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PREAMBLE

The government of Uganda and the national stakeholders of the Comprehensive African Agricultural Development Program in Uganda are engaged in an agriculture sector investment attraction and development initiative to identify economically viable and inclusive business focused private sector investors to co-invest with the government and selected development partners.

The government is confident that there are a number of profitable and mutually beneficial agricultural sector investment opportunities to explore and have developed this publication to highlight the analysis that has been undertaken to date and to share with agriculture and agribusiness sector investors and existing sector actors information about what initiatives the government is undertaking, or planning to make, with the objective that these public sector investments and incentives will attract investment from the domestic and international private sector.

INTRODUCTION

This Agricultural Investor Opportunities Brief is drawn from information gathered by Ugandan stakeholders of the country's national Comprehensive African Agriculture Development Program (CAADP) to produce the Ugandan National Agriculture Sector Strategic Plan (ASSP).

CAADP was initiated in 2003 in Maputo, Mozambique as a continent-wide African Union initiative and is head-quartered in South Africa within the AU's NEPAD Planning and Coordinating Agency. Countries signing the CAADP compact adopt the core principles of:

- pursuing an average of 6% annual agricultural sector growth at country level;
- allocating 10% of the national budget to agricultural development;
- strengthening local ownership and promoting interventions based on country's opportunities and priorities;
- building partnerships with a broad spectrum of actors;
- promoting dialogue and building consensus among all key stakeholders for the priority issues to be addressed;
- enhancing peer-review and sound analytical work to inform stakeholders in the sector;
- enforcing mutual accountability to ensure sustainable resource utilisation;
- favouring regional complementarities within the framework of regional economic communities such as SADC, COMESA, ECOWAS and EAC; and
- enhancing policy reforms for a more favourable environment for agricultural growth.

Through adherence to these principles the aim is for CAADP countries to improve their abilities to:
1) attain food and nutrition security;
2) develop regional and sub-regional agricultural markets;
3) integrate farmers and pastoralists into the market economy; and
4) achieve a more equitable distribution of wealth.

To achieve these objectives CAADP focuses on four main pillars, namely,

- Pillar I: Extending the area under sustainable land management and reliable water management systems
- Pillar II: Improving rural infrastructure and trade-related capacities for improved market access
- Pillar III: Increasing food supply and reducing poverty and improving responses to food emergency crises
- Pillar IV: Improving agriculture technology and dissemination

The Ugandan government's Agriculture Sector Strategic Plan (ASSP) is a 5-year strategy for the Ministry of Agriculture, Animal Industry and Fisheries for the period 2015/16 to 2019/20. It defines the priorities and interventions to be implemented over the 5 year period, in response to the national agricultural development priorities presented by the Ministry in the Agriculture Sector Issues Paper approved by Cabinet and subsequently documented in the National Development Plan II (NDP II).

A two-phased approach was adopted to prepare the ASSP. Phase 1 entailed a review of the previous plan; the DSIP 2010/11 – 2019/20. Phase 2 entailed the development of the Agriculture Sector Development Plan, informed by the findings, conclusions and recommendations arising from the review and the medium term priorities provided by the national development planning framework. Overall, the ASSP planning and formulation process involved the following 6 steps:

STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
Review of the DSIP 2010/11-2014/15	Discussion of DSIP review Report by ASWG	Consultative Planning Meetings held by 26 Thematic Team members	Draft ASSP presented to MAAIF/NPA	Revised ASSP to be presented to stakeholder meeting	Revised ASSP to be presented to National Workshop

This Brief is intended to support the interest of the government in outlining the related private sector investment opportunities in the country and to serve as a comprehensive and easy to use tool to promote investment opportunities in the agricultural sector of Uganda.

Uganda's Compliance with CAADP

The government of Uganda signed its CAADP Compact on March 31, 2010 and in July 2010 published the Agriculture Sector Development Strategy and Investment Plan 2010/11 - 1014/15: Agriculture for Food and Income Security (DSIP). During the implementation of the DSIP, the growth in agricultural sector increased from 1.2% to 1,5% between 2010/11 and 2013/ . However, this was significantly below the 6% anticipated in the CAADP.

Achievements of Growth, Domestic Funding and Budget Share for the Sector for the Period 2010/11 to 2013/14

Indicator		2010/11	2011/12	2012/13	2013/14
Agriculture Sector Growth (%)	Target	5.7	5.8	5.4	5.6
	Achieved	1.2	0.8	1.3	1.5
Agriculture Sector Budget (Domestic Budget UGXBN)	NDP/MTEF	366.8	440.7	525.0	630.9
	Approved	289.3	294.6	305.0	315.0
% of Agriculture in Total Domestic Budget	Target	4.7	4.8	5.0	5.2
	Achieved	5.1	4.7	3.8	3.3

Source: MAAIF (2014). Annual Performance Review Report FY2013/14

Regarding resource allocation to the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) by Government, there has been a consistent increase in allocation of resources to the agriculture sector from Uganda shillings 378.88 billion in the 2012/13 approved budget (out of the national budget of 10.90 trillion) to 484.68 billion (out of the national budget of 17.95 trillion.

However, this represented a decline in the percentage allocation to MAAIF from 3.4% to 2.7% in 2012/13 and 2015/16 respectively. Indeed, the allocation was far less than what was called for under the CAADP commitment of a 10% budgetary allocation and instead has continued to decrease from 3.4% in 2012/13 to only 2.7% in 2015/16 as is shown in the table below.

Budgetary Allocation to the Agriculture Sector, 2012/13-2015/16

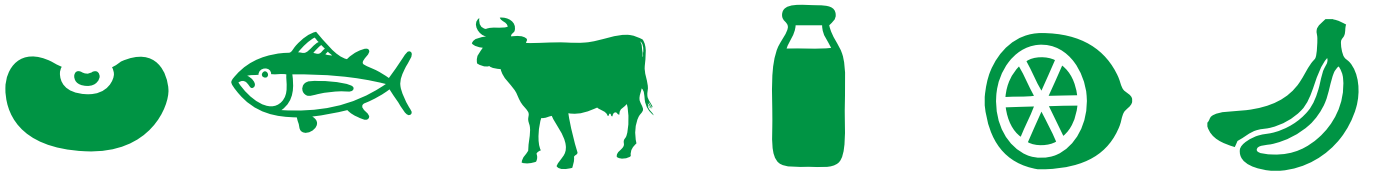
MTEF ALLOCATIONS	2012/13	2013/14	2014/15	2015/16
Agriculture Sector	378.88b	382.56b	473.54b	484.68b
National Budget	10.90t	12.90t	14.86t	17.95t
Percentage	3.4%	3.0%	3.2%	2.7%
Project Allocation (CAADP	1.09t	1.29t	1.49t	1.80t
Gap between MTEF and CAADP allocations	711.12b	907.44b	1.02t	1.32t

Source: MAAIF (2014). Annual Performance Review Report FY2013/14

In the National Development Plan-II period Uganda's government is targeting to increase agricultural exports to USD 4 billion by 2020 from the current USD 1.3 billion and reduce the number of the labour force involved in subsistence production from 6 million in 2012/13 (the majority of whom are women) to 3 million in 2019/20. In this regard, the Ministry's key focus areas include: increasing production and productivity; addressing challenges in the selected thematic technical areas including critical farm inputs mechanization and Water for Agricultural Production; improving agricultural markets and value addition in the 12 prioritized commodities, and institutional strengthening for agricultural development.

Under the MAAIF, the government of Uganda has also prioritized the development of 12 sectors or value chains:

1) Cotton 2) Coffee 3) Tea 4) Maize 5) Rice 6) Cassava



1) Beans 2) Fish 3) Beef 4) Milk 5) Citrus 6) Bananas

These agricultural products/ commodities were selected for a number of reasons including: their potential for food security (maize, beans, cassava, bananas); their high contribution to export earnings (e.g. maize - USD 21 million in 2005; coffee -USD 388 million in FY 2007/08; fish - USD 143 million at its peak; tea - USD 56 million in 2007); the increased female labour force participation in cash crop production; the high multiplier effects in other sectors of the economy; the great potential to increase production and productivity through better management; the high potential returns on investment possible; the favourable agro-ecological conditions for their; the high potential for sales and trade in the regional and international markets; the strong potential percentage contribution to GDP, and the high potential for employment generation and the high nutritional value which is also important to the country.

The Ugandan Agriculture Sector Strategic Plan

The Agriculture Sector Strategic Plan (ASSP) is the 5 year strategy for the government of Uganda's Ministry of Agriculture, Animal Industry and Fisheries for the period 2015/16 to 2019/20. It defines the priorities and interventions to be implemented over the 5 year period, in response to the national agricultural development priorities presented by the Ministry in the Agriculture Sector Issues Paper approved by the Cabinet of Uganda and subsequently incorporated into the National Development Plan II (NDP II).

Over the five year implementation period, the expected activity will mainly focus on 4 priority areas;

(a) Increasing production and productivity;
(b) Addressing challenges in the selected thematic technical areas including critical farm inputs mechanization and Water for Agricultural Production;
(c) Improving agricultural markets and value addition in the 12 prioritized commodities; and,
(d) Institutional strengthening for agricultural development.

The National Development Plan's goal of propelling the country towards middle income status and attain a per capita income of USD1,033 by 2020 is to be realised through posting an annual national economic growth rate from a baseline of 5.2% to 6.3% by 2020. Since Agriculture remains the backbone of Uganda's economy, achieving this growth target greatly relates to agriculture sector development.

The expected results to be achieved by the agriculture sector priorities in reference to ASSP under the NDP II are:

1. Increasing per capita income from USD788 to USD1,033;
2. Increasing GDP growth rate from 5.2 to 6.3 percent;
3. Reducing the poverty rate from 19.7 per cent to 14.2 per cent, and reducing inequality co-efficient from 0.443 to 0.452;

Implementation of the agricultural sector development strategy will be undertaken through a sector wide approach that will involve both state and non-state actors at the centre and in Local Governments. There are different actors in the sector who play complementary roles along the agricultural value chain.

Effective implementation will necessitate strengthening of both intra-sectoral coordination within the agricultural sector (MAAIF) and inter-sectoral coordination of linkages between MAAIF, other Ministries Departments and Agencies (MDAs) and the local governments. Inter-sectoral linkage activities have thus been built into the strategy to foster coordination with the responsible sectors for those aspects of the agricultural development value chain interventions such as: agro-processing, infrastructure, storage and marketing which are beyond the mandate of MAAIF.

For each of the twelve target strategic commodities a set of actions has been identified to be undertaken in support of the realization of the aims of ASSP:

Commodity	Actions
• Banana	• Increase banana production and productivity by 30% through better seed systems and agronomic practices • Mainstream gender, youth, environment and climate change, HIV/AIDS, food and nutrition security issues in the banana sub-sector • Increase access and utilization of high quality production inputs such as: transgenic plants, fertilizers, mechanization, and herbicides, among others • Facilitate domestic, regional and international trade in bananas, plantains and banana-and-plantain based products by the public sector • Accelerate the development and value addition of bananas and plantains as an industry • Control diseases, pests and vectors in the banana industry • Improve the capacity for quality assurance, regulation, food and safety standards for outputs and products across the banana industry
• Beans	• Increase seed production, multiplication and distribution • Facilitate information and knowledge provision through extension • Promote mechanization of beans production • Promote fertilizer use and sustainable soil management • Support irrigation technologies in beans production • Facilitate marketing, post-harvest handling and value addition • Strengthen the institutions and enabling environment
• Maize	• Increase seed production, multiplication and distribution • Facilitate information and knowledge provision through extension • Promote mechanization of maize production • Promote fertilizer use and sustainable soil management • Support irrigation technologies in maize production • Facilitate marketing of maize • Promote post-harvest handling and value addition • Increase access to agricultural finance and credit • Support policy and institutional development
• Rice	• Increase seed production, multiplication and distribution • Facilitate information and knowledge provision through extension • Promote mechanization of rice production • Promote fertilizer use and sustainable soil management • Support irrigation infrastructure in rice production • Facilitate marketing, post-harvest handling and value addition of rice • Strengthen the institutions and enabling environment
• Tea	• Expansion of tea growing areas • Tea gap–filling in the already planted areas • Improved extension service • Build processing facilities (tea factories) • Strengthen tea research • Develop and access domestic, regional and international markets • Strengthen institutional and the enabling environment

Commodity	Actions
• Coffee	• Improve the quality of Ugandan coffee by ensuring best practices with respect to SPS and food safety principles and application of standards • Promote the production of coffee through introduction of technology, carrying out research and development and deliberate promotion of coffee growing • Strengthen promotion and marketing of Ugandan coffee through information sharing and exchange, education and training as well as communication so as to market the available coffee varieties
• Cassava	• Scale up cassava production in the districts • Provide clean planting material and value addition interventions • Finalize on the cassava policy • Sensitize farmers on cassava possessing machinery and equipment • Promote post-harvest and value addition equipment • Enforce of the quality standards • Strengthen extension service delivery and Market information dissemination to farmers
• Fruits (Apples, Citrus, Mangoes, Pineapples) & Vegetables	• Production and distribution of quality clean fruits and vegetable seedling materials tolerant to pests and diseases with desirable fresh and processing characteristics • Increase production of fresh fruits and vegetables in the country • Establishment of marketing structures to support value addition activities along the different fruits and vegetables value chain • Support and evaluate cottage fruits and vegetables processors engaged in product development
• Dairy	• Strengthen the dairy sector regulatory frame-work • Promote local consumption and export of milk and dairy products • Rehabilitate existing and develop new milk cold chain and processing infra structure • Strengthen milk quality assurance system (laboratories, lab technologists, training in hygienic milk handling along the whole dairy value chain) • Build local capacity in feed production and marketing (conserved feed, pasture and rangeland improvement) • Enhance availability for improved dairy germplasm • Develop of a national breeding programme and breeding guidelines • Develop the national dairy herd information management system • Build local and National capacity for on-farm animal disease and vector control and management
• Meat (Beef, Cattle, Goats, Poultry, Pork)	• Provide an enabling environment and data collection for the meat sector • Enhance beef cattle, goat, poultry, pork and productive entomology production and productivity • Improve meat hygiene services and development of meat industry marketing infrastructure

Commodity	Actions
• Fisheries	• Promote recovery of depleted stocks of the large commercial fishes • Develop the fishery of small pelagic fishes • Promote aquaculture to a commercial level.
• Cocoa	• Strengthen cocoa research and technology development focusing on high yielding varieties, appropriate technologies for improving quality of the beans and, controlling cocoa pests and diseases • Improve delivery of extension services to cocoa growers in order to enhance uptake of improved technologies • Promote access to mechanization and high quality planting materials • Strengthen the policy, standards enforcement so as to improve the capacity for cocoa quality assurance • Establish platforms for championing the development of the cocoa commodity
• Irish Potato	• Production and distribution of formal seed potato of improved varieties with preferred end-user characteristics • Production and marketing of ware potato for rural and urban consumption • Facilitate the setting up of an out-growers ware potato scheme and nucleus farm to support small and medium enterprises (SMEs) engaged in processing of potato under a PPP mode
• Oil Palm	• Seed multiplication and distribution • Information and knowledge • Mechanization of oil seed production • Fertilizers and sustainable soil management • Irrigation (supplemental) • Access to agricultural finance and credit • Post-harvest handling and value addition • Policy and institutional development
• Oil Seed	• Breed for improved OPV and hybrid parent lines • Evaluate introduced new varieties • Multiply foundation seed • Monitor distribution of certified oilseeds seeds to farmers • Provide technical back up support and harmonise extension service • Training all oilseeds farmers on quality standards and post-harvest handling technologies and practices • Mobilize all farmers/FOs for collective marketing • Develop and implement Oilseeds policies and standards

The indicative financial resource requirements for implementing this 5-year ASSP have also been estimated. The estimation has been guided by indicative costs for implementing the necessary strategic actions under each thematic areas constituted in the four thematic categories to be interactively implemented to achieve the desired outcomes from the Plan. These are, again:
1) priority commodities;
2) agricultural technical and advisory services,
3) agricultural inputs support, and
4) institutional strengthening and capacity building.

The indicative financial resource requirements have been determined, focusing on three areas:

1. Oversight of the implementation of the plan shall be a responsibility of the Agricultural Sector Working Group which shall report to the Top Management of MAAIF
2. The resource requirements for funding the strategic actions of the agriculture sector to be implemented under the 4 priority areas have been estimated to develop an 'Ideal' Budget on a zero-budgeting basis under each of the relevant thematic areas
3. The resource requirements for providing support services necessary during the implementation of the core (programme) activities like payroll and provision of consumable goods and services shall be provided as part of the normal recurrent budget of the Ministry.

The cost estimates have been developed and provided based on two Scenarios:

1. The 'Ideal' Case Scenario developed on a zero-base budgeting basis derived from priority actions planned for implementation in each of the thematic areas; and
2. The MTEF Related Scenario developed on a highly prioritized basis in line with the expenditure limits set by the Ministry of Finance, Planning and Economic Development for the medium term.

The ideal case budget has been estimated at UGX10.5 Trillion for the 5-year horizon running from 2015/16 – 2019/20. The MTEF related budget has been estimated at UGX 5.258 Trillion. The MTEF budget constitutes about 50% of the ideal case. This implies that the performance on the set agricultural targets that were based on the ideal case planned interventions and activities is bound to go down by the same percentage. A summary of the two budget scenarios is presented in the tables below:

SIP (MTEF Case) Indicative Budget (UGX Millions)

Description of Development intervention	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Priority 1 - Enhance agricultural production and productivity	584,400	613,000	647,500	669,500	692,000	3,206,400
Priority 2: addressing challenges in the selected thematic technical areas by improving access to critical farm inputs:	184,500	195,500	204,500	215,000	224,500	1,024,000

Priority 3: Improving Agricultural Markets and Value Addition For the 12 Priorised Commodities	145,000	153,000	159,000	166,000	172,000	735,000
Priority 4: Institutional and enabling environment strengthening	52,700	58,700	43,700	38,700	38,700	232,500
Grand Total	966,600	1,020,200	1,054,700	1,089,200	1,127,200	5,257,900

Ideal Case Thematic Indicative Budget (UGX Millions)

Description of Development intervention	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Priority 1 - Enhance agricultural production and productivity	855,852	826,371	861,088	1,288,818	1,095,272	4,927,401
Priority 2: addressing challenges in the selected thematic technical areas by improving access to critical farm inputs:	533,983	618,145	643,802	630,890	606,449	3,033,269
Priority 3: Improving Agricultural Markets and Value Addition For the 12 Priorised Commodities	198,617	176.376	179,322	181,005	173,709	909,029
Priority 4: Institutional and enabling environment strengthening	228,593	283,534	327,890	392,621	399,224	1,631,863
Grand Total	1,817,045	1,904,427	2,012,102	2,493,334	2,274,654	10,501,562

Projects and programmes to be implemented will need substantial allocations from the national budget. Furthermore, institutional and development donors active in supporting current initiatives will also be part of the funding mechanism in the interim period. These institutions include:

- World Bank,
- Africa Development Bank,
- European Union,
- People's Republic of China,
- United States Agency for International Development,
- Japan International Cooperation Agency,
- Danida,
- The Royal Dutch Embassy,
- United Nations Organisations (United Nations Development Programme, Food and Agriculture Organisation, World Food Programme, International Fund for Agricultural Development)
- the French Development Agency, and
- the Korean International Agency.

There is also a real opportunity for private financial institutions to fund innovative private sector activities and/ or public–private partnerships that promote market-driven production, processing and marketing initiatives. The objective of this type of critical support would be to commercialise agriculture by catalysing private sector participation in market-oriented production and service delivery, promoting productivity and profitability or commercial viability of sector activities at all levels of the wider agricultural sector value chains.

The Management of the Agriculture Sector Strategic Plan

The ASSP is administered by the Ministry of Agriculture, Animal Industry and Fisheries, whose overall role it is to enhance crop production, improve food and nutrition security, widen the export base and improve incomes of the farmers. MAAIF also plays an overnight role with respect to the agricultural sector which entails formulation, review and implementation of national policies, plans, strategies, regulations and standards and enforcement of laws, regulations and standards along the value chain of crops, livestock and fisheries.

The functions of the MAAIF are:

- To formulate, review and implement national policies, plans, strategies, regulations and standards and enforce laws, regulations and standards along the value chain of crops, livestock and fisheries;
- To control and manage epidemics and disasters, and support the control of sporadic and endemic diseases, pests and vectors;
- To regulate the use of agricultural chemicals, veterinary drugs, biological, planting and stocking materials as well as other inputs;
- To support the development of infrastructure and use of water for agricultural production along livestock, crop and fisheries value chains;
- To establish sustainable systems to collect, process, maintain and disseminate agricultural statistics and information;
- To support the provision of planting and stocking materials and other inputs to increase production and commercialization of agriculture for food security and household income;
- To develop public infrastructure to support production, quality / safety assurance and value-addition along the livestock, crop and fisheries commodity chains;
- To monitor, inspect, evaluate and harmonize activities in the agricultural sector including local governments;
- To strengthen human and institutional capacity and mobilize financial and technical resources for delivery of agricultural services;
- To develop and promote collaborative mechanisms nationally, regionally and internationally on issues pertaining to the sector.

There are six inter-related strategic objectives within the agriculture sector and incorporated in Agriculture sector policy as follow:

1. To ensure household and national food and nutrition security for all Ugandan;
2. To increase incomes of farming households from crops, livestock, fisheries and all other agricultural related activities;
3. To promote specialization in strategic, profitable and viable enterprises and value addition through agro-zoning;

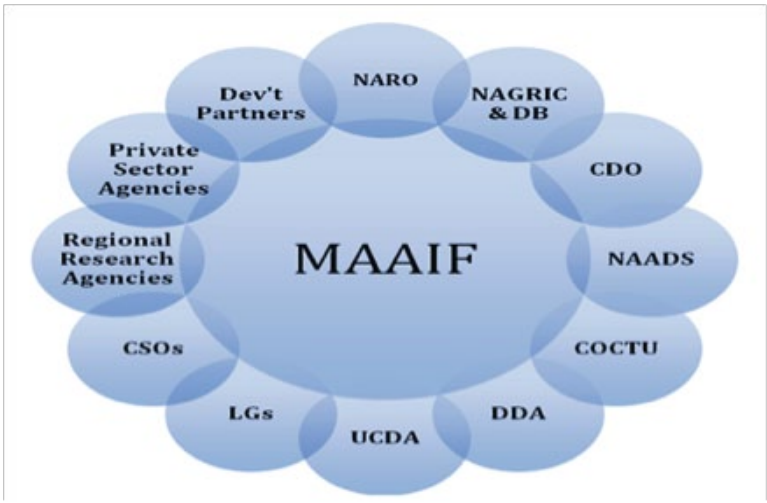
4. To promote domestic, regional and international trade in agricultural products;
5. To ensure sustainable use and management of agricultural resources; and
6. To develop human resources for agricultural development.

The MAAIF is organized around three sub-sectors which are constituted as "Directorates": Crop, Animal and Fisheries Resources. These core Directorates are supported by the Policy Planning and Support Services Department and other support units falling directly under the Permanent Secretary which include; Finance and Administration, Procurement and Disposal Unit; and Internal Audit.

The Ministry also has specialized units and agencies that implement specialized and intensive technical and advisory aspects of its mandate. They function as semi-autonomous agencies under MAAIF's line of supervision. These include the following;

- Cotton Development Organization (CDO);
- National Agricultural Advisory Services (NAADS);
- National Agricultural Research Organization (NARO);
- National Genetic Resource Centre and Data Bank (NAGRC&DB);
- Uganda Coffee Development Authority (UCDA);
- Dairy Development Authority (DDA);
- Coordinating Office for Control of Trypanosomiasis in Uganda (COCTU)

The Secretariat for the Plan for Modernization of Agriculture (PMA) is an administrative unit for policy harmonization and inter-sectoral coordination. The institutional framework of MAAIF and its stakeholders is graphical presented in the figure below. In addition, the agriculture sector also has other state and non-state actors that include; sector or institutions of central government, local governments, cultural and traditional institutions, social partners and development partners (bilateral, multinational or international NGOs).



The matrix of expected players and their key roles, is as follows:

Institutions	Responsibilities
MAAIF	• Be the lead agency in the implementation of the ASSP. • Policy formulation, regulation and quality control; • Establish the structure for coordinating, monitoring and evaluating ASSP. • Develop and disseminate guidelines to operationalise the ASSP • Collaborate with other stakeholders to ensure mainstreaming of ASSP interventions in concern in their respective programmes and plans • Strengthen collaboration and networking with the stakeholders to promote understanding, guidance, involvement and community support ASSP interventions. • Develop the ASSP Operational Plan. • Build the capacity of stakeholders to mainstream ASSP interventions in their programmes and plans • Review and strengthening of linkages between MAAIF HQ and the semi--autonomous agencies. • Develop an appropriate structure of MAAIF with a view to aligning it with the implementation requirements of the ASSP • Provide for the establishment of structures and employment of personnel and the need to ensure their effectiveness by equipping them as required
Sector MDAs	• Strengthen the structures of the sector Agencies to enable them carry out their mandate to extend to services inline with increasing agricultural production and commercialization.
Sector Ministries	• Translate the ASSP into sector-specific strategies and activities; • Collaborate with the MAAIF on matters of mainstreaming ASSP priority concerns in their respective sector interventions.
Local Government	• Ensure that the local government development programmes in line with increasing production and commercialization of agriculture. • Strengthen the structures of the LGs to enable them carry out their country-wide mandate to extend to quality service delivery in the agricultural sector. • Delivery of field-level agricultural services to the population. • Monitor mainstreaming of ASSP interventions in local governments to ensure services benefit them; • Collaborate with MAAIF on matters of increasing production and commercialization of agriculture;
Development Partners	• Support the implementation of the ASSP. • Recognize the ASSP priorities in development of cooperation partnerships; • Establish appropriate institutional/donor coordination mechanisms for ensuring responsiveness of development cooperation towards the achievement of the ASSP objectives;

Civil Society and private sector	• Participate in Sector Working Groups and local government planning and budgeting processes to advance farm productivity • Develop and implement programmes that address key ASSP intervention areas; • Farm production, agro-processing and marketing of agricultural output; • Collaborate with MAAIF and other appropriate institutions on matters of mainstreaming of increasing production and commercialization of agriculture; • Supplement Government in delivering of agricultural services to farmers; • Strengthen Good Agricultural Practices (GAPs), agribusiness and market devel opment services and governance • Establish PPP initiatives aimed at increasing production and commercialization of agriculture;

BACKGROUND SECTION

Social and Economic Context

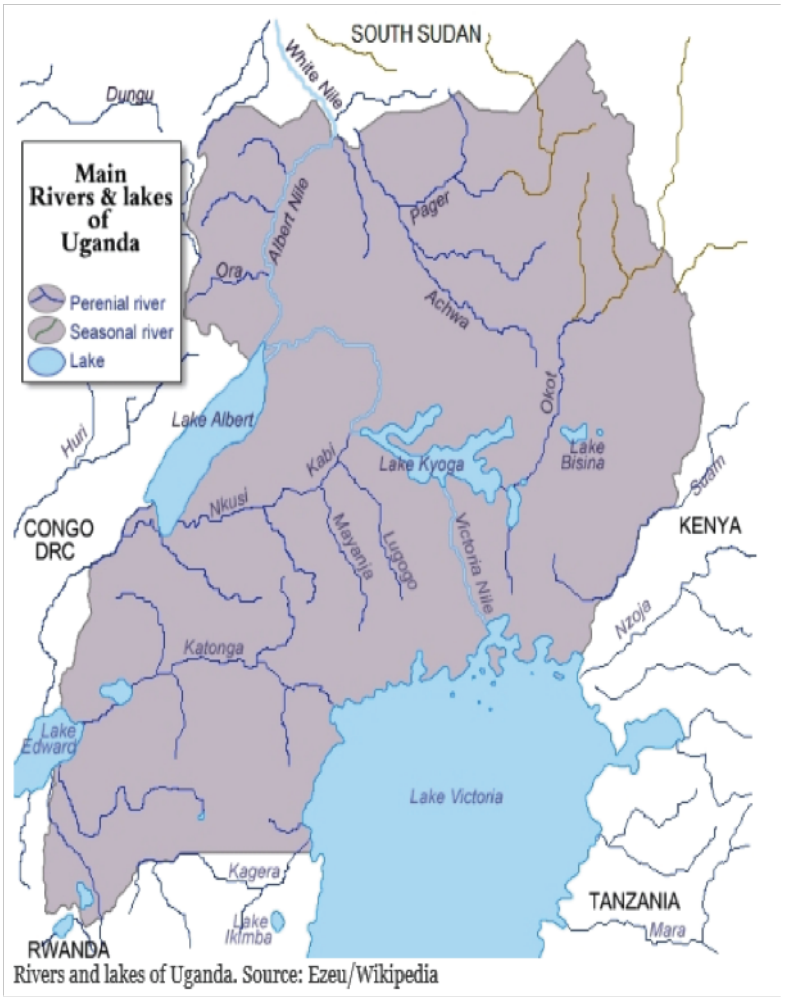
Uganda is an East African country of roughly 31.1 million people (World Fact Book 2015) and its annual population growth rate is estimated at 3.24 percent. Uganda has an extremely youthful population with 48.47 percent of the population being between the ages of 0-14, 21.16 percent falling within the age of 15-24 years of age, meaning that 69.6 percent of the population is below the age of 25.

A landlocked country, Uganda shares a common border with five other countries: a) the Democratic Republic of Congo (DRC) in the west; b) Rwanda in the south west; c) South Sudan in the north west, d) Tanzania in the south, and e) Kenya in the east,

The country has a total land surface area of 241,038 km². Uganda is administratively divided into 112 administrative districts. Lakes, swamps and Protected Areas constitute 25%. Forests cover about another 20% of the land area. In regard to agriculture production and productivity, approximately 71.2% of all Ugandan land is agricultural, of which 34.3 % of it is arable land and 25.6% is pastoral land. Of the 16.275 million hectares available as arable land, about 9.9 million ha are currently under cultivation, which constitutes about 60% of the total arable land. Although this might indicate good scope for expansion of acreage under cultivation, land is increasingly becoming a constraint in some parts of the country particularly in the Southern, South-western and Eastern regions where population density is very high. About 70% of the cultivated land is planted to food crops.

While it has cooler highland areas (7% of the land area) along its eastern and south western borders more than 2/3 of the country is a plateau with an altitude of 900-2,500 meters above sea level. Temperatures show relatively little seasonal variation and maxima range between 25 – 31 C for most areas while night-time temperatures rarely fall below.

Uganda is richly endowed with fresh water with many rivers and bordered by some the largest lakes on the continent of Africa. The rivers and lakes provide the country's most important water, fisheries and tourism resources.

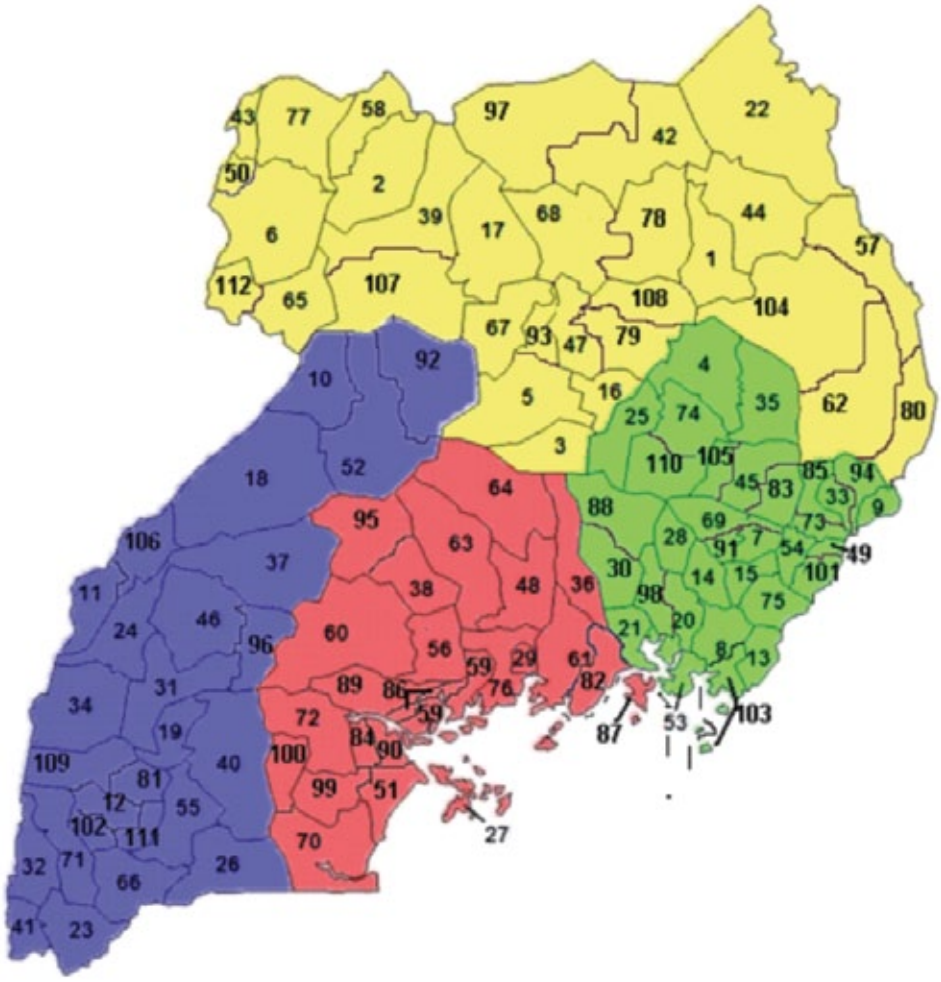


Rivers and lakes of Uganda. Source: Ezeu/Wikipedia

Most of the country is blessed with a bimodal rainfall pattern producing two growing seasons a year. As one moves north the mid-year dry season gets shorter and the year-end dry season becomes longer and more intense making the growing of perennial crops such as bananas and coffee more difficult. Average rainfall in most areas ranges from 1,000 to 1,750mm/annum (70% of the land area) although the northeast and parts of the southwest receive as little as 750mm/annum making these areas more suited to grazing than crop production.

Uganda is divided into four regions (Central, Eastern, Northern and Western) and 112 regions.

Region	Population 2002	Area
Central	6,575,425	61,403.2 km^2 (23,707.9 sq mi)
Eastern	6,204,915	39,478.8 km^2 (15,242.8 sq mi)
Northern	5,148,882	85,391.7 km^2 (32,969.9 sq mi)
Western	6,298,075	55,276.6 km^2 (21,342.4 sq mi)

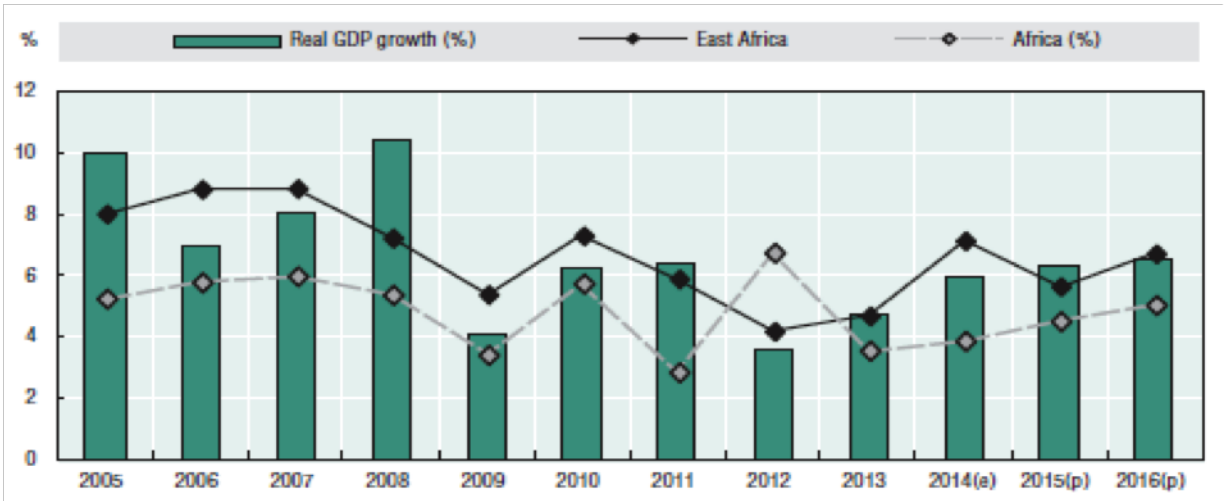


Economically, Uganda's official GDP in 2014 was roughly USD 28 billion and the estimated GDP growth rate in 2014 was 4.8%. The country is blessed with substantial natural resources, including fertile soils, regular rainfall, small deposits of copper, gold, and other minerals, and has recently discovered oil. Agriculture, however, remains the most important sector of the economy, employing over two-thirds of the work force. Coffee is the crop that accounts for the bulk of export revenues.

The global economic downturn in 2008 hurt Uganda's exports although Uganda's GDP growth has largely recovered due to policy and regulatory reform efforts and sound management of the downturn. Oil revenues and taxes will become a larger source of government funding as oil comes on line in the next few years, although lower oil prices since 2014 and protracted negotiations and legal disputes between the Ugandan government and oil companies may prove a stumbling block to further exploration and development.

Instability in South Sudan is a risk for the Ugandan economy because Uganda is a key destination for Sudanese refugees and South Sudan is Uganda's main export partner. Other challenges to economic growth include unreliable power, high energy costs, inadequate transportation infrastructure, and corruption – all of which inhibit economic growth and development and mute investor confidence. Between 2014 and 2015, the Uganda shilling also depreciated significantly against the dollar, and this, coupled with increased public debt, has also impeded production, especially since Uganda imports most of its capital goods.

Annual Real GDP Growth 2005 - 2016



Source: AfDB, Statistics Department AEO. Estimates (e); projections (p)

During 2014, Uganda experienced a consolidation in macroeconomic stability, along with improved economic growth. Prudent macroeconomic policies, coupled with other factors, including declining energy prices, good weather conditions, and rising foreign investments in the energy sector, contributed to sustained high economic growth (4.7% in 2013, compared to 3.6% in 2012), stable exchange rates and external accounts despite some key issues in main trading countries and low overall consumer price inflation (less than 6% during 2014). Also GDP growth during the first half of 2014 was driven by strong performance in the services industry and agriculture.

On the monetary side, the Bank of Uganda's success in regaining price stability enabled it to bring down the Central Bank Rate from an average of 18% in 2012 to 11.7% in 2013, and 11% in 2014. These favourable conditions somewhat offset challenges faced on the demand side, such as unfavourable external conditions (i.e. conflict in South Sudan and DRC), which hampered Uganda's exports. Uganda's trade balance went from an accumulated deficit of USD 2.1 billion in 2012/13, to an estimated USD 2.4 billion deficit during the same period in 2014.

In November 2014, the Uganda Bureau of Statistics (UBOS) released rebased GDP figures. The new GDP estimates have resulted in an increase in the 2009/10 GDP level of 17.3% compared to the previously published nominal GDP estimate. According to the new estimates, the agriculture sector – comprising cash crops, food crops, livestock, forestry, fishing and related support activities – grew the fastest, accounting for 26% of GDP, up from 24% in the previous year. The contribution of services to GDP increased to 49% from 46% over the period with notable increases in telecoms, trade, and health and business activities.

The change in the figures has seen an increase in other key indicators such as per capita income. The average income per capita has increased to USD 788 (UGX 2.4m) in 2013/14 from USD 607 (UGX 1.5m) at 2008/09 prices. The new estimates arising from the rebasing exercise are expected to support government's planning processes. The figures further give a clear picture of the sectors that are contributing more to the economy and those doing less so. This is expected to help steer targeted measures to address sector level binding constraints to growth.

The poverty headcount has also declined markedly from 24.5% in FY 2009/10 to 22% in FY 2012/13, and 19.7% in FY 2013/14. However, while poverty has declined, income inequality – the gap between the rich and the poor – increased to 43.1% from 42.6%. This is the challenge that the government must tackle on the road towards achieving its target to achieve lower middle-income status by 2017 as per Vision 2040.

Uganda's GDP growth is forecast to reach 6.3% in 2015 and 6.5% in 2016 on the back of increased investment in development infrastructure, an expansionary fiscal policy that may result in an increase in the budget deficit, a recovery of the private sector owing to the increased lending activities, stimulus to boost the agricultural sector, and better public service delivery. CPI inflation, which is currently less than 6%, is forecast to remain at single-digit levels in 2015, signalling the government's pursuit of prudent macroeconomic management.

GDP by Sector (Percentage of GDP at Current Prices)

	2009	2013
Agriculture, forestry, fishing & hunting	29.5	27.0
of which fishing	1.5	1.8
Mining and quarrying	1.4	0.9
of which oil	---	---
Manufacturing	9.1	10.6
Electricity, gas and water	3.0	2.6
Construction	6.0	8.1
Wholesale & retail trade; repair of vehicles household goods; Restaurants and hotels	16.2	18.1
of which hotels and restaurants	2.2	3.2
Transport, storage and communication	8.8	6.5
Finance, real estate and business services	12.5	11.7
Public administration and defence	3.0	3.1
Other services	10.5	11.4
Gross domestic product at basic prices / factor cost	**100.0**	**100.0**

Source: Data from domestic authorities

Policy Framework

Uganda approved the comprehensive national development planning framework (CNDPF) in 2007 which provides for the development of a 30 year vision, to be implemented through: a) three ten year plans; b) six (6) five year National Development Plans (NDP); and c) Sector Development Plans (SDP).
Subsequently in 2010, Uganda approved the Vision 2040, which articulates the nation's long and medium term development goals and targets; strategies, and policy shift options that may be required to transform the country into a competitive upper middle income country by 2040.

Vision 2040 aims at transforming Uganda from a predominantly peasant and low income country to a competitive upper middle income country. Uganda's vision statement is thus: "A Transformed Ugandan Society from a Peasant to a Modern and Prosperous Country within 30 years". Projections indicate that Uganda will graduate into a lower middle income country by 2017, progressing to an upper middle income category by 2032 and attaining its target of GDP per capita of USD 9,500 by 2040. National projections further indicate that Uganda will be a first world country in the next fifty years.

To achieve the transformation alluded to above, the average real GDP growth rate will have to be consistent at about 8.2 per cent per annum translating into total GDP of about USD 580.5 billion with a projected population of 61.3 million in 2040. In this regard, a number of indicators have been developed to indicate the desired level of development and social-economic transformation that is envisaged by 2040

Baseline Status and Vision Targets for selected indicators in Vision 2040

Indicator		Baseline Status: 2010	Target 2040
Per capita income (USD)		506	9500
Percentage of population below the poverty line		24.5	5
Sectoral composition of GDP (%)	Agriculture	22.4	10.4
	Industry	26.4	31.4
	Services	51.2	58.2
Labor force distribution in line with sectoral contribution (%)	Agriculture	65.6	31
	Industry	7.6	2.6
	Services	26.8	43
Labor Productivity (GDP per Worker - USD)	Agriculture	390	3,790
	Industry	3,550	24,820
	Services	1,830	25,513
	TOTAL	1,017	19,770
Life expectancy at birth (years)		51.5	85
Child stunting as a % of under 5s		33	0

Within Vision 2040, agriculture is recognized as:

1) a major contributor to GDP in the period,
2) a key source of employment of the labour force in the country, and
3) as a sector whose labour productivity will have to be increased. Agriculture is also among the strategic opportunities that need to be strengthened for maximizing returns to the economy.

The National Development Plan (NDP) (2015/16-2019/20) is the second important Uganda national policy document in Uganda, having succeeded the Poverty Eradication Action Plan (PEAP). The goal of the NDP is for Uganda to attain middle-income status by 2020. This is to be realized by strengthening the country's competitiveness for sustainable wealth creation, employment and inclusive growth by pursuing a private sector-led, export oriented and quasi-market approach.

The plan has four objectives:

1) to increase sustainable production, productivity and value addition in key growth opportunities;
2) to increase the stock and quality of strategic infrastructure to accelerate the country's competitiveness;
3) to enhance human capital development; and
4) to strengthen mechanisms for quality, effective and efficient service delivery.

Within the NDP and germane to the agriculture sector there is also the Plan for Modernization of Agriculture (PMA) and the Medium Term Competitiveness Strategy (MTCS).

The National Agriculture Policy (NAP) is the third key relevant policy and it responds to the interests and expectations of the sector stakeholders and provides a shared vision for the development of sustainable agriculture, which is "A Competitive, Profitable and Sustainable Agriculture Sector". The overall objective of the NAP is to promote food and nutrition security and to improve household incomes through coordinated interventions that will enhance sustainable agricultural productivity and value addition; provide employment opportunities, and promote agribusinesses, investments and trade.

The policy also takes cognizance of the complementary policies and actions of other supporting sectors. Those sectors include: energy, transport, agricultural finance, education and training, and natural resource use and management. In particular, as the agriculture sector will require increased, affordable and reliable energy resources in order to promote agricultural mechanization, transportation, storage and value addition, the policy underscores that the ministry responsible for energy will initiate new investments and scale up existing investments in energy for agriculture accordingly.

Similarly, the ministry responsible for mineral development will promote investment in the local manufacture of fertilizers in order to increase access to quality and affordable fertilizers which are necessary for increased agricultural production and productivity. Furthermore, the ministries and agencies responsible for transport infrastructure and local governments will ensure that their policies, strategies and investments address the transport needs of the agricultural sector.

The NAP also emphasizes that:

(a) The Ministry responsible for finance, in collaboration with other financial sector players, will continue to develop policies, financial products, and services that are appropriate for use by the agriculture sector for short, medium, and long-term financing along the value chain;

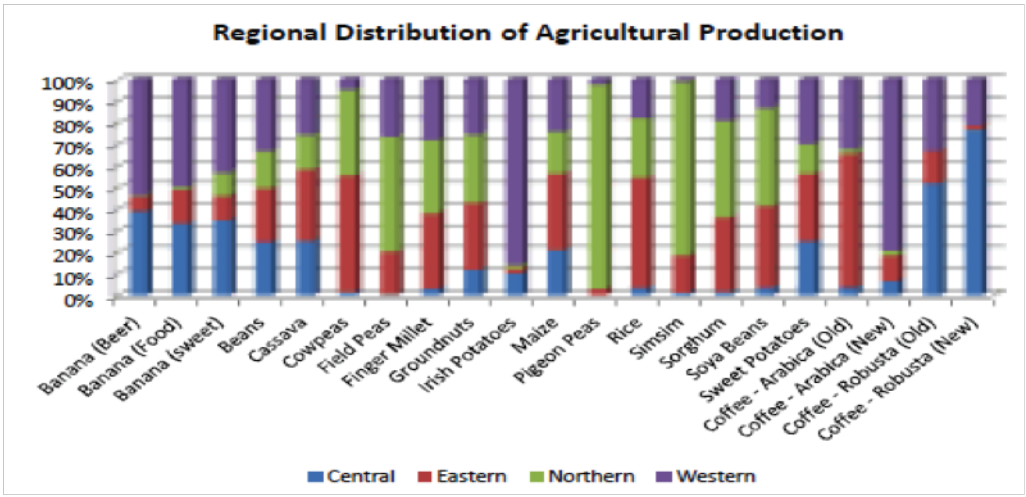
(b) the Ministry responsible for water shall increase investment in off-farm bulk water development, including larger reservoir dam construction, bulk water transfer systems, water diversion systems, and aquifer exploration, in collaboration with MAAIF.

On the other hand, in order to access international markets the NAP calls for the building of the capacity of agribusinesses to comply with global standards and regulations, development and implementation of a national agricultural trade and marketing information system; increased awareness and involvement of the private sector and provision of available financing options and adherence to good practice standards; formulation and implementation of agriculture and food safety standards and policies on sanitary and phytosanitary measures and promotion and effective positioning of Uganda's agricultural products and services in regional and international markets.

AGRICULTURAL SECTOR OVERVIEW AND PERFORMANCE

Agriculture Sector Overview

Unlike much of the rest of the African continent, Uganda is blessed with two production seasons a year in most areas. Uganda's agricultural production is also more diversified than in most of the Eastern and Southern African countries where the local diet is primarily maize based. In contrast, different regions of Uganda have a variety of crops as their main staple food – bananas in the Central and Western Regions, Irish potatoes in the Southwest, cassava in West Nile, millet and sorghum in the North and East. In addition, sweet potatoes are an important food supplement in the most areas and rice production is expanding in both the East and North. Similarly, the preference in terms of legumes and oilseeds is also highly differentiated by region, with only beans being widely grown in all regions.



Maize production is expanding rapidly to meet growing demand for urban and institutional consumption (schools and hospitals). Maize is also by far the most important food crop in terms of regional trade. The second largest crop area is planted to bananas of all types (plantain as a staple food, sweet bananas as fruit, and beer types for brewing). Uganda is one of the world's largest banana producers. The largest commercial crop by far is coffee. Uganda has been putting a lot of emphasis on rehabilitating coffee production with planting of new clonal varieties that are more disease resistant. Most of the new Arabica trees are being planted in the Western Region, while new Robusta planting is happening most in the Central region.

Agricultural Sector Growth Rate

The NDP (2010/11-2014/15) identified three key indicators and targets for the agricultural sector, 1) Improve growth in the level of agricultural output (GDP); 2) Expand access to domestic funding in the Agriculture sector; and 3) increase the share of agriculture in the National budget (funded by domestic resources).

First, growth in the agriculture sector rose from 1.3% in 2012/13 to 1.5% in 2013/14. This is attributed to a strong rebound in food crop production from 0.2% to 1.9%, but would have been higher if the fishing sub-sector had not contracted by 5.1%. The agriculture sector growth performance still remained far lower than the NDP target of 5.6%.

In terms of the availability of domestic funding, serious divergences between NDPMTEF budget projections and approved domestic (GOU) budget releases/allocation to the agriculture sector characterized the funding structure over the preceding DSIP period.

Lastly, the share of approved domestic agriculture budget to the total domestic budget had a steady declining trend over the DSIP period. The share declined from 3.8% in 2012/13 to 3.3% in 2013/14 representing a widening gap between the NDPMTEF and approved share. This resource allocation level remains far below the CAADP stipulated level of 10%.

Achievements of Growth, Domestic Funding and Budget Share in Agriculture Between 2010/11 to 2013/14

Indicator		2010/11	2011/12	2012/13	2013/14
Agriculture Sector Growth (%)	Target	5.7	5.8	5.4	5.6
	Achieved	1.2	0.8	1.3	1.5
Agriculture Sector Budget (Domestic Budget UGXBN)	NDP/MTEF	366.8	440.7	525.0	630.9
	Approved	289.3	294.6	305.0	315.0
% of Agriculture in Total Domestic Budget	Target	4.7	4.8	5.0	5.2
	Achieved	5.1	4.7	3.8	3.3

Source: MAAIF (2014). Annual Performance Review Report FY2013/14

Agriculture Sector Performance

a) Crops

Over the DSIP period that ended in June 2015, production and productivity trends of major crops were inconsistent. While increases were recorded for some cereal and legume crops, notable declines were registered for root and traditional export crops. The performance in terms of yields varied whereby eight major crops showed significant reductions. The most significant decline was recorded in cotton, where only 78,364 bales of lint were produced in 2013/14 compared to 102,619 bales produced in 2012/13, representing a decline of 24%.

Increases in crop output over the period were a consequence of cropped area expansion rather than productivity enhancement. Indeed, for most crops, yields at farm level are well below those at the research stations which points to an opportunity for Uganda to increase production through targeting potential yield levels.

Agricultural Research (NARO) performed very well during the DSIP period as a number of high yielding varieties, tolerant to pests, diseases and climate change effects, were released. The incidence of cassava mosaic disease was reduced from 23% to a national average of 17% due to adoption of improved cassava varieties. There was a reduction of Banana Bacterial Wilt (BBW) from 42% incidence to 21%.

Crop Subsector Challenges

- Poor agronomic practices
- Poor markets and marketing infrastructure
- Funding constraints
- Limited access to Credit Facilities
- Poor standard, regulatory framework and enforcement
- Extension services limited
- Climate change effects
- Poor coordination among various stakeholders
- Human resource constraints
- Value addition constraints
- Food insecurity issues
- Gender and youth issues
- Research and development issues
- Weak monitoring and evaluation framework
- Poor logistical framework
- Pests and diseases

b) Livestock

The UBOS 2009 livestock census estimates the national herd at 11.4 million cattle, 12.5 million goats, 3.4 million sheep, 3.2 million pigs and 37.5 million chickens which for each category is a significant increase on earlier estimates. Breed improvement of cattle has been done at NAGRC where 1,264 breeding calves were produced and over 1,500 doses of semen reached farmers in FY 2013/2014 alone. Also a community-based breeding scheme in Katakwi synchronized and artificially inseminated over 250 Zebu heifers in 2014. Kuroiler chicken population has increased

tremendously, recording a 33% increase between FY 2011/2012 and FY 2013/2014. Milk production increased at an annual rate of 8.4% with a recorded output of 1.93billion litres in 2014 alone. Up to 45 milk processing companies are operational with a capacity of 1.6 million litres per day. However, most of these are local stock. For example, only 4% of the estimated goat stocks are improved breeds.

With regard to milk, MAAIF estimates that production is increasing at an annual rate of 8.4%. Improved dairy breeds have increased while imports of milk and milk products have declined from more than UGX 50 billion in 2001 to less than UGX 10 billion. A strategic point to note is that close to 27% of all milk is lost: 6% at the farm level; 11% and 10% is either lost to spillage or spoilage during transportation or marketing which value of these losses is calculated at US$ 23 million per year.

Exports of livestock products is limited to raw and semi-processed hides and skins mainly due to the absence of relevant quality and processing infrastructure.
Most of the livestock production activity is in the domain of pastoralists which presents the urgent need to put in place a pastoral development policy with a strategic plan of action to stabilize and increase production and productivity of pastoral activities.

Livestock Subsector Challenges

- Weak M&E System and Statistics
- Poor Post-harvest Handling and Processing Constraints
- Poor Stakeholder Coordination – including PPP
- Human Resource Challenges
- Financial Management Challenges

c) Fisheries

Fish production has increased over the years, for example in FY 2013/2014 alone, a total of 419,248 MT was produced which is a 2.8% increase from the previous year. Export records for the year 2013 indicate volumes of fish to regional markets estimated at 19.408 MT and an estimated 18.699 MT to international markets valued at USD 55.5 million and USD 113.933 million respectively.

Aquaculture production is growing at about 2.0% per year mainly from Clarias (African Cat fish) and Tilapia. There is an intensive investment in cage culture. Over 1300 cages were established on Lake Victoria alone with an estimated production of 1.740 MT of Tilapia fish.

However, illegal fish trade represents close to14% of all informally traded goods from Uganda. Of strategic importance is the fact that the number of people depending on the fisheries sub-sector is increasing, currently estimated at 1.5 million people.

It is also of strategic concern that fish catches from all lakes in Uganda have dropped from 200,000 tonnes in the 1970s to less than 50,000 tonnes currently. Further, eight out of 18 fish processing factories for export have closed and more are threatened with closure.

Fisheries Subsector Challenges

- Weak Policy and Regulatory Framework
- Production Constraints
- Poor Post-harvest Handling and Processing Constraints
- Logistical and Procurement Challenge

d) Production and Export Targets

Leveraging the expected activities and resource mobilization benefits under the ASSP, the government of Uganda has established a series of targets for improvement and growth in the twelve key commodity areas that are to be achieved by 2020.

Additionally, a set of baseline figures have also been identified against which measurement can be undertaken.

Crop, Livestock and Fisheries Production Targets for 2015/16 - 2019/20

Commodity	Units	Baseline 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Maize	MTs	500,000	550,000	605,000	665,500	732,050	805,255
Beans	MTs	900,000	997,200	1,104,898	1,224,227	1,356,443	1,502,939
Bananas	MTs	13,000,000	14,300,000	15,730,000	17,303,000	19,033,300	20,936,630
Rice	MTs	214,000	269,640	339,746	428,080	539,381	679,621
Coffee	MTs	178,676	195,204	213,260	232,986	254,538	278,272
Tea	MTs	10,403	10,403	12,765	12,765	15,128	17,490
Meat	MTs	389,163	404,730	420,919	437,756	455,265	473,476
(a) Cattle	MTs	202,929	211,046	219,488	228,268	237,398	246,894
(b) Goats	MTs	38,380	39,915	41,512	43,172	44,899	46,695
(c) Pork	MTs	22,138	23,024	23,944	24,902	25,898	26,934
(d) Poultry	MTs	46,313	48,166	50,092	52,096	54,180	56,347
(e) Eggs	MTs	71,492	74,352	77,326	80,419	83,636	86,981
(f) Hides/Skins	MTs	7,911	8,227	8,557	8,899	9,254	9,625
Dairy	MTs	2,080,000	2,220,000	2,360,000	2,500,000	2,648,305	2,805,408
Cotton	MTs	49,203	70,000	90,000	120,000	150,000	187,000
Oil Seed	MTs	1,035,750	1,176,600	1,341,300	1,534,300	1,761,000	2,027,800
Oil Palm	MTs	75,861	106,000	171,720	198,760	206,060	206,060
Cocoa	MTs	24,000	30,000	36,000	45,000	50,000	60,000
Fisheries	MTs	461,726	554,000	583,000	630,000	681,000	737,000

Crop, Livestock and Fisheries Products Export Targets for 2015/16 - 2019/20

Commodity	Units	Baseline 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Maize1	Mn. USD	150	165	182	200	220	242
Beans2	Mn. USD	95	105	116	129	142	158
Bananas3	Mn. USD	390	429	472	519	571	628
Rice 4	Mn. USD	29	37	47	59	74	93
Cassava5	Mn. USD	0	0	0	0	0	0
Coffee	Mn. USD	400	400	400	400	400	1,100
Tea	Mn. USD	15	15	18	18	22	25
Meat6	Mn. USD						
(a) Cattle6	Mn. USD	117	121	126	131	136	142
(b) Goats6	Mn. USD	67	70	73	76	79	82
(c) Pork6	Mn. USD	1	1	1	1	1	1
(d) Poultry6	Mn. USD	27	28	29	30	31	32
(e) Eggs6	Mn. USD	32	33	35	36	38	39
(f) Hides/Skins10	Mn. USD	11	11	12	12	13	13
Dairy (Milk)7	Mn. USD	406	433	460	488	516	547
Fruits8	Mn. USD	0	0	0	0	0	0
Cotton9	Mn. USD	72	103	132	176	221	275
Oil Seed	Mn. USD	150	180	216	259	311	373
Oil Palm	Mn. USD	26	43	50	52	52	54
Cocoa	Mn. USD	63	78	94	130	145	174
Fisheries	Mn. USD	70	73	76	80	83	86
Total	**Mn. USD**	**2,121**	**2,326**	**2,539**	**2,795**	**3,054**	**4,065**

Notes:

[1] Maize exports are estimated at about 20% of total production. target

[2] Beans exports are estimated at about 10% of total production target

[3] Banana exports are estimated at about 15% of total production target

[4] Rice exports are estimated at about 10% of total production target

[5] Cassava exports are estimated at about 10% of total production target

[6] Meat Exports are estimated at about 10% of total production target

[7] Dairy Exports are estimated at about 15% of total production target

[8] Fruits Exports are estimated at about 10% of total production target

[9] Cotton Exports are estimated at about 70% of total production target

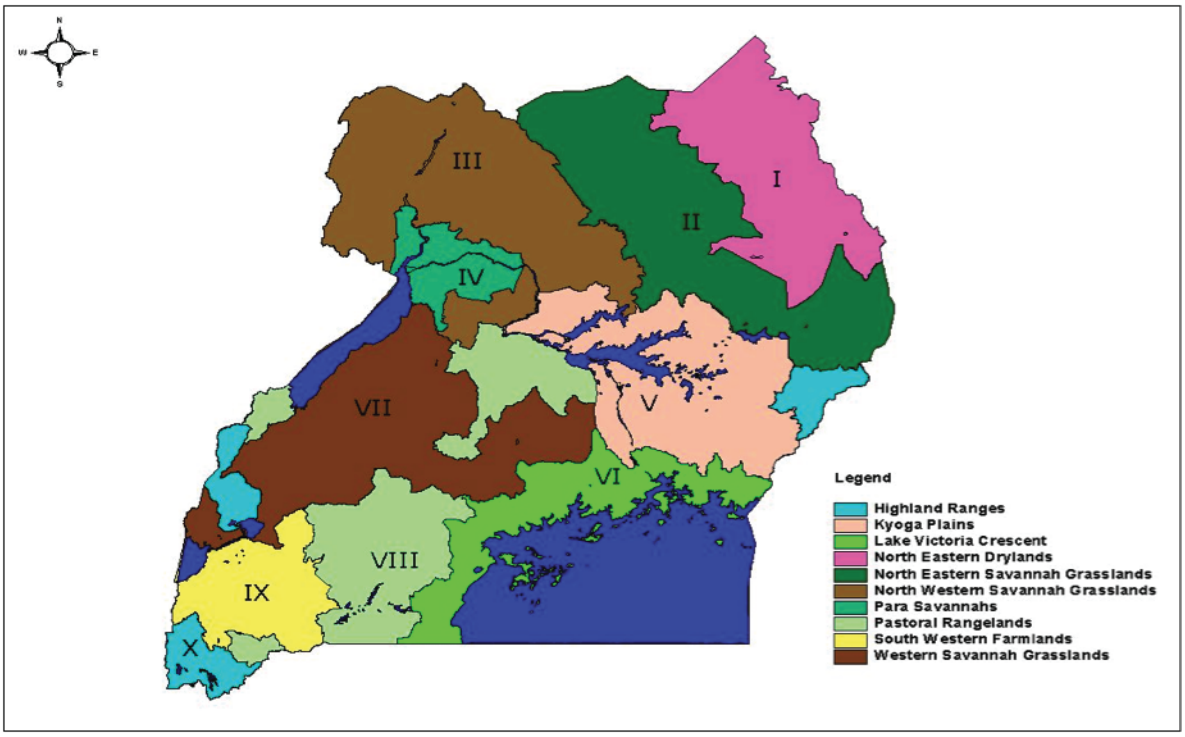
[10] Hides and skins 60% of total production target

Agro-Ecological Zones

Uganda is divided into ten agro-ecological zones:

1. Eastern Dry lands
2. North Eastern Savannah Grasslands
3. North Western Savannah Grasslands
4. Para Savannahs
5. Kyoga Plains
6. Lake Victoria Crescent
7. Western Savannah Grasslands
8. Pastoral Rangelands
9. South Western Farmlands
10. Highland Ranges

Agricultural Ecological Zones of Uganda



The commodities which were designated to each production zone and mapped out in the DSIP have been adapted as indicated below. Within each zone, it is expected that the unit for planning of activities will be the districts and MDAs.


Coffee
Beans
Poultry
Cassava
Coffee
Poultry
Cassava
Goats
Beef cattle
Cassava
Goats
Poultry
Coffee, Poultry, Apples, Tea Dairy cattle
Goats
Dairy cattle
Maize
Beef cattle
Poultry
Fish, Maize
Pineaples
Coffee
Citrus, Pineaples
Beef cattle, Tea
Coffee
Dairy cattle
Fish
Poultry
Coffee, Poultry, Apples, Tea Dairy cattle
Dairy cattle
Coffee
Beef cattle
Irish potatoes
Goats
Banana, Tea
Coffee, Poultry, Apples, Tea, Dairy cattle
Enterprise and Agroecological zone (Zone number in parenthesis)
North Eastern Dry lands (1)
North Eastern Savannah Grasslands (2)
North Western Savannah Grasslands (3)
Para Savannahs (4)
Kioga Plains (5)
Lake Victoria Crescent (6)
Western Savannah Grasslands (7)
Pastoral Rangelands (8)
South Western Farmlands (9)
Highland Ranges (10)
0 45 90 180 Km
Compiled by SAKSS - PMA Secretariat

Commodity		Agricultural Zones									
		I	II	III	IV	V	VI	VII	VIII	IX	X
Banana										√	
Beans				√							
Cassava		√	√		√						
Cocoa											
Coffee				√	√		√	√		√	√
Cotton											
Irish Potatoes										√	√
Sweet Potatoes*			√	√		√		√			
Fruits & Veg.	Apples										√
	Citrus					√					
	Mango										
	Pineapples					√		√			
	Vegetables*			√		√	√	√		√	√
Maize						√		√			
Rice											
Sorghum*		√	√			√			√	√	
Tea								√		√	√
Beef Cattle		√						√	√		
Dairy Cattle							√		√		√
Fish	Aquaculture					√	√				
	Capture										
Goats		√	√						√		
Poultry			√	√	√	√	√				
Piggery*				√		√	√	√		√	√

** Commodities that were not chosen among the priority strategic commodities but are very important for food*

TARGET INVESTMENT PROMOTION MARKET SEGMENTS

Infrastructure

Adequate infrastructure is key for economic growth and competitiveness in Uganda. The country's current inadequate infrastructure is impeding faster growth. Evidence from enterprise surveys suggests that in 2006 infrastructure constraints were responsible for as much as 58 percent of the productivity handicap faced by Ugandan firms, with the remainder traceable to poor governance, red tape, and financing constraints. Infrastructure constraints in Uganda at that time were among the highest in the region. Inadequate power was the constraint that weighed most heavily on the country's firms. Customs clearance processes before export was the second largest constraint hindering firms' productivity. The average output loss owing to electricity supply problems is about 10 percent; a number higher than in most countries in Sub-Saharan Africa.

Access to electricity in Uganda is very limited. As of 2009, only 9 percent of the population had access to power, less than a third of the rate in other low-income African countries and a fraction of the rate in resource-rich countries. Uganda's access rates are more or less equal to access rates in Malawi, amongst the lowest in Africa. Access to electricity in urban areas is also limited. Even in urban areas, only 50 percent of the population has access to power compared to 86 percent in other LICs. In rural areas, only 5 percent of the population has access to power compared to 12 percent in LICs, falling short of Uganda's national rural access target of 10 percent.

Roads are the most commonly used transportation infrastructure in Uganda, accounting for more than 90% of cargo freight and passenger transportation. Uganda has about 78,100 kilometers (48,529 mi.) of roads. Only 3,000 kilometers (1,864 mi.) are paved, and most roads radiate from Kampala. The country has a 321 kilometer (200 mi.) rail network, much of which is not currently in use. Essentially the only operational rail line runs from the Kenya border to Kampala. Uganda's road and rail links to Mombasa serve some of the transportation needs of the neighboring countries of Rwanda, Burundi, and parts of D.R.C. and Sudan as a large volume of transit goods passes through Uganda to its land locked neighbors. Entebbe International Airport is on the shore of Lake Victoria, some 32 kilometers (20 mi.) south of Kampala.

As a landlocked country, competitive air cargo rates for both imports and exports are vital for Uganda. Efforts to develop Entebbe airport to handle cargo and even become a "regional hub" have been underway for some time now but need more support. When these plans are implemented, it will have considerable benefits for the flower and fresh fruits and vegetables industries. Currently, the loaded pallets have to be transported almost 2 km to the airplane and loading takes place in the often sunny open.

A cargo village with sheds, ramps and other facilities will reduce quality losses of fresh produce at the airport. It will also make Entebbe a more attractive airport for cargo planes to include in their routing, thus giving greater freight options for exporters. It has to be financially attractive for air freighters to land and offload and load cargo. Unfortunately, tariffs on aviation fuel and landing and cargo handling costs are higher in Uganda than in neighbouring countries. In an industry where fuel accounts for 75 % of the operational cost of cargo flights, airline companies are discouraged from landing at Entebbe airport.

Poor operational performance has made Uganda's railways uncompetitive relative to roads. Uganda's railways have recorded low labor productivity, locomotive productivity, and wagon productivity. The recent concession of the railways of both Kenya and Uganda did not lead to immediate improvements in the performance of the system, with efficiency impeded by obsolete equipment, lack of adequate maintenance, and lack of spare parts. Competition from the road sector has further reduced the usage of Uganda's railways. The lack of a strong marketing effort in the face of competition from the road sector has contributed to declining rail freight volumes. This was compounded by the liberalization of coffee transportation in 1990, removing the government mandate that the industry use rail transportation.

Uganda could have a relative comparative advantage for production of fresh horticultural products for the southern African market but transportation is a major constraint. Southern Africa has good infrastructure, with major corridor roads, but road capacities are not always sufficient for perishable horticulturals or for high tonnages. Rail transport is cheaper than road transport and would be suitable for some fruits and starchy staples such as matoke, cassava, sweet potatoes and potatoes, but the railways in East Africa, including Ethiopia, are 1000mm gauge while the so called Cape gauge of 1,067mm is in use from South Africa, Tanzania, DR Congo, Angola and the line from Khartoum to Port Sudan.

As it is there is no possibility to move horticultural produce around the continent in continuous travel without loss of time and incurring loading/offloading costs. Rather than investing in costly dual-fitted rolling stock or transfer stations, which still cause delays in transit, the governments of Uganda and Kenya have now opted to go for standardizing the gauge to 1,435mm. A US$10 million feasibility study with preliminary designs was undertaken and if the line is implemented, it will be possible to use improved locomotives and double stack containers on the Mombasa – Kampala– Kasese mainline service.

Due to its poor status, rail road transport currently handles less than 6% of cargo that goes around Kenya, Uganda, Rwanda, Burundi, Democratic Republic of Congo, parts of Tanzania, south Sudan and Ethiopia.

Agriculture Sub-Sector Investment Opportunities

Uganda's existing comparative advantage is heavily concentrated in agriculture, forestry and mineral resources and their primary processing. The identified potential investment opportunities are based on the availability of domestic natural resources and intermediaries, the existence of surplus domestic labour, the good market prospects, the "high value low transport costs" to export markets as well as the relative competitive advantage of Uganda vis a vis her main trading partners in the region (UIA).

There is significant scope for export both to the regional and the international market as well as in the utilization of local agricultural raw materials to manufacture agro-processed products with higher export potential. Additional opportunities exist for support industries to the sector for example in packaging, transportation, storage, and cold storage at export points.

Areas of investment being promoted include Horticulture, Floriculture, Dairy, Fisheries, Forestry, Coffee, and various value addition possibilities for primary agricultural processing. Dairy and Fisheries will be covered by the Livestock Study that is being conducted in parallel with this report.

- Horticulture

Opportunities include commercial farming of fruits and vegetables, processing, production and export of de-hydrated fruits, cold storage facilities at collection points, organic farming, irrigation schemes for commercial farms to ensure harvest throughout the year. Some of the successful fruits and vegetable exporters include: Flona Commodities, Fruits of the Nile, Envalert Uganda, Amfri farms and Jali Oganic (U) Ltd.

Amfri Farms is exporting both fresh and dried fruits and vegetables. The other four deal mainly with dried fruits. Recently innovations in vacuum packing, freezing and production of concentrates and processed fruits and vegetables has expanded the range of horticulture products being exported.

• Floriculture

In spite of being a relatively new industry in Uganda dating back only to 1993, commercial floriculture has emerged as a major non-traditional agricultural export sector with the major exports being roses and chrysanthemum cuttings. The industry has contributed significantly to the national economy in terms of foreign exchange earnings, employment opportunities and rural development. The rise of the industry can prove to be instrumental in the economic recovery program by ensuring increased wealth to the masses, boosting the country's export revenue base and creating a sustainable source of income for the people. Floriculture gives the most attractive return on investment in agriculture in Uganda (30-40%) but requires high investment. The industry requires expansion and new enterprises, and the market can absorb an increase in production.

The country's competitive advantage lies in its favourable climatic conditions, low production costs and a wide range of donor support. The main destinations of Ugandan flowers are the Netherlands, Germany, United Kingdom, France, Norway, and Sweden. Other possible markets that Uganda could favourably tap include Kenya, Rwanda, South Africa, the United Arab Emirates and Austria.

Investment opportunities exist in expansion of the floriculture industry (for example apparently Uganda has a competative advantage in Chrysanthamum) and other exotic plants, production of propagation material, establishment of soil analysis laboratory and services and manufacture of greenhouse plastics and associated packaging materials.

• Forestry

Owing to its household uses forestry is of high economic importance to Uganda. The energy sector is characterized by a heavy dependence on Bio-mass. There are 4.9 million hectares of natural forests and woodlands in Uganda, which cover 24% of the land area. The majority of this forest area (81%) is woodland, 19% is tropical high forest and less than 1% is forest plantations.

Uganda has the richest biodiversity among the East African countries and is regarded as one of the important centres of biodiversity. This is due to the overlapping between the dry East African savanna and those of Central African rain forests. As a result a wide range of forest products can be developed at a lower cost and environmental risks.

Uganda is endowed with favourable climatic conditions for forests. Even though tree growing involves long-term investment, it promises high returns for those who ensure proper management structures and technical standards.

Opportunities include:

- Planting of soft wood plantations for timber and poles. Production of round wood for timber from plantations has given an important alternative to indigenous timber in Uganda. There is also high demand for electric and building poles.
- Planting of soft wood plantation for pulp. Most of the paper products in Uganda are imported. With the healthy investment climate in Uganda and the potential to produce timber for pulp at l ower costs, investing in paper industry is indeed an attractive investment.

Value added products from both hard and soft wood:

- Furniture: The demand for high quality furniture in Uganda is high.
- Flooring and paneling: The construction industry in Uganda has expanded manifold over the years and the demand for good flooring is on a rise.
- Veneer and plywood: Growing demand can be seen in Ply wood manufacture in Uganda.
- Particle board mill from saw dust: The saw dust from most of the saw mills is wasted and contributes to fires in forest reserves. A particle board mill will add much value to the saw dust.
- Match factory: The timber not suitable for construction can be utilised through setting up match factories.
- Pencil factory: A pencil factory is also another investment opportunity to trap the ever increasing demand from schools in line with the government policy on Universal Primary Education.

Planting palm trees and processing of palm oil. The VODP project has proven that Uganda has a potential for palm oil that can be further expanded.

Planting for medicinal purposes. Medicinal plants such as the Neem tree have a very high potential in Uganda.

- Coffee

Uganda has long relied on coffee as its major export earner, but there is considerable scope for value addition in coffee to increase the value of production for both domestic consumption and export. Green coffee beans are sold for about one US dollar per kilogramme but when roasted and processed the coffee can fetch as much as 15 US dollars a kilogram.

Uganda launched its first coffee roasting and packaging company in 2009. The company will export coffee directly to global supermarket chains in the United Kingdom and South Africa. The one-million US dollar enterprise is capable of producing three million kilogrammes of coffee yearly and is expected to boost the country's revenue. The project started in 2003 as a social enterprise aimed at linking coffee growers directly to the market.

Uganda has considerable potential to expand into the organic, fair trade certification, and branded fine coffee markets. There are seven fair trade coffee projects in Uganda currently.

- Others

Other rapidly expanding export commodities that should be considered include sesame seed, chillies, cocoa, and soybeans.

INVESTMENT CLIMATE AND INCENTIVES

According to the World Bank's Ease of Doing Business Index, Uganda has also moved up the country rankings 13 rankings over the past year from 135 to 122, due mainly to reduced construction permit acquisition requirements, improved access to electricity and increased access to credit.

Doing Business in Uganda

Rankings Distance to Frontier

Topics	DB 2016 Rank	DB 2015 Rank	Change in Rank
Starting a Business ✔	168	168	No change
Dealing with Construction Permits	161	166	↑ 5
Getting Electricity ✔	167	172	↑ 5
Registering Property	120	118	↓ -2
Getting Credit ✔	42	128	↑ 86
Protecting Minority Investors	99	98	↓ -1
Paying Taxes	105	101	↓ -4
Trading Across Borders	128	126	↓ -2
Enforcing Contracts	78	78	No change
Resolving Insolvency	104	106	↑ 2

✔=Doing Business reform making it easier to do business. ✗=Change making it more difficult to do business.

Uganda Investment Authority (UIA) is the agency set up by Government to promote investment in Uganda, to market Uganda's investment opportunities to targeted investors all over the world; to coordinate the national investment-marketing program and to serve as a point of contact for investors interested in Uganda and facilitating them in implementing their planned investments with minimal problem. UIA also advises Government on appropriate investment friendly policies and is generally equipped to swiftly handle investors' requirements for information or action.

According to UIA since 1991, over 2000 enterprises of various sizes have committed in excess of US$2.5 billion in actual investment into the country for projects that range from agriculture, manufacturing to transportation. For many investors, Uganda is an attractive investment location in Africa for the following reasons:

- Strategic location at the heart of Africa that guarantees ready access to regional markets,
- A predictable and stable economic environment,
- A fully liberalized economy,
- An abundant natural resource base,
- Two agricultural seasons per year in most parts of the country,
- An abundant supply of freshwater for production and processing (lakes, rivers, streams and swamps cover more than 17% of Uganda's surface area),
- Relatively reliable rainfall for rain-fed agriculture in most parts of the country,
- Demonstrated Government commitment to the private sector,
- Existence of a well-trained, English speaking workforce (including a large pool of unemployed university graduates),
- Well-developed basic infrastructure, compared to other countries in the region,
- A friendly vibrant culture that welcomes foreign investment and expertise and offers a comfortable quality of life for visitors.

A number of projects exist to support investors in given sectors. UIA can advise potential investors on the how and where to access existing financing options for their planned investors. Foreign investors can apply for loans from the local banking sector. Investors can also list their projects on the local stock exchange.

• MIGA Coverage

Uganda became a member of the Multilateral Investment Guarantee Agency (MIGA) in 1992. Under this agency, foreign investors can insure their investment in Uganda against a wide range of non-commercial risks including expropriation, currency transfers, breach of contract and civil strife. Foreign investors can apply for MIGA coverage through UIA.

• Overseas Investment Insurance Scheme

The scheme provides insurance cover for UK companies against the perceived political risks of investing in foreign markets.

• Overseas Private Investment Corporation (OPIC)

An agreement signed in 1998 with the above US agency seeks to guarantee American investment in Uganda.

• Bilateral Investment Treaties

Uganda has also signed bilateral investment protection agreements with a number of other countries.

• Investment Incentives

Along with an excellent macro-economic record, Uganda provides a competitive incentive regime for the private sector:

1) Uniform corporation tax of 30%, which is the lowest in the region
2) Import duty exemptions for plant and machinery
3) Duty draw-back facility for exporters
4) A fully liberalized foreign exchange regime with no restrictions on the movement of capital in and out of the country.
5) A freely convertible and stable currency
6) Special initial allowance (accelerated depreciation) of 50 - 75 per cent on plant and machinery
7) 100% initial allowance for training, scientific research and mineral exploration expenditures
8) Value Added Tax (VAT) deferral facilities for plant and machinery
9) First Arrival Privileges in the form of duty exemptions for motor vehicle and personal effects to all investors and expatriates coming to Uganda

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