elites (A. Leliveld, pers. comm.). Furthermore, there seems to be only limited consideration of the way in which various technologies and types of agricultural training and advice fit with the livelihoods of affected households with a new clientele of widows and orphans. Training and advisory services, however organised, can have an important role to play in filling the gap in the transmission of indigenous knowledge that emerges in many affected households.
4. Livelihoods and extension

Poverty is multi-dimensional and the livelihoods of Uganda’s poor people are often complex. The role that extension and advisory services of various kinds can play in improving livelihoods and contributing to poverty reduction can be significant and will need to be considered at different levels and for alternative domains (see Table 1). There are links between changes in structures, policies and processes and the ability, on the one hand, of governments to deliver a poverty-reducing framework and of poor people to effect sustained improvements in their livelihoods through enhanced opportunity, empowerment and security. The recent history of Uganda in bringing about macroeconomic stability and some poverty reduction demonstrates the connection. Yet Uganda remains a very poor country and more needs to be done, at international, national and local levels. Strengthening and broadening micro-macro links is one of the aims of introducing a sector-wide approach to development of the agricultural sector (the PMA) on which the majority of the poor depend. One key aspect of this will be to recognise the need for greater integration of advisory work in addressing different levels, from the needs of producers faced with an increasingly market-oriented economy to those of national stakeholders facing the challenges of globalisation. The NAADS programme can make an important contribution, though on its own this will be insufficient.

The poor in Uganda are producers, consumers, labourers and citizens. Technical change in and around the agriculture sector will affect them in different ways, according to where they live and the livelihood strategies they choose. For many people, the indirect effects of agricultural development will be as important as more direct production and market-related impacts. The case of Uganda highlights the fact that strengthening the position of the poor can be promoted by means of three overlapping categories of action where extension, training and advisory services of various kinds can make, and are making, an important contribution: (i) creating and supporting opportunity; (ii) enabling empowerment; (iii) improving security and reducing vulnerability.

4.1 Creating and supporting opportunity

Creating opportunities will often involve both local and international considerations. Within this, extension policy will need to be nested in a sector-wide strategy that builds a broad framework. The PMA is a bold step and should lay a foundation for action. Actual and potential elements of the strategy include:

- strengthening inclusive policy processes, and building up capacities for policy analysis and negotiation in the international arena;
- building institutions for inclusive markets (locally and nationally within a globalised economy), and developing the role of intermediary organisations in pro-poor market linkage arrangements;
- developing vertically integrated strategies on commodity systems, and negotiating for, and supporting the capturing of, higher-value links in commodity chains within national boundaries;
- instituting vertical integration or joined-up thinking on advisory services (for producers, stockists, traders, processors, packagers and not only about producers producing), and with various links in the commodity chain where advice is best and most efficiently applied;
- expanding rural connectivity, through targeted subsidies and regulatory mechanisms;
• supporting access to a range of pro-poor microfinance products (savings, credit, remittances), in addition to informal mechanisms;
• broadening choice beyond low-risk, low-return enterprises for the poor;
• building on strengths – taking a serious look at sub-sectors where the poor have comparative advantage, for example in organic production;
• emphasising quality through training and advice, supported by an appropriate mix of price and regulatory mechanisms;
• introducing labour saving in smallholder production systems and labour intensification in larger-scale production systems;
• developing targeting mechanisms that strengthen, rather than compete with, local exchange mechanisms.

4.2 Enabling empowerment

Uganda has demonstrated an ability to construct greater political inclusivity (going beyond democracy). Decentralisation and the UPPAP-based policy processes will strengthen this process. Decentralisation will not necessarily be pro-poor (Moore and Putzel, 1999), but it does provide an opportunity to address horizontal inequalities from which conflict tends to emerge (Stewart, 2000; Luckham et al., 2001). Many of the policies to improve governance will benefit the poor. The mainstreaming of participatory poverty assessments in district planning will be an important step in this regard. Initiatives to strengthen producer organisations and the NAADS programme are also important steps to place more power in the hands of producers. Sensitive implementation of the NAADS programme in the construction of farmer groups and fora can also open up opportunities for channelling the voice of the poor in agricultural development. The risk is that administrative mechanisms for the NAADS that depend on social capital may not act in favour of those who have least access to social capital. In addition, consideration must increasingly be given as to how Uganda can itself be empowered within the globalised economy. Elements enabling greater empowerment, within which advisory functions on different levels will be of great importance, include:

• building coalitions and negotiating capacity among countries similarly affected by rule-based changes in the global economy;
• supporting decentralised capacity-building and the development of local government, with an important role for a cadre of non-sectoral advisers;
• supporting intermediary organisations for better pro-poor market-oriented institutional arrangements;
• developing a broader range of support and advisory services;
• building effective competition that favours maximisation of producer prices;
• introducing organisations and technologies to enhance bargaining power and reduce inefficient links in commodity chains, cutting out the middleman;
• valuing and building on the local mechanisms of support and exchange;
• providing choice in technologies and service arrangements, and developing knowledge and skills across a number of domains;
• introducing institutions and administrative mechanisms to draw on the voice of the poor in decentralised arrangements, ensuring inclusivity and enhancing accountability.
4.3 Improving security and reducing vulnerability

The best predictor of ‘humanitarian emergencies’ in Uganda in the 1980s and 1990s was conflict in the 1960s and 1970s (Nafziger and Auvinen, 1997). The chronic political instability and insecurity in various parts of the country make the state as a whole vulnerable to conflict. The growing horizontal inequality puts at risk the progress that has been made. Supporting economic efficiency and political democracy will be insufficient to avoid conflict (Klugman et al., 1999). Azam (2001) argues that ‘demonising’ traditional institutions, as happened for many years in Uganda, must be avoided, and that the development capacities of the ethnic communities should be utilised in making progress towards poverty reduction and the modernisation of African states. This must be a carefully managed process so that the regional inequalities that lead to chronic political instability and civil war are avoided (Stewart, 2000; Luckham et al., 2001).

Technical change in agriculture and advisory services will have a contribution to make in reducing vulnerability and addressing chronic insecurity. Longley (2001b) highlights a critical role for advisory services in Uganda in addressing chronic political instability. Without tangible improvements in the livelihoods of people in the poorer regions, the cycle of conflict will only be reinforced. A military solution is insufficient. The security and development of the poorer parts of Uganda will need to be increasingly addressed through public action (on various levels from the local to the international). Uganda itself is highly vulnerable, given Northern protectionism and the country’s narrow export base. In order to benefit further from globalisation, Bigsten (2000) notes that it is essential for Uganda to become internationally competitive in areas other than traditional commodity exports. Measures to achieve this include:

• changing the rules of the game in international trade that act against the interests of poorer agricultural economies, and developing non-traditional export commodities;
• addressing corruption and building confidence for greater private investment;
• enabling poorer producers to go beyond low-risk, low-return production systems, while building resilient systems;
• providing greater opportunities additive rather than substitutive for more formalised savings and insurance mechanisms, without compromising informal coping strategies;
• encouraging the blurring of the urban-rural divide by supporting financial services for the safe and efficient transmission of remittances;
• implementing of the Land Act, including its amendment in favour of vulnerable groups;
• halting the trade in small arms, with a need for innovative policies to bring about peace;
• training and providing survival skills to help, for example, orphans and women protect themselves against exploitation and abuse, and building links and synergy between, for example, trauma counselling and market-oriented advice to groups;
• recognising and supporting the functioning of legitimate private sector initiatives and markets in areas considered insecure.

4.4 Securing the future

Uganda has made substantial progress in recent years in reducing poverty. Concerns remain that the apparent progress was a dividend of the peace and more a rehabilitation than a development process, thus raising questions of sustainability, given the limited private investment and the low rates of technological change. Short- to mid-term growth may benefit from Uganda’s head start in
policy reform, but long-term growth must seek out comparative advantage and technical change to draw in private investment flows. This will also need to be accompanied by changes in the nature of world trade so that the position of poor countries is strengthened.

This case study has highlighted some initiatives that are addressing the issue of creating and supporting opportunity for producers in Uganda. But two key risks remain: the chronic insecurity in poorer parts of the country, and the vulnerable position of the national economy in the face of globalisation. Technical change in the agricultural sector and advisory services of various kinds will have a contribution to make in bringing both direct and indirect benefits to the poor in Uganda. Chronic insecurity will require a positive programme to address the growing inequality in the country, and public investment will need to reflect such an imperative, certainly more than it does at present. This must go well beyond a military solution.

Furthermore, the PMA puts its faith in market mechanisms for eradicating poverty in Uganda. Reliable domestic and world markets for agricultural products are rightly regarded as crucial to success. The capacity for policy analysis and negotiation on global trade in regional and international fora, especially the World Trade Organisation, is as critical as Uganda’s ability to produce high quality products that are competitive in the global market. These capacities are at present underdeveloped within Uganda, which puts at risk its ability to maximise the benefits and minimise the losses that might arise from globalisation. Poorer countries such as Uganda are also only able to capture the lower-value links in the commodity chains, partly due to corporate interest and power and partly because of regulatory frameworks. These are critical elements of the national vulnerability context and may need action on the global rules of the game if poverty is to be eradicated. Bilateral donors will have an important role to play here and the type of donor convergence seen at country level in Uganda will also need to be reflected in concerted action in the international arena.
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