



A FRAMEWORK FOR ACTION:

Background:

The world economy is experiencing a historic economic and social shock triggered by COVID-19. The unique feature of the pandemic is that it represents a 'perfect storm', bringing together a multitude of crises – public health, economic, financial, social, environmental – in a single, rapid and devastating blow to countries and societies (Triggs and Kharas, 2020).

Many businesses will not be able to stay open and operate. On the supply side, measures aimed at slowing the spread of the virus such as workplace closures and travel bans are triggering a visible drop in output and employment, hitting the self-employed and smaller businesses the hardest, especially those in the large informal sector where the gender dimensions are very evident. The overall deterioration in the economic, business and investment climate has led to firms and small informal businesses taking measures to scale-down or close and shed workers, resulting in lost wages. Enterprises are also coping with a major liquidity crunch and run the risk of not being able to honour their debts. If global experience is any guide, small and medium size enterprises, in particular, will not be able to survive for long and will likely either default or have to reschedule loans. This, in turn, will imperil the financial sector, not least where it is small and underdeveloped, as in Uganda, raising the likelihood a systemic risk that can precipitate collapse in the absence of large-scale public intervention. On top of this, consumer demand has fallen as individuals reduce trips to the market and generally reduce their consumption levels and draw down savings and other assets (if available) in the face of heightened uncertainty and rising public concern about the pandemic. Combined with the actions of firms and enterprises, this will mean deferral of spending and investment, slowing growth - quickly.

The shocks mentioned above will not be the end of it. They will reinforce each other to generate other economy-wide effects, for example, on food supply and care work. There

is a high probability that agricultural production will be impacted adversely – even as it copes with other crises such as the desert locust (DL) invasion - generating deeper impacts on food availability, access and utilisation, on food and non-food inflation and on food security.

Our commitment:

- 1- As we set our strategic directions, Wambaale Community Demonstration Farm Ltd commit to working better together with the community, characterized by stronger coherence and collaboration as a contribution to achieve sustainable development indicators and goals.

Key areas for collaboration:

- 2 – The principles of ‘*leaving no one behind*’ and ‘*reaching the furthest behind*’. Key areas of interventions include:
 - a. Eradicating poverty;
 - b. Addressing climate change;
 - c. Empowerment of rural communities respecting gender equality;
 - d. Emphasizing that development is a central goal in itself, and that in communities, the development work of Wambaale Community Demonstration Farm can lead to home grown solutions.

THEORY OF CHANGE:

The theory of change below (focusing on the ‘problem tree’) below captures the underlying and structural factors affecting rural communities more specifically in Kiweewa

Development Challenge:		
The elevated exposure of small business in communities to insolvency and potentially permanent closure + negative impacts specific to agriculture and the rural economy that have broad adverse effects on the economy and wellbeing.		
	Factors	

Immediate causes	<ul style="list-style-type: none"> ▪ Limited physical and financial asset base ▪ High exposure to market volatility ▪ Operating on a cash-flow basis ▪ Slim profit margins ▪ Few if, any, 'buffers' to shocks ▪ Limited physical and financial asset base ▪ High exposure to market volatility ▪ Operating on a cash-flow basis ▪ Slim profit margins ▪ Few if, any, 'buffers' to shocks ▪ Access to inputs and finance ▪ Fragile value chains ▪ Exposure to risks (e.g. desert locust/DL invasion, climate change effects) ▪ Food insecurity and poor nutritional status 	
Underlying causes	<ul style="list-style-type: none"> ▪ Lack of adequate initial capital ▪ No or only low levels of reinvested capital ▪ Low productivity ▪ Low levels of technology adoption/adaptation ▪ Limited access to credit (mostly personal) ▪ Very limited access to forex ▪ Confronted by regulatory and tax complexity & burden ▪ Reliance on unskilled/low skill labour 	
Structural/Root Causes	<p>Systemic weaknesses:</p> <ul style="list-style-type: none"> ▪ high degree of informality, low transition rates (size) ▪ poor vertical and horizontal linkages ▪ limited institutional linkages ▪ almost no access to risk sharing instruments/mechanisms (e.g. insurance) ▪ Structural gender inequality and unconscious bias 	