



POLICY BRIEF

Agriculture Sector

Background

Agriculture comprises the largest share of GDP, accounting for around 32% of total production in 2005, almost all domestic food requirements, and most of the raw materials required in local industries. Yet there has been a decline in the growth rate of the agricultural sector and its overall contribution to GDP. In the mid 1980s agricultural sector contributed over 60% to GDP, but this has fallen to 34% by 2005/06. The growth of the sector was 3.8% per annum in 2003/04 but declined to 1.5% in 2004/05 and to only 0.4% in 2005/06. This significantly affects those that draw their livelihood directly or indirectly from the agricultural sector. The mid 2007 population projection stood at 28.2 million of which 87 per cent live in rural areas and 73 per cent are engaged in agriculture; about 66% of the male working population is employed in agriculture compared while 81% of the female working population is engaged in agriculture which is heavily resource-based, with labour and land being the most significant inputs.

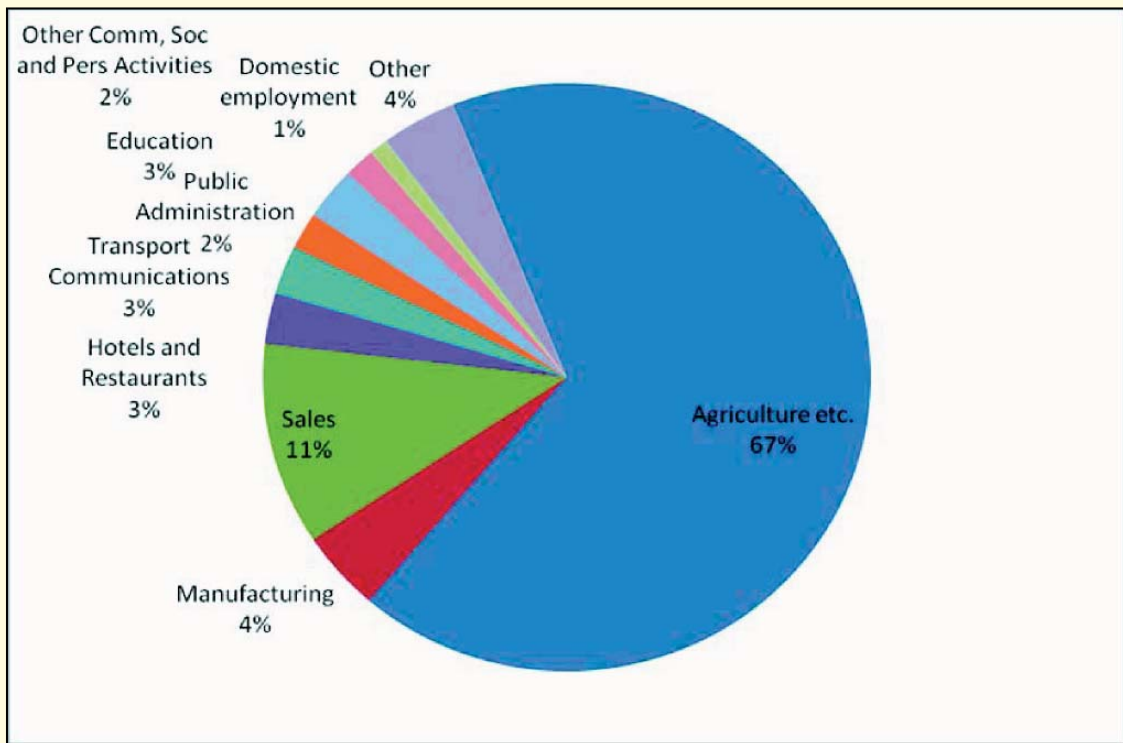
Diversification of exports have recently resulted in (a) high value agricultural produce (fish, spices, essential oils, fruits and nuts, vegetables and flowers) to become increasingly important in international markets while low value crops (maize, beans, bananas, dairy products) dominate in regional markets and (b) non-traditional agricultural exports to overtake the traditional ones like coffee, cotton, tea and tobacco.

The vision of the agricultural sector is to have a competitive market oriented agro-industrial sector that accommodates all farmer categories in different production zones. Over the medium term, the sector is addressing (a) low levels of adoption of improved technologies, (b) over exploitation of fish stocks (c) high level of pests, vectors and diseases (d) inadequate focus on advisory services for poor and marginalized farmers. Accordingly, in FY2009/10, government allocated Uganda Shillings (UGX) 310.5 billion to agriculture which was 4.4% of the national sectoral budget of UGX 7,045.3 billion and an increase from UGX 223.2 billion in FY2008/09. In Medium Term Expenditure Framework (MTEF), it is projected that government will invest UGX 372.9 billion, which is about 4.8% of the national expenditure outlay of UGX 7,836.2 billion.

Against the above background, the HIV/AIDS epidemic with a prevalence of 6.4% was having diverse health and socio-economic impact in the country and agricultural sector. In 2007, "Assessing the Macroeconomic Impact of HIV/AIDS in Uganda" study was commissioned to study, among others, the impact HIV/AIDS on economic sectors as well as whole national economy, and the effects of such inflows.

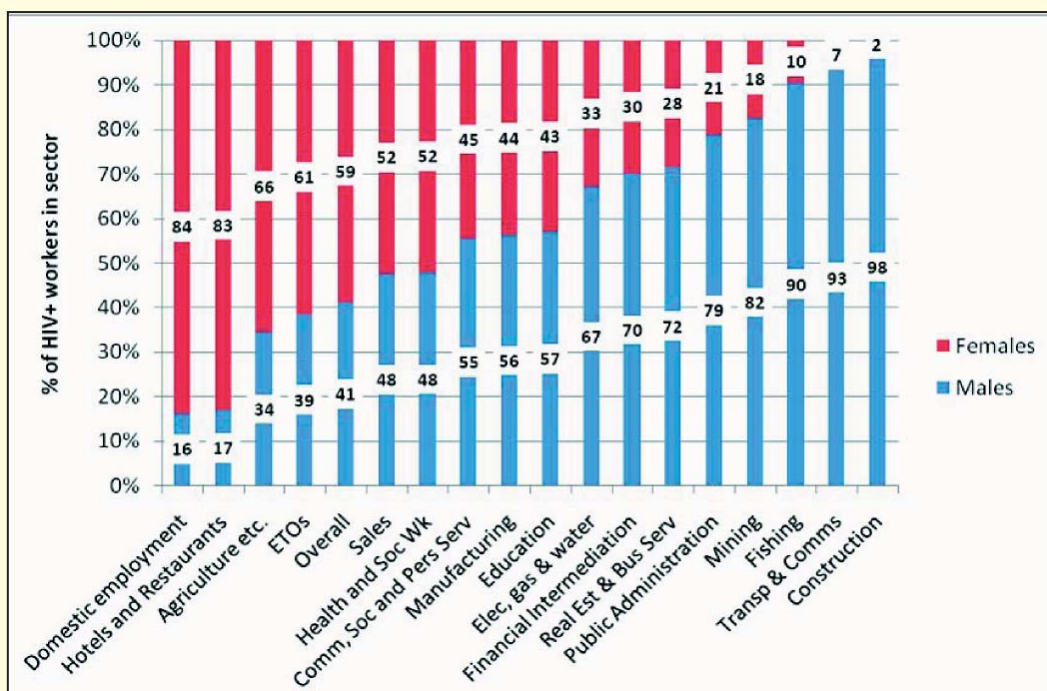
Major Findings from the Macro-economic Impact Study of HIV/AIDS in Uganda

- While HIV prevalence among adult population the country is 6.4%, agriculture has a relatively low prevalence rate of HIV at 6.0% but with the highest total number of HIV+ workers compared to other sectors.



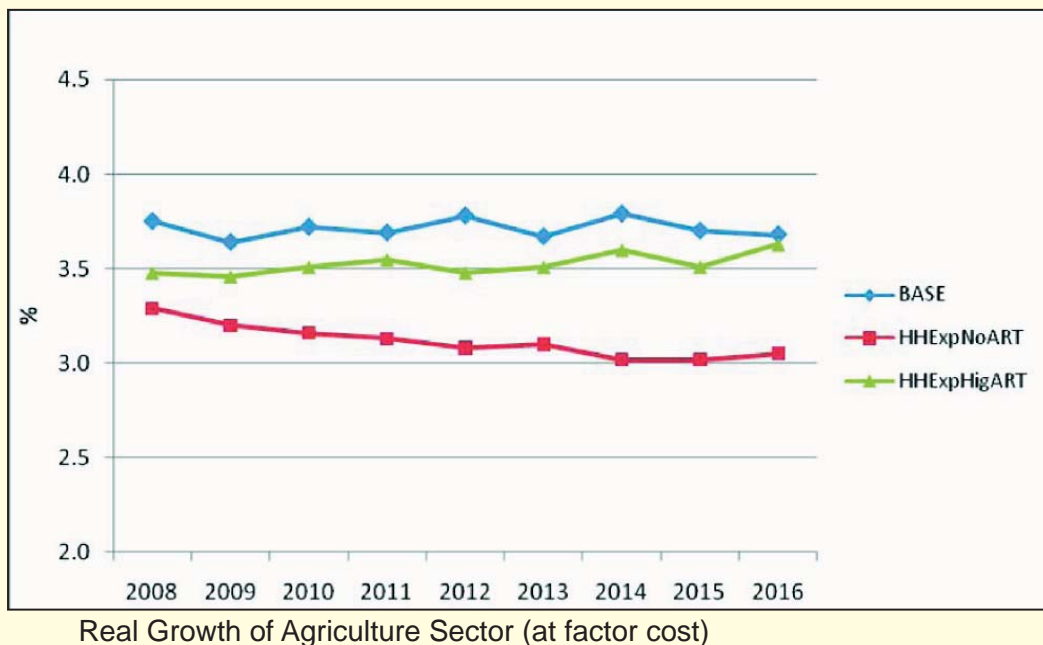
Distribution of HIV Positive Workers by Sector

- Two-thirds of the HIV+ workers in the agriculture sector are women yet women constitute over 60% of those engaged in agricultural activities and they also generally shoulder the burden of caring for the sick which diverts their energies from agricultural production and general work that would provide income hence resulting in household food insecurity, declining nutrition and health.



Distribution of HIV Positive Workers by Sector and Gender

- HIV/AIDS remains the leading cause of death within the most productive age ranges of 15-49 years and in 2003, it was estimated that the mean age at death of employees in the agricultural sector was 40 years and 49 years respectively for HIV/AIDS and non-AIDS related deaths; the labour force in Uganda was projected to decline from 12.8% to 13.7% between 2000 and 2020 due to HIV/AIDS.
- HIV/AIDS affected households increasingly become unable to improve their agricultural production as income are not only disrupted but are also diverted to the high expenditures on medical costs thus contributing to increasing the incidence and prevalence of poverty among these categories of people in Uganda.
- In Uganda, it was reported that HIV/AIDS undermines the agricultural systems, affecting production, nutrition situation and food security of rural families whose farming is highly vulnerable to shocks because it is based on labour intensive system with low level of mechanization and agricultural inputs.
- Most of the crops produced for food and cash by the smallholders are labour intensive hence are very susceptible to HIV/AIDS because the epidemic forces the smallholder farmers to go through time loss, labour depletion, increased burden dependency, sale of precious household property (e.g. land and animals), loss of skills and indigenous knowledge, income disruption all of which increase poverty among rural households.
- Livestock farmers are affected through uncontrollable selling of animals (32% of households) in order to meet the emerging needs such as medical care, death of livestock because of lack of care and poor management practices (26.4% of households).
- In the fishing sector (estimated to contribute 6% to GDP), HIV/AIDS has impacted in many ways including: loss of skills; reduced time spent on fishing due to ill health, reduced fisher's ability to invest in gear, sale of household assets for survival; time taken to attend funerals; increased costs of health care and caring for the sick; and increasing engagement in illegal activities (e.g. unauthorized fishing gear, illegal numbers of nets, fishing in unlicensed boats or failing to declare all the fish caught).
- Average wages for those in fishing sub-sector just about breaks even with the annual US\$500 cost of ART, but for those in agriculture, the cost of ART is far above the average wage, suggesting that the cost of providing ART may not be justified in mere financial terms to those working in agriculture sector.
- In agriculture, HIV/AIDS mostly affects the supply of unskilled labour; hence it was projected that by 2016 the real growth of agriculture sector will fall by 0.6% a year (a reduction in growth of around 16%, from 3.7% to 3.1%) due to the epidemic.



Policy Implications

- All programmes in the agriculture sector implemented by organizations such as National Agricultural Advisory Services, National Agricultural Research Organization should deliberately mainstream HIV/AIDS with clear indicators for monitoring
- Government should ensure that there are appropriate food security measures put in place (e.g. food storage facilities with food reserves, early hazard warning strategies shared among key partners and the communities) in order to ensure continuous food supply to the population so that (a) the health of PHAs and adherence to ART drugs are not only compromised and (b) the vulnerable groups, especially women and food insecure households, do not have to resort to sex for survival.
- Appropriate social services and protection that can address labour bottlenecks that are usually experienced by PHAs and households affected by the epidemic should be made available.
- Farmers and their groups need to be educated on HIV/AIDS and its implications to their livelihoods
- There is a need to encourage investors and donors to support investment in agricultural transformation and development in the country through promotion of large and medium scale farming businesses and transitions from subsistence to commercial production. Government should accordingly provide the necessary enabling environment for this to take place.



Ministry of Finance, Planning & Economic Development,
Uganda AIDS Commission and
United Nations Development Programme
Kampala
2009

