



The Republic of Uganda

THE AGRICULTURE INDUSTRIALIZATION POLICY FRAMEWORK IN UGANDA

**KEY NOTE PRESENTATION BY THE HON. MINISTER OF
AGRICULTURE, ANIMAL INDUSTRY AND FISHERIES AT THE
NATIONAL BUDGET CONFERENCE AND ECONOMIC GROWTH
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MINISTER FOR AGRICULTURE, ANIMAL INDUSTRY AND FISHERIES.

Ladies and Gentlemen,

All protocol observed

I thank you all for your continued support towards the development of the Agriculture Sector in Uganda, and, for your contribution to the development of our economy in general. I am grateful for the presentations made in this gathering on agriculture development and the ways in which we can ensure that we further improve our sector performance. I wish to provide a brief framework on policy issues in as far as agriculture industrialization is concerned.

Ladies and gentlemen, like earlier noted, developing our economy will largely depend on developing our agriculture, specifically, industrializing our agriculture sector. This is a quick win in various ways, among others, in the creation of jobs not only for our youths who need them desperately, but also for the different sections of the population. In order to comprehensively support agriculture industrialization, there is need to recognize that it indeed requires the efforts of the various stakeholders gathered here and beyond.

On the side of Government, Agriculture Industrialization does not only require a strategy but needs a multi-sectoral comprehensive policy recognizing the roles of each sector, Ministry, Department and Agency in the broader and specific definitions of the Core Functions Of Government (COFOG). In order to have adequate quantity and quality of produce for processing, and which will also attract good markets domestically, regionally and internationally, we are refocusing on the entire agriculture value chain while putting more emphasis on high value commodities.

Ladies and gentlemen, we need to process quality produce but also with substantial volumes. Therefore looking at the concept of industrialization, we are implementing programs to increase the current production and productivity, quality and quantity of volumes, and, boosting efforts to ensure that the produce is handled properly (post-harvest handling) to avoid contamination (aflatoxins and other substances).

We also need to ensure that we use appropriate and cost effective technology to minimize processing costs and make our products more competitive and profitable. Government is rolling out programs to ensure that the business community involved in processing has access to support services such as cheap

finance, and also their businesses are well secured and insured, i.e. reduced risk in agro-investment.

We are working to ensure that our produce adequately taps into the domestic, regional and international market by ensuring we and our target countries have convenient frameworks for trade. Most importantly, we are boosting our capacity to ensure that there is adequate accreditation in terms of quality of our products, in order to access the regional and international markets.

Ladies and gentlemen, in order to promote adequate agro-industrialization, we need to find a policy mix that will guarantee all the above initiatives. I am calling it a policy mix because I am aware that the Government under the NRM leadership has over the years come up with various policies and strategies to address most of the above issues. What we are exploring now is an appropriate policy mix to ensure that Uganda Agro-industrialization and agriculture sector in general is propelled faster to be one of the key engines leading us to the Middle income status.

The developed economies such as Israel and the Netherlands found ways of coming up with the appropriate mix of policies, strategies and investments in agriculture and the agriculture sector is now contributing tremendously towards

their GDPs. Also, developing economies such as Zambia and our neighbours in Kenya seem to have come up with a proper hybrid of policy mix and actions towards agriculture investments. We see, and we are understudying the mix between well financed agriculture or cooperative based financial institutions, farmer group formation, appropriate agro-based SME platforms, appropriate ICT platforms, rigorous advocacy for appropriate farmer sensitive laws and also regional laws within the EAC and other incentives, all geared towards increasing production and productivity, value addition and easy access to regional and international markets. For Zambia, they have done this so well especially in the value chain of Beef and for Kenya, this has been well handled especially in the value chain of grain.

I therefore propose the following:

1. The need to come up with a multi-sectoral sensitive agro-industrialization policy which will clearly recognize (but not limited to) the roles of the different agencies in as far as agricultural industrialization is concerned. The Ministry of Agriculture will continue to improve on its role in the generation of appropriate production and value addition technologies, and that produce meant for industrialization is free from contamination and diseases. And also, most importantly, the Ministry is carrying out various

initiatives to ensure that appropriate volumes required for agro-processing are produced.

2. The Ministry of Trade, Industry and Cooperatives (MTIC) will co-ordinate/ support the development of appropriate and business sensitive laws, regulations and regional/ international trade protocols. Also, MTIC will ensure that standards are maintained for our products through agencies such as UNBS to meet the regional and international accreditation standards.
3. The Ministry of Energy and Mineral Development will ensure that the various farmers/ farmer groups and other value chain actors have quick, easy and affordable access to energy either through the national grid or through alternative sources.
4. The Ministry of Local Government the District Local Government administrations will ensure that the farmers and agri-business dealers at the grassroots are appropriately mobilized to produce and participate in the selected value chains.
5. The Ministry of Finance, Planning and Economic Development, National Planning Authority and the Office of the Prime Minister will ensure that the various initiatives of the other sectors are well coordinated and funded using investments by both private and public sector through existing financing frameworks which will include direct funding from the treasury, assisting private agro-processors to access cheap credit through financing

windows of multilateral lenders such as EADB, ADB, World Bank e.t.c., and ensure that appropriate funding portfolios are negotiated through both bi-lateral and multi-lateral lenders to ensure cost effective loans and grants to further support the agro-industrialization agenda.

6. Government will ensure that all these functions happen in harmony, i.e. have a good policy mix for agro-industrialisation in Uganda. This will also include mutual accountability to ensure the different sectors understand and carry out their respective contributions.

The Ministry of Agriculture, Animal Industry and Fisheries has in the past had significant achievements in supporting the private sector to undertake comprehensive and cost effective value addition which has further created job opportunities for our youths and contributed to import substitution and export promotion. To mention a few, these include:

- Under the Coffee value chain where we adopted a strategy of supporting and giving incentives to agro-processors, including tax holidays and direct support through UDB and the NAADS program which has greatly improved the quality of Uganda's coffee and the volumes of the coffee exports are steadily increasing. We have successfully turned around the profitability of the coffee value chain and private sector now considers it a profitable and strategic business.

- Under the vegetable oils value chain, Government partnered with the private sector and provided some concessions which has contributed to the reduction in vegetable oil imports and we have also started exporting to the region. This has also contributed to job creation right from the plantations (both nucleus and smallholder), the factories and, the marketing and distribution of these products, and the bi-products.
- Under the dairy sub-sector, Government took a strategic decision to divest the former National Dairy Cooperation and also provided incentives to other dairy processors. Currently, 90% of Ugandans are consuming domestically produced dairy products and Uganda is currently producing 2.3 billion litres of milk per year. The Uganda dairy industry is competing favourably in the region.
- Under tea, the Government took a strategic decision to provide tea seedlings in new tea growing areas in order to avail enough leaf for processing. This led to the emergence of many mushrooming tea factories and has improved value addition for tea. Government is carefully studying how to regulate these tea factories while supporting them to diversify brands and improve quality of the final products.

The statistics for each of these, and other core value chains before and after the Government interventions are available for the public.

Conclusion

Agriculture industrialization is one of the key pillars that we as Government are streamlining in order to provide more jobs for our youths and also increase the national GDP. However, we need to ensure that it is developed through a multi-stakeholder sensitive policy environment. I will engage with the Government coordinating agencies i.e. National Planning Authority, Office of the Prime Minister and the Ministry of Finance, Planning and Economic Development to ensure that this is urgently done and that there is adequate information flow and stakeholder engagement in the processes.

I thank you

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