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DEVELOPMENT PLANS AND PUBLIC INVESTMENT IN AGRICULTURE*

by

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In this paper the term investment is used in a wide sense and embraces all sorts of expenditure, capital and recurrent by both Government departments and public corporations. The departments are Agriculture, Veterinary, Forestry, Game, Fisheries and Locust and Tsetse Control. Thus, by public investment in Agriculture is meant the total expenditure of all the above departments.

The purpose of examining public investment in agriculture is to [illegible]e its magnitude and distribution and to assess its contribution to the development of the economy as a whole.

From the time the Protectorate Government was established in Uganda, public investment in agriculture has been more than the money voted in annual budgets for running the various departments responsible for the development of the agricultural sector.

The size of such investment was determined mainly by the recurrent expenditure of those departments, though occasionally some agricultural development projects could be undertaken under special expenditure or capital expenditure. The policy as regards the size and proportion of the Government expenditure to be spent on the agricultural sector was determined by the Colonial Government. This policy will become apparent as we examine the following development plans, commissions and reports.

Uganda Development Commission 1920 [1]

In October 1919, a commission was appointed by the Governor, Sir R.T. Coryndon to enquire into the steps necessary for the future development of Uganda. The scope of the commission was limited to commercial and industrial development as affected by the systems of transport.

The commission consisted of the Acting Chief Secretary as Chairman, Attorney General, Assistant Commissioner of Police and five members nominated by the Chamber of Commerce, Ginners Association, the Government, the Planters Association, and the Indian Association. No African was appointed to this commission, although the Africans formed the majority of the population, estimated then at 3,064,735, whereas Asians were 5,604 and Europeans just 1,269. The development of Uganda should have been geared to the advancement of the Africans whose views should have been represented on the commission.

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Although the term of reference specified that the commission should have regard for the interests of the different communities resident in Uganda, the African community and agricultural development were ignored. Yet agriculture was and still is the main stay of Ugandan economy.

In 1918-19, Uganda's exports amounted to £1,247,457 of which £972,937 or 78 per cent came from exports of lint, cotton seed and oil. The cotton was grown almost entirely by peasant farmers whose interests were not represented whereas those of the ginners association were. Furthermore, out of the 62 witness interviews by the commission only 5 were Africans. Thus, the limited scope of the terms of reference, the composition of the commission and the vested interests of the majority of the people interviewed influenced both the findings and recommendations of the commission. For example the commission expressed some reservations in its recommendations on education as follows:-

> "We are opposed to any extensive literary education for the general native population, and we consider that it should not proceed beyond a standard which will enable a native to learn a trade by which he can earn a living . . . . The education of the brain should not outstrip that of the character . . . . For those who are by nature quick and intelligent no limit should be set, we should regard with the greatest apprehension any system which would result in the creation of a large body of half-educated natives, a menace to themselves and the country" [2]

Later on it was suggested that education should aim at instilling into the minds of the pupils a sense of loyalty to the British Crown.

It is now agreed that education is one of the top priorities in development programmes, as it is a key to acquiring industrial skills, modern agricultural techniques and accelerating desirable social changes.

The cautious approach advocated by the Commission seems to have been misguided when consideration is given to the fact that in the estimated Government expenditure for the financial year 1919-20 only 0.48 per cent was allocated to education. It is no wonder that it took nearly five decades before a graduate was produced through our local educational system. This general lack of education must have retarded the rate of economic development in general and agricultural development in particular.

The commission paid very little attention to agriculture except making superficial mention of cotton, coffee and rubber. Yet in 1918-19 agricultural exports were valued at £1.1 million which was 88 per cent of the total domestic exports and the transport problems on which the commission concentrated must have been greatly influenced by the quantity of the agricultural products moved for domestic consumption and export.

Thus the steps for future development of Uganda should have included those necessary for the rapid and orderely development of the agricultural sector. Instead the commission found it fit to air the views of the European planters who were dissatisfied with the Director of Agriculture, because he appeared to follow a policy of alcofness and failed to identify himself with the planters interests. There was no official requirement for the Director of Agriculture to identify himself with the sectional interests of the planters whereas the bulk of the agricultural activities were carried on by Africans.

The Commission made various observations and recommendations for the future development such as cheap outlet to the sea, expansion of the road system and establishment of a Central Development Board. But the whole strategy for development was cautious and conservative for the commission maintained that development should be gradual and wrote:

"We are strongly opposed to any steps which would tend to force the exploitation of the country and create a "boom". Apart from the fact that the difficulties of labour and transport are not yet solved, we feel that the natural wealth of Uganda is such that her progress is assured without any adventitious aid, and that real development will in the end be more rapidly attained by a programme of moderate caution. As the training of the natives advances, the internal communications improve, so should development proceed" [3].

This stragety was too cautious to bring about rapid economic development since the rate of growth was to be tied to educational advance of the Africans, which in turn was tied to a "standard which will enable a native to learn a trade". So without job opportunities it was suggested that education should be retarded, this in fact was one of the common vicious cycles. It is not necessary that all sectors should develop at the same rate, for it could be better to develop the leading sectors faster than the rest, so as to generate the required impetus to pull the remaining sectors. At that time it would appear than education and agriculture, especially for increasing agricultural exports, should have been top priorities.

In 1919-20, out of the estimated Government expenditure of £446,785, some £17,156 or 3.7 per cent was voted for the Department of Agriculture. (See Table 1). This was too small an investment in such important department. The attitude of both the Government and the Commission was too cautious at the time when Uganda's exports exceeded imports and government revenue exceeded expenditure leaving a comfortable margin in the reserve fund, this should have been the time to take bold progressive steps.

TABLE 1

ESTIMATED GOVERNMENT EXPENDITURE 1919/20

Item	Amount (£)	Percentage
Administration	85,254	18.26
Law, Order and Defence	87,427	18.73
Public Debt and Pensions	18,720	4.01
Revenue Collection & Financial Contorl	18,065	3.87
Development of Natural Resources	43,608	9.34
Agriculture	17,156	3.68
Forestry	4,242	0.91
Agricultural Sector	21,398	4.58
General Economic Development	109,395	23.44
Social Services	45,821	9.82
Education	2,223	0.48
Medical	31,854	6.[illegible]
Service Department	55,919	11.98
Miscellaneous	2,576	0.55
Total	466,785	100.00

Source: Uganda Government; Report of the Uganda Development Commission, 1920, Government Press, Entebbe, 1920. p.8

Development Committee Reports 1936-41[4]

Towards the end of 1935, the Government realized that although provision for an extensive programme of capital works had been made in 1936 estimates, the country was still in many respects inadequately equipped and that it was necessary to contemplate heavy expenditure in order to make good some of the deficiences. The projects submitted needed some economic appraisal to establish their order of priority, while at the same time making sure that the capital expenditure and consequential recurrent expenditure over a period of five years are covered by estimated revenue. This in a sense was a five year capital development plan which had to be taken into consideration when framing the annual budgets.

To achieve the above objectives, the Government appointed a development committee to classify the projects according to the nature, purpose and source of finance and to recommend to Government the order of precedence and urgency of the approved projects. The recommended schemes were estimated to cost £1.6 million of which 3 per cent would be spent on agricultural schemes. Among the approved agricultural schemes was the establishment of an agricultural centre at Kawanda. The committee, unlike the 1920 Commission, recommended halting the process of accumulating surplus and reserve funds at the expense of reasonable progress in bringing equipment and services more into line with modern standards.

Worthington: A Development Plan for Uganda and Sir Douglas Harris: The 1948 Revision of the Plan.

A further step in development planning was taken in 1946 when Dr. E.B. Worthington, a distinguished natural scientist was appointed a development adviser to the Uganda Government, and charged with the duty of preparing the first post-war ten-year development plan 1947-56.[5]

The plan was in fact a revision of a six year plan which was produced in May 1944 as a joint report of the Standing Finance Committee and the Development and Welfare Committee. This report lay great emphasis on the development of education and health services reflecting the ideas of the Governor, Sir Charles Dundas. At the end of 1944, when a new Governor, Sir John Hall arrived, he had different ideas about the strategy for development, so he decided that the plan should be reconsidered by an outside expert to give priority to economic development. He considered a predominantly peasant agriculture and an inefficient labour force as two of the main limiting factors, and disease and ignorance as the two greatest obstacles to human progress. He was convinced that a country can only have in the long run the social services that it can pay for and that desirable social development must be related to increases in production.

The main objective of 'Worthington Plan' was to solve the fundamental problem of balance between population and production by overcoming the limiting factors. He put it thus: "the first aim of development must be to cause production in all its forms to increase at a greater rate than population".

According to Worthington, the greatest asset of Uganda was not man-power, because many tribes in the country left much to be desired as workers but the large expanse of land and water which had not been brought into production. The fundamental problem, therefore, was divided into two parts: (a) how to increase output per capita and (b) how to remove handicaps which render large areas unuseable.

He listed the main factors which limit efforts to increase production as:-

(i) lack of fundamental information about the country

(ii) a system of agricultural inherited from the past and incompatible with the full use of natural resources

(iii) the low capacity of the African for physical and mental work, coupled with a lack of desire for economic or social advancement.

(iv) power based on the most inefficient of fuels, namely wood.

The peasant system of agriculture and low capacity of the African for physical work are not in themselves limiting factors, such as lack of knowledge about alternative systems of farming, inadequate transport system, insufficient and poor storage facilities, lack of markets, lack of capital, social customs and lack of consumer goods.

The emphasis of the plan on productive activities has inspired many economic development projects such as the hydroelectric power station, establishment of department of geology and mineral exploration, the extension of the railway, the setting up of Uganda Development Corporation, expansion of education and the establishment of departments of co-operatives, fisheries and tsetse control.

One the agricultural sector, the plan made far-reaching proposals including expansion of meteorology for agricultural development, increase in water supplies to bring more land into production, tsetse control, disease control for livestock expansion, forestry expansion and establishment of co-operative societies. The plan also proposed expansion of the agricultural department extension service, introduction of mechanical implements, swamp reclamation and establishment of a Chair of Agriculture at Makerere College. Pilot schemes for trying out new ideas of intensive land use, based on state enterprise or collective farming were also suggested.

The 'Worthington plan' was revised in 1948 by Sir Douglas Harris who had been appointed Development Commissioner the previous year. The revision became necessary when it was realized that the cost of executing the development plan would be very much greater than had been estimated. The revised plan was considered balanced both as regards the allocation of funds over the various activities of Government and as regards the distribution of expenditure over the plan period.

Although the 'Worthington Plan' emphasised the productive activities, agriculture was allocated 5.[illegible] per cent, and the whole agricultural sector some 11.6 per cent. The percentage share for agriculture fell to 4.1 per cent, and that for the agricultural sector to some 9.6 per cent when the plan was revised. (See tables II and III)

TABLE II

A DEVELOPMENT PLAN FOR UGANDA 1947-1956

Item	Worthington		Harris	
	Allocation	Percentage	Allocation	Percentage
Administration	1,195,000	7.78	7,064,500	11.[illegible]
Law, Order and Defence	[illegible]	[illegible]	5,897,200	[illegible].97
Urban Services	2,050,000	13.34	3,8[illegible]	6.55
Productive Activities	3,080,500	20.05	8,[illegible]27,500	14.09
Agriculture	855,000	5.56	2,45[illegible]	4.15
Forests	205,500	1.34	910,700	1.54
Game and Fisheries	140,500	0.91	385,300	0.65
Tsetse Control	380,000	2.47	1,084,300	1.83
Veterinary	212,000	1.38	[illegible]77,100	1.48
Agricultural Sector	1,793,000	11.67	5,708,900	9.66
Communications	1,249,000	8.13	4,578,600	7.74
Special Development Schemes	1,185,000	7.71	1,293,900	2.19
Social Services	3,438,000	22.37	14,893,800	25.19
Service Departments	3,170,000	20.63	4,961,700	8.39
Miscellaneous			8,235,100	13.93
Total	15,367,500	100.00	59,126,800	100.00
Reserve	632,500	-	3,616,300	-
Grand Total	16,000,000	-	62,743,100	-

Source: Worthington, E.B., A Development Plan for Uganda and The 1948 Revision of the Plan, Government Press, Entebbe, 1949. pp. 11 and X11.

TABLE III

TOTAL GOVERNMENT EXPENDITURE 1947-1956

Item	Total Expenditure (£)	Percentage
Administration	6,717,211	5.42
Law, Order and Defence	12,680,015	10.22
Public Debt and Pensions	5.129,101	4.14
Revenue Collection and Financial Control	2,309,431	1.86
Development of Natural Resources	16,545,429	13.35
Agriculture	6,273,146	5.06
Forests	1,195,487	0.96
Game & Fisheries	575,821	0.46
Locust control	1,327,920	1.07
Tsetse control	971,763	0.78
Veterinary	1,239,452	.00
Agricultural Sector	11,583,589	9.34
General Economic Development (infrastructure)	28,005,195	22.59
Social Services	28,531,081	23.02
Service Departments	9,599,049	7.74
Miscellaneous	14,448,255	11.66
Grand Total	123,964,767	100.00

Source: Harris, Sir Douglas, op. cit. p. 15 and Uganda Government, Statistical Abstracts.

Although the absolute amounts had been increased threefold in the revised plan, the actual expenditure at the end of the period was about twice as much as the revised plan. Agriculture accounted for 5 per cent and the agricultural sector accounted for 9.3 per cent of £11.5 million of the total actual expenditure of £123.9 million over the period.

Since the peasant system of agriculture was considered as one of the limiting factors, one would have expected a more aggressive investment in agriculture to overcome the obstacles inherent in the peasant system of agriculture. The 5 per cent expenditure on agriculture was too small an investment to bring about the desired changes.

A Five-Year Capital Development Plan 1955-1960

Unlike the 'Worthington plan' which encompassed both capital and recurrent expenditure, this concentrated only on capital expenditure. The required resources for capital development were estimated at £35.8 million of which £4.3 million was to come from export duties, especially on cotton and coffee, and £4.1 from the African Development Fund, which was originally established with money from the Cotton Price Assistance Fund. Thus, besides £6.5 million contribution from the Revenue Budget, the £8.4 million or 23.5 per cent of the resources were expected to come from the agriculture sector.

This five-year plan, unlike earlier ones made a break through from the traditional conservative notion of financing development projects from domestic revenues by making provisions for financing the development through both internal and external loans. These loans expected to provide 4[illegible] per cent of the required resources.

The plan was revised to give priority to schemes which would result in an increase in production and at the same time maintain a balance between expenditure on productive sectors and social services. Unfortunately when the plan was revised the allocation of the Ministry of Natural Resources was reduced and a number of agricultural projects were left out.

Considering the contribution of over 44 per cent to the required resources for the plan and the main aim of increasing production, the agricultural sector should have had more than lip-service, for only 4.7 per cent was allocated to the sector. Although the actual capital expenditure was less than the plan allocation, the per centage remained of the same order, namely, 4.8 per cent (See table IV and V).

TABLE IV

A FIVE-YEAR CAPITAL DEVELOPMENT PLAN 1955-1960

Item	Original Allocation	Percentage	Revised Allocation	Percentage of Govt. Plan	Percentage of the whole Plan
Administration	2,534,338	8.93	3,930,788	11.53	7.69
Law, Order and Defence	3,765,716	13.26	4,209,686	12.35	8.24
Urban Services	6,815,000	24.00	6,925,868	20.32	13.56
Natural Resources	2,101,690	7.40	2,461,278	7.22	4.82
Agriculture	1,406,200	4.95	1,429,118	4.19	2.80
Forests	99,800	0.35	76,385	0.22	0.15
Game & Fisheries	12,000	0.04	25,291	0.07	0.05
Tsetse Control	3,700	0.01	10,647	0.03	0.02
Veterinary Services	199,800	0.70	83,555	0.25	0.16
Agricultural sector	1,721,500	6.06	1,624,976	4.76	3.18
Commerce, Industry and Trade	1,818,400	6.41	1,611,131	4.73	3.15
Communications	6,056,800	21.33	7,159,386	21.01	14.02
Social Services	5,300,890	18.67	7,785,154	22.84	15.24
Government Total	28,392,934	100.00	34,083,291	100.00	
Public Corporations	-	-	17,000,000	-	33.28
Grand Total			51,083,291	-	100.00

Source: Uganda Government, A Five-Year Capital Development Plan 1955-1960. The First Revision, Sessional Paper No. 13 of 1956/57, Government Press, Entebbe, p. 58.

TABLE V

GOVERNMENT EXPENDITURE 1955/56-1959/60

Item	Capital (£)	Percentage	Recurrent	Percentage	Total Expenditure	Percentage
Administration	1,041,212	3.29	6,639,932	7.24	7,681,144	6.22
Law, Order and Defence	3,463,389	10.93	12,551,652	13.68	16,551,652	12.97
Public Debt and Pensions	732,455	2.31	7,158,304	7.80	7,390,759	6.39
Revenue Collection and Financial Control	76,733	0.24	2,673,196	2.91	[illegible],749,929	2.23
Development of Natural Resources	1,993,607	6.29	12,109,562	13.20	14,103,169	11.43
Agriculture	-	-	-	-	4,996,888	4.05
Agricultural Sector	1,544,070	4.87	8,137,988	8.87	9,682,058	7.84
General Economic Development (infrastructure)	16,772,696	52.95	8,756,831	9.54	25,529,527	20.68
Social Services	5,572,798	17.59	30,594,376	33.34	36,167,174	29.30
Service Departments	427,860	1.35	6,299,483	6.87	6,727,343	5.45.
Miscellaneous	1,600,448	5.05	4,976,215	5.42	6.576,663	5.33
Total	31,681,198	100.00	91,759,551	100.00	123,440,749	100.00

Source: Uganda Government; Statistical Abstracts, Government Press, Entebbe.

Uganda being mainly an agricultural country, whose economic development in the words of the plan, "depends to a large extent on the application of better production techniques on the land and greater efforts by the cultivators themselves to increase productivity, "it seems that more should have been spent on the agricultural sector in order to bring about that required increase in productivity which would lead to a more rapid economic development.

The First Five-Year Development Plan 1961-62 - 1965-66

The process of economic planning took another major step forward with the introduction of the First Five-Year Development Plan which was designed to cover the period from July 1961 to June 1966. This was a more comprehensive than the previous, in that it embraced the public, parastatal corporations and the private sectors of the economy.

The plan was based on the recommendations and strategy of the World Bank Mission report which was published in October, 1961. The Mission's task was: "to present practical recommendations, with supporting analysis and suggestions to specific actions to be taken, which would serve as the basis for a development programme covering the period 1961/62-1965/66." [6]

The plan, however, was substantially larger than that recommended by the Mission, for instance, instead of the mission's proposed Central Government programme of £33.8 million and total development expenditure of £52 million, the plan proposed a Central Government programme of £42.8 million and a total development expenditure of £71.1 million. As far as the proposed expenditure on crop agriculture is concerned, the difference between the mission's proposal and the plan is very slight.

The mission's proposals for public investment in agriculture has been ably analysed by Belshaw in an article which examines the findings, basic principles and the recommendations of the Mission.[7]

He has demonstrated that the amount of Central Government expenditure proposed in the Mission's report is similar to proposals made in the Capital Development Plan 1955-60, which indicates therefore that economic planning in Uganda has been carried along the right lines.

The Government's strategy for increasing production was based on the proposition that a higher rate of economic growth would be achieved by prudently combining scarce resources of skilled man-power and capital with the abundant resource of unskilled labour and fertile land, bearing in mind social and political requirements which might conflict with the general. total development expenditure of £70 million, only £26.8 million or 38 per cent was allocated to the productive activities of which some £8.2 million or 11.7 per cent was to be spent on the agricultural sector. On the whole the plan put more emphasis on development expenditure vis-a-vis social and administrative expenditure. (See Table VI)

Table VI

THE FIRST FIVE-YEAR DEVELOPMENT PLAN 1961/62 - 1965/66*

(£m)

	Central Government	Other +	Total	Percentage
Administration	3.2	-	3.2	4.59
Law, Order and Defence	4.6	-	4.6	6.60
Productive Activities	7.9	18.9	26.8	38.45
Agriculture	4.5	0.2	4.7	6.74
Veterinary	2.4	-	2.4	3.44
Fisheries)				
Forests }	0.5		0.5	0.72
Game }	0.3	0.3	0.6	0.86
Agricultural Sector	7.7	0.5	8.2	11.76
Basic Economic Overheads(infrastructure)	7.7	8.0	15.7	22.53
Social Services	11.6	-	11.6	16.64
Local Authority Services	5.8	2.0	7.8	11.19
Total	40.8	28.9	69.7	100.00
Reserve	2.0	-	2.0	-
Grand Total	42.8	-	71.7	-

* Source: Uganda Government, The First Five-Year Development Plan, 1961/62-1965/66, Government Press, Entebbe, 1963 p. 24

\+ Other: Refers to public corporations and local authorities.

Although the plan gave the pride of place to the commodity producing sectors of the economy and in particular agriculture, the total allocation of £8.2 million to the agricultural sector is not large enough. If the World Bank Mission's assertion that the major opportunities for economic development of Uganda for years to come were in agriculture and that investments in agriculture would bring greater returns in terms of increased output and incomes than comparable investments in other sectors of the economy, is carried to its logical conclusion, the allocation to the agricultural sector would have been much greater.

The proposed Central Government development expenditure on agriculture of £4.5 million was slightly more than that proposed by the World Bank Mission, and it was designed to raise the productivity of labour and to increase the flow of capital into agriculture through subsidy and credit programmes. These two programmes of financial assistance to peasant farmers accounted for £2.63 million or [illegible] per cent of the proposed development expenditure on crop agriculture.

As it turned out, the actual development expenditure on agriculture was higher than planned by £.50 million and the relative distribution had changed. Financial assistance to peasant farmers took 29 per cent instead of 51 per cent, mechanical and ox-cultivation had taken the leading place with 41 per cent instead of 10 per cent, and agricultural education had decreased for 16 to 10 per cent. The level of subsidies is understated in the final expenditure because the high subsidy on mechanical cultivation is not included in the figures for subsidies. (See table VII)

Table VII

THE FIRST FIVE-YEAR DEVELOPMENT PLAN 1961/62 - 1965/66 AGRICULTURE AND CO-OPERATIVES

Item	Plan Allocation		Actual Development Expenditure	
	Scheme Value	Percentage	Value	Percentage
1. Agriculture Education (colleges, Farm Institutes and schools)	727,375	16.26	518,295	10.26
2. Research	153,690	3.43	78.692	1.56
3. Mechanical cultivation and ox-cultivation	484,450	10.83	2,112,379	41.[illegible]0
4. Group Farms	63,000*	1.41	404,727	8.01
5. Crop Development (Cocoa, tea tobacco, coffee, groundnuts)	332,235	7.43	193.682	3.83
6. Financial Assistance (loans, subsidies & insecticides)	2,309,930	51.63	1,476,761	2[illegible]
- cotton & coffee spraying	2,002,820	44.77	1,200,183	23.75
7. Miscellaneous	403,120	9.01	[illegible]68,520	5.31
TOTAL	4,473,800		5,053,326	

* This provision was notional. Source: Uganda Government: The First Five-Year Development Plan, 1961/62 - 1965/66. Government Printer, Entebbe, pp. 77-84 and Reports of Accounts.

It is significant to note the relative shift in emphasis, for example mechanical and ox-cultivation were allocated just less than £.5 million in the plan but at the end of the period over £2.1 million had been spent on these items, similarily a token figure had been allocated to group farms which the World Bank Mission had suggested as a small pilot project in co-operative farming, this ended as one of the major programmes taking over 8 per cent of the total expenditure on crop agriculture. It is indeed accepted that development plans should be flexible and subject to revision whereby some projects may be incorporated and others taken out. But there is a danger that such shifts may be done without evaluating their full implications to the development plan. In my study, I intend to examine the relevance and applicability of some investment criteria for evaluation of agricultural projects.

Second Five-Year Plan 1966-1971

This has been analysed together with other plans in East Africa by Belshaw in R.D.R. 26. I do not intend to study this plan, in detail but it seems to have given the agricultural sector a fair deal. Of the proposed Central Government Development expenditure of £105 million, the agricultural sector has been allocated some £[illegible].7 million or 25 per cent.[8]

A Critique of Public Investment in Agriculture

In this paper I have suggested now and again, that the proportion of public investment in the agricultural sector ranging from 4 to 10 per cent of the total Government programme, was not large enough. I would like to examine this subjective judgement and to pose a question as to what proportion of the public development expenditure should be invested in the agricultural sector. Is there any normative answer? The answer depends on the stage of economic growth a country has attained and the path of development the country is following which, in turn, is determined by resource endowment and public policy. The proportion of public investment in any sector should reflect the relative importance of that sector to the economy and the expected contribution of the investment to the national product.

Uganda which has been in the transition stage, according to Rostow's stages of economic growth, should have exploited its agriculture in order to get the required capital for economic development.

It is an essential condition for a successful transition that investment in agriculture should be high enough to increase productivity of both labour and land and thus stimulate economic development.[9]

The importance of the agricultural sector to Uganda's economy is well known, it produces more than two-thirds of the gross domestic product, about 90 per cent of the domestic exports which earn the country foreign exchange, employs most of the rural population and yields a lot of revenue to Government in form of taxes and export duties.

Indeed, Uganda is said to be a classic example of the tropical export-crop economy, which should have benefited more from huge investments in agriculture to raise the productivity and enhance agricultural exports which until recently had good markets abroad.

These considerations, can only serve as guide lines and so not tell us the exact proportion of public investment to be spent on the agricultural sector. The precise figure would be determined by the government after the requirements of all other sectors and the resources available have been carefully considered. As a basis for further discussion, let us examine what other countries have done. For example, of the total outlay in India's first five-year plan agriculture was alloted about one-third and in Pakistan's first six-year plan, agriculture claimed 32 per cent of the total programme. In Ceylon, agriculture was allocated 37 per cent of the total cost of the development programme for 1954/55 to 1959/60, and the World Bank Mission to Malaya recommended a public investment of 25 per cent to be alloted to agriculture.[10]

These proportions had to change in subsequent plans, for example, in the second five-year development plan 1956/61. India reduced the proportion to be invested in agriculture from 33 to 21 per cent.

The pattern and size of public investment in agriculture is dependent partly on the nature of agricultural overheads, and agro-industries which can be developed together with organisational changes to be introduced and partly influenced by the activities taking place in other sectors of the economy. For example, in the U.S.A. the proportion of investment in agriculture was 4 per cent the nineteen twenties when great activities in the automobile, chemical and electrical industries were taking place, this percentage increased to 9.9 in 1940 to 1945 because of the War time dislocation of some industries. In the Soviet Union , the proportion of investment in agriculture remained at 19 per cent from 1928 to 1950 because Russia used her agricultural exports to finance her essential capital imports for development.

The proportion of investment in agriculture in some of the central European countries has been of the order of 7 to 13 per cent.[11]

Considering the stage of development which Uganda has attained, a public investment expenditure in the agricultural sector of less than 10 per cent is on the lower side. An expenditure of the order of 25 per cent would have been more appropriate under the conditions prevailing in Uganda.

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