



Introduction and Context – Why the assessment was conducted

- Continuing dominance of the agriculture sector contribution to GDP – recent decline in agriculture share of GDP largely attributed to declining productivity rather than impressive performance of other sectors;
- Agriculture continues to account for the bulk of both formal and informal employment;
- Ag. provides a basis for livelihood and livelihood security for many people especially those outside the formal food market;

Introduction – Why and how the assessment was conducted (cont'd)

- With Uganda's population projected to reach 129.1 million by 2050 (SOFI Report 2006), a robust agriculture sector is not an either or option;
- Official recognition of agriculture as the engine of economic growth hence the means for transitioning the economy to other stages and forms of economic production;
- Consequently, the growth trends and the apparent opportunities presented by organic agriculture become of particular policy interest.

Key Message from the Study

- In spite of the declared strategic and economic importance of agriculture, productivity and output have been declining largely due to ecological factors, limited investments and uncoordinated or competing interventions. The current growth trends in organic agriculture provide a rare opportunity to turn around the fortunes of the sector, spur economic growth, increase export revenue, reduce unemployment and poverty, and restoring degraded agro-ecosystems while ensuring livelihoods and food security.

Economic and Trade Situation of Agriculture Contribution to GDP

Percentage growth of GDP by sector, 2000/2004/05.

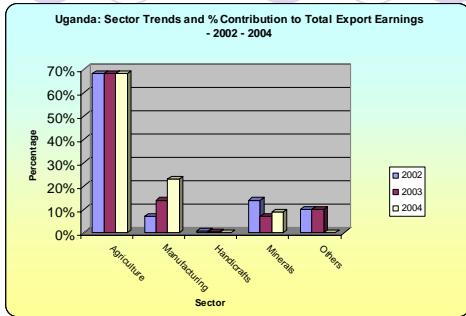
GDP Growth by Sector (%)	2000/01	2001/02	2002/03	2003/04	2004/05
Agriculture	4.6	3.9	2.3	1.6	2.1
Services	5.2	8.2	5.7	8.1	7.2
GDP at Market Prices	5.0	6.4	4.7	5.9	5.8

Economic and Trade Situation of Agriculture Contribution to GDP continued

Share of GDP by Sector (%)	2000/01	2001/02	2002/03	2003/04	2004/05
Agriculture	40.8	39.9	39.0	37.6	36.3
Industry	18.6	18.9	19.3	19.7	20.4
Services	40.6	41.2	41.7	42.7	43.3

Source: MFPED, 2005. Background to the Budget, 2005/06

Economic and Trade Situation of Agriculture Contribution to Trade



Economic and Trade Situation of Agriculture Contribution to employment

- According Plan (PEAP 2005), Agriculture employs **69%** of the total population.
- Is the largest employer of Ugandans.
- An estimated **90%** of the total population lives in rural areas
- **73%** of the active labour force in these areas is employed in agriculture.
- An estimated 68% of the total population employed in the agriculture sector are subsistence farmers.



Economic and Trade Situation of Agriculture Trends in Poverty and income Distribution

Proportion of people below the poverty line by occupational group, %

	1992	1996	1999/2000	2002/3
Food crop	64	62	45	
Cash crop	63	46	34	
Crop farmers			39	50
Non crop agric.	55	40	42	34
Manufacturing	44	34	23	28
Construction	37	35	20	23
Trade	26	21	13	17
Government services	37	32	15	13
Not working	59	60	43	38

Economic and Trade Situation of Agriculture Trends in Poverty and income Distribution

Proportion of people below the poverty line, %¹

	1992	1993/4	1994/5	1996	1997/8	1999/00	2002/3
National	55.7	51.2	50.2	49.1	44.4	33.8	37.7
Rural	59.7	55.6	54.3	53.7	48.7	37.4	41.1
Urban	27.8	21	21.5	19.8	16.7	9.6	12.2

Environment and Agriculture

The single largest factor accounting for declining trends in overall agriculture Productivity and output is the deterioration in environmental parameters

Environment and Agriculture Agricultural practices and policy distortions

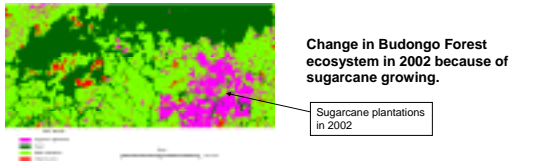
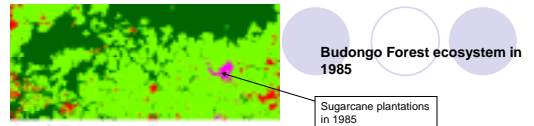
- Agriculture activities in marginal lands and ecologically sensitive areas.
- Unresolved policy tensions between prudent enviro mngrt & competing economic development objectives - decisions have been made to convert key ecosystems to other land uses.
- Slow processes to formulate
- Increasing environmental stress on account of unpredictable rainfall patterns and recurrent prolonged droughts.



Environment and Agriculture

Soil erosion and loss of soil productivity

- Land degradation associated with escalating soil erosion
- Decreasing soil fertility due to unsustainable agronomic practices
- Increased risk of agro-chemical pollution



Organic Agriculture Growth Scenarios, Opportunities and Potential Impacts

- Worldwide, the organic agriculture sector is the fastest growing food sector.
- Growth rates in organic foods sales have been in the range of 20-25% per year for over a decade (FAO, 2001) and ITC (2002) and more recently between 10-20% (FAO, 2002).
- However, these long-term growth have been adjusted to 6 – 8% especially for organic foods and drinks (Willer and Yusseffi, 2005).

Prospects for organic agriculture in Uganda

- Uganda's organic exports totalled US\$ 6.2 million in 2004/05; having risen from US\$ 3.7 million in 2003/04, free on board (FOB)
- Uganda's current organic exports include: fresh vegetables, tropical fruits (avocados, mangoes, pineapples, and papaya), dried fruits, coffee, tea, cotton, sesame, spices and other forest products.
- The growth in exports between 2003/04 and 2004/05 may give the impression that the sector is flourishing. However, there are some concerns implicit in the discussion above, on the collapse of the prices of vanilla, and other explicit problems.

Concluding observations: some facts

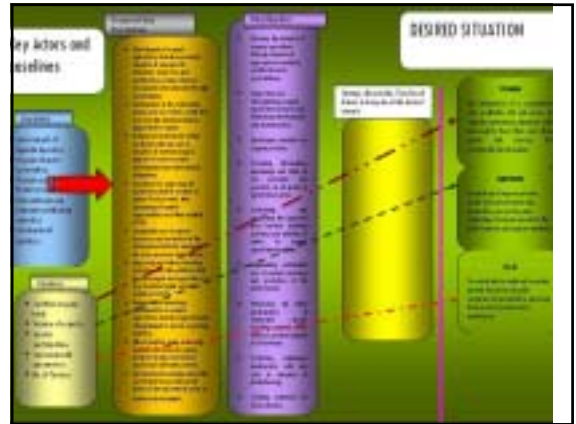
- Btn 2003 - 2005 Uganda's organic agriculture growth has been recorded at 38%;
- The value of exports grew by 61% in the 2003/04 fiscal year; and
- Uganda's organic exports totalled US\$ 6.2 million in 2004/05; having risen from US\$ 3.7 million in 2003/04, free on board (FOB)
- Value-addition in Uganda is fairly limited,
- The highest level of value addition in Uganda is with the cotton crop, by Phenix Logistics (U) Kampala about US\$ 3,200 per ton.

Concluding observations

- The overdrive scenario develops a strategy defines the of Uganda's sustainable agriculture policy within the organic agriculture policy.
- Overdrive also envisages that organic agriculture is a worthwhile alternative for meeting the anticipated growth in food demand. In the overdrive scenario organic agriculture could grow annually at a maximum 32% from present levels.
- In the slumber scenario a food security shortage is forecast and failure for Uganda to compete with other organic producers.
- organic agriculture is very environmentally friendly and the overdrive, is also likely to lead to the greater boost in environmental quality.

Concluding observations

- Both the plateau and overdrive organic scenarios encourage greater gender equity. Organic associations, groups or cooperatives have become centres for wider activities to do with health and adult education and information dissemination.
- In the overdrive and plateau scenario the government takes over the cost of organic agriculture certification and relieves the pressure of operators and farmers. Therefore farmers can earn their full premiums.
- Generally food quality improves with organic. In addition, the volumes produced also increased according to the farmers included in the survey for this study from seven districts in Uganda.



Scaling up Organic Agriculture Production and Trade Recommendations -General

• Political leadership is required to:

- drive policy making and ensure timely policy actions;
- resolve the current tensions between environmental management and economic development decisions;
- create a platform for stakeholders in the sub-sector (private and public) to harness existing complementarities.

Scaling up Organic Agriculture Production and Trade Recommendations -General

- **Government MUST become more coherent in policy articulation to communicate clear political and policy signals:-**
 - Unified agriculture extension programme;
 - Plan for Modernization of Agriculture;
 - Strategic Exports Programme;
 - AGOA Initiative;
 - Vice President's Upland Rice Initiative;
 - President's Initiative on Poverty Eradication – Presidential Advisor on Poverty;
 - [Bonnabagaware]

Scaling up Organic Agriculture Production and Trade Recommendations -Specific

• Mobilize and manage government interventions focusing on:

- Long-term financing for policy development and private sector initiatives –the sub-sector is driven by market and changing consumer preferences hence very dynamic;
- Research and technology development in OA
- Value addition and product development;
- Pursuing policies that ensure internal market growth;
- Intra and inter-sector coordination;
- Strengthening the sub-regional markets by pursuing product standardization and market integration

Scaling up Organic Agriculture Production and Trade Recommendations -Specific

• Agree on specific and measurable targets and:-

- Include the growth targets of organic agriculture in the long-term national development plan;
- Expand the scope of the current policy process to cover sustainable agriculture;
- Establish sustainable agriculture production zones in selected districts/regions;
- Monitor budgetary allocation to the sub-sector.
- Agree on a sub-sector strategy to direct interventions, actions and investments.