

## COVID-19 PANDEMIC AND ITS IMPACT ON AGRICULTURE AND FOOD SECURITY



# Policy Response for Uganda

The first confirmed case of COVID-19 was announced on March 23, 2020 in Uganda. Since then, the number of cases has increased to 679 cases as of June 11, 2020 with no reported fatalities. Most of the confirmed cases were returnees from abroad, and others have arisen from direct contacts of with those who had returned – signaling the transmission was and continues to be linked to incoming residents or guests. Uganda is considered to be among only a few countries to have successfully contained the pandemic with very low case numbers, but these are increasing with more cumulative cases being reported daily, especially among cargo truck drivers from neighboring Kenya and Tanzania.

## Impact of COVID-19 in Uganda

The COVID-19 pandemic is disrupting business and most sectors of the economy. The government has lowered economic growth projections for the 2019-2020 financial year by 0.3 to 0.8 percentage points from the original target of 6% growth in the same period. With global businesses slowing down, Uganda's economy is also affected by the slowdown in the global economy.

### Impact on GDP

International Food Policy Research Institute (IFPRI) analysis projected the possible effect of the COVID-19 pandemic on the economy. The analysis indicates that for each month that the COVID-19 crisis persists, national GDP could fall by between 0.7% and 0.8%, and household incomes are likely to fall, particularly among the poor. National sources, such as PwC Uganda, indicate that the effect is likely to come from three major sources: (i) lower tourist spending will affect hotels, restaurants, food processing and agriculture; (ii) lower public revenues from Uganda Revenue Authority (URA) is hurting government budget; (iii) lower remittances income is also affecting household consumption of consumer goods including food sales. If the crisis persists for three to six months, analysis<sup>1</sup> shows that the cumulative loss from these three external shocks could amount to between 2.1% and 4.8% of GDP in 2020.


### Impact on exports and balance of payments (BoP)

The disruptions in the global supply chains have affected Uganda's imports, exports and the BoP. The URA indicates that about 42% of all the tax collected in Uganda is from international trade. This tax is mainly in the form of VAT and import duty on imports.

### Impact on agriculture

Uganda's agriculture will be mostly affected by exogenous shocks. Agriculture production and productivity will be least affected especially since the factors that control farmer access to fields are least affected. Uganda's agriculture imports are only about 4% of food that is consumed - rice, sugar and others - thus the effect is minimal. Since the pandemic hit, farms and rural areas have been considered to be the safest places to stay, since they are less congested and thus the level of

<sup>1</sup> Musinguzi Laban Joshua (April 2020) The economic impact of COVID-19 pandemic on Uganda's youth. The Smart Life Experiences Initiative, Kampala Uganda.



exposure is lower than in urban areas. The planting season began March 1, 2020 and has not been disrupted by COVID-19 as the government directed that supply chains for input distribution should not be affected. Uganda is among the countries that has proven relatively more resilient to COVID-19 impact in the agriculture sector. Maize production for 2019 for example was estimated at 2.82 million MT, and 1.25 million MT of beans were produced. The country noted that the stock available for maize and beans can last until the next harvest is expected in May-June 2020. The Ministry of Agriculture has estimated that the production of cereals in Uganda is 3.83MT, and within the East African region is estimated to be 16 million MT. The demand for rice in Uganda and in the EA region is approximately 4.39 million MT, while the annual supply of rice in the entire region is currently only 1.25 million MT (worth \$500 million), leaving a shortfall of about 3.14 million MT. These statistics indicate that food shortages are likely to occur with the continued prevalence of COVID-19 and the country's lockdown.

Other areas – potentially inputs and seeds for the current planting season - will also be affected by the disruption of global and national supply chains. There are still challenges to be faced for post-harvest handling. To boost production, Uganda needs to invest in irrigation as well as digitizing agriculture. For example, there is need for strong analytics to better package food reserves and food balance sheets to guide early warning systems.

## Government Response

The government of Uganda developed a national response plan for agriculture to mitigate the current challenges as well as managing the post recovery period. The aim of the plan is to ensure food security and incomes while building the resilience of communities to the effects of emerging diseases and pests including COVID-19 and desert locusts. The plan also looks to improve access to critical agricultural inputs and services including research, appropriate technologies and extension services. It further aims to strengthen institutional systems (coordination, financing, monitoring and surveillance); and build human resource capacity to withstand and mitigate the impacts of disruptive pandemics. The government notes that the demand for food by urban dwellers is expected to grow and this will present huge opportunities for smallholder farmers and agricultural SMEs. The government and national stakeholders are looking to strengthen the resilience of agri-food supply chains through a combination of support to government, the local private sector and farmers, in coordination with development partners and leveraging digital technologies to support the countries in which AGRA operates. Strengthening resilience of food systems will involve the following:

- Supporting coordination, planning and analytics including analytics on food reserves and food balance sheets. This includes scaling of digital data analytics models as well as replicable models for national digital extension, and information sharing platforms.
- Strengthening local farmers' capacity to produce and market food through maintaining supply of inputs and ensuring linkages to local markets. This will leverage digital extension and information sharing platforms and work directly with AGRA's consortia for optimum reach.
- Establishing an SME rapid response facility and support to consortia to minimize value chain disruption. Supporting women owned SMEs and setting up a virtual-deal-room platform that will greatly enhance sector efficiency in light of the crisis.
- Driving a continental and country level communications and advocacy campaign to ensure knowledge sharing and facilitate alignment among partners.
- A special focus on gender - specifically women in this advocacy campaign - as well as a women focused SME accelerator fund.



## Policy Response Package

Noting the challenges and what the country has done, and with support from existing partners, the key gaps that need support will be to manage the post lockdown and recovery phase. The key action response for these will include:

- i. Assessment of the impacts of COVID-19 and desert locusts on agriculture and food systems.
- ii. **Strengthening analytics and information sharing platforms** on food reserves and food balance sheets for early warning systems.
- iii. **Upscaling production of Certified Seed and Planting materials.** Uganda has about 35 seed companies actively engaged in seed production and marketing with an annual production capacity of 25,000MT; this is approximately only 15% of the total seed demand in the country.
- iv. **Harvest, post-harvest handling, storage and market linkages:** Support geared towards acquisition of mechanized technologies (e.g. threshers, grain cleaners, dryers) while ensuring that SHFs are linked to potential buyers and SMEs adhere to quality standards.
- v. **Promotion of small-scale irrigation** for enhanced resilience in food production.
- vi. **Scaling-out of village based advisors (VBAs)** for increased extension service coverage as well as input/output trade enhancing functions
- vii. **Scaling of digital technologies** to enhance farmers' access to services (extension, market information, inputs, finance, insurance, with special attention to women and women owned SMEs.

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