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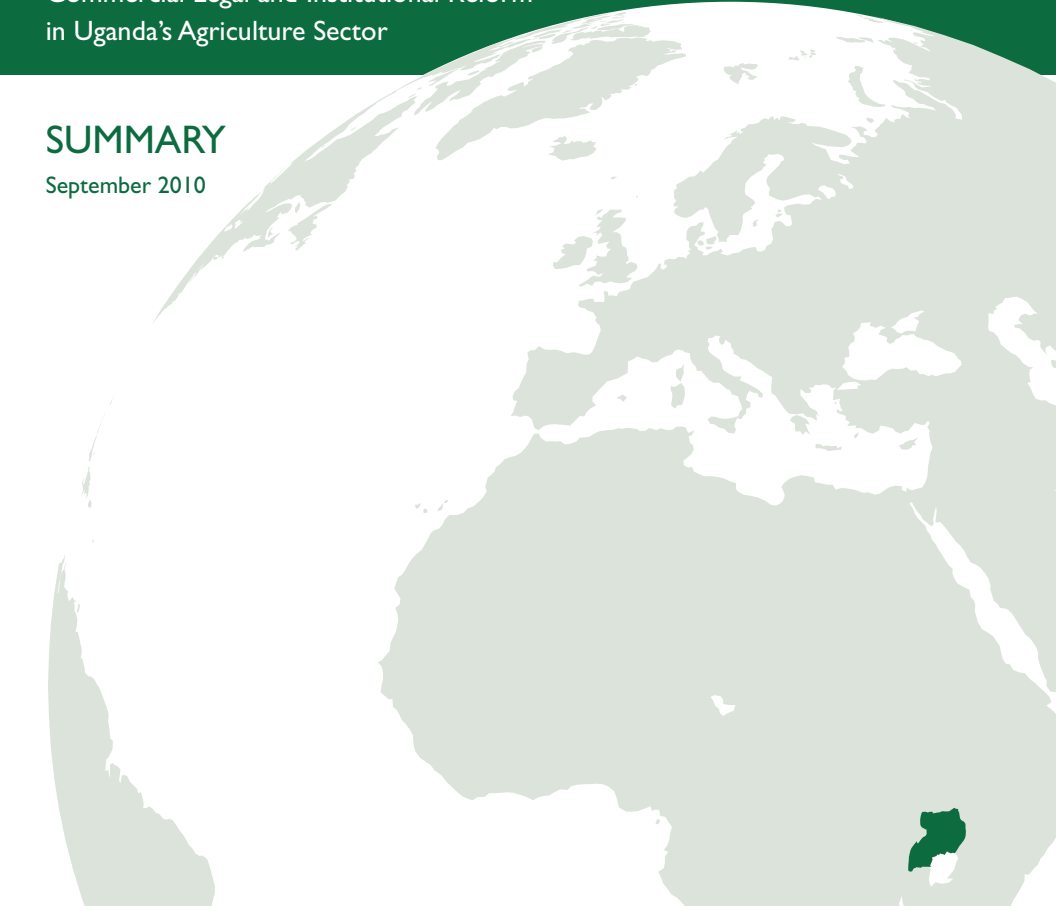
Business  
Climate  
Legal &  
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Reform

# AgCLIR: UGANDA

Commercial Legal and Institutional Reform  
in Uganda's Agriculture Sector

## SUMMARY

September 2010



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## EXECUTIVE SUMMARY

This Agriculture-Commercial Legal and Institutional Reform (AgCLIR) report addresses the conditions and opportunities for doing business in Uganda's agriculture sector, as well as key issues pertaining to the availability of, access to, and stability of the country's food supply. Through close examination of the relevant laws, institutions, and social dynamics, this report aims to inform the assistance decisions of the United States Agency for International Development (USAID) and other donors in the area of agricultural development and food security in Uganda. This report also provides insights and recommendations for government officials, private sector representatives, and other stakeholders who are directly involved with the agriculture sector and food security. Specific recommendations are set forth in the final chapter of this report.

This AgCLIR report should be regarded as a sector-specific extension of a USAID-sponsored Business Climate Legal and Institutional Reform (BizCLIR) diagnostic in Uganda, the report for which was issued in December 2008 (and is hereinafter referred to as the "2008 BizCLIR report").<sup>1</sup> That report set forth a variety of recommendations pertaining to the potential of Uganda's agricultural resources, as well as for strengthening the environment for other sectors such as services and manufacturing. This report also converges at certain key points with the USAID-sponsored Health Business Climate Institutional Reform Assessment (HealthCLIR) issued in January 2010.<sup>2</sup> Because most of the recommendations in the 2008 BizCLIR report and 2010 HealthCLIR report remain pertinent, they should be revisited, prioritized, and implemented in conjunction with this report's agriculture and food-security-oriented recommendations.

The Uganda AgCLIR assessment was designed to address issues of agricultural growth through the lens of the U.S. government's Global Health and Food Security Initiative (GHFSI): Feed the Future. Feed the Future in Uganda aims to align U.S. government support with the government of Uganda's **Development Strategy and Investment Plan**, which has been developed as

1 USAID/BizCLIR, *Uganda's Agenda for Action* (December 2008), available at <http://www.bizclir.com/cs/countries/africa/Uganda/overview>.

2 USAID/BizCLIR, *HealthCLIR: Uganda* (January 2010), available at [http://www.bizclir.com/galleries/country-assessments/Uganda\\_Health.pdf](http://www.bizclir.com/galleries/country-assessments/Uganda_Health.pdf).

part of the **Comprehensive Africa Agriculture Development Program (CAADP)** process. Both the Development Strategy and Investment Plan and the Uganda Feed the Future strategy emphasize the importance of sustainable growth in the agriculture sector and improved nutritional status for Uganda's citizens. Both plans call for action to improve the policy and regulatory environment for agriculture and increase the institutional capacity for reform and policy implementation in order to increase investment and trade in the sector. This report examines the issues through the traditional commercial, legal, and institutional reform (CLIR) framework but aligns key recommendations to the Feed the Future Results Framework.<sup>3</sup>

## AGRICULTURE IN UGANDA: THE IMPERATIVES OF RAPID GROWTH

Uganda is in a race with time. The country's rate of population growth, at 3.23 percent, is the fourth fastest in the world, and, with nearly 49 percent of its population under the age of 14, it is the second-youngest country in the world.<sup>4</sup> Uganda's population of over 30 million (nearly twice its size in 1991) is on pace to increase by 17 percent by 2015 and 50 percent by 2023. Under these circumstances, current levels of food production are inadequate to meet the needs of such a population. Notwithstanding a generation of government, donor, and nongovernmental organization (NGO) efforts to improve production, Ugandan farmers still use the lowest amount of improved inputs and still have the lowest yields in East Africa.

Around three quarters of Uganda's workforce is engaged in agriculture, including the growing, processing, transport, and marketing of food and other goods produced through farming and forestry. This activity includes the vast majority of the country's women, who, on the one hand, are vital to the country's food chain, and yet, on the other, are substantially neglected as a meaningful resource for future growth and leadership. Unlike the mindset of the country's service and manufacturing sectors, which have seen rapid gains in recent years, only a minority of Ugandans who work in agriculture regards the sector as a "business." Rather, agriculture is widely perceived as legitimately "holding out" from the modern influences of knowledge and management that could otherwise make the country more productive, more food secure, healthier, and more prosperous.

Uganda's persistent economic poverty belies its prospective wealth. The country has abundant natural resources (it shares one of the world's largest lakes), shared regional and international languages,

3 See USAID's Web site on food security at [www.feedthefuture.gov](http://www.feedthefuture.gov).

4 Unless identified otherwise, statistics cited in this report are drawn from a number of sources, including various United Nations and World Bank publications, the CIA's online *World Factbook* (2009), and the *Economist's Pocket World in Figures* (2010). Most of these statistics are themselves derived from Uganda's Bureau of Statistics. Given limitations in domestic information gathering in most developing environments, most figures cannot be said to be exact, but they do represent best estimates as accepted by the international community.

**WORLD BANK DOING BUSINESS CATEGORIES**

	2010	2009	Change
<i>Doing Business Overall</i> <i>(181 economies surveyed)</i>	112	106	-6
Starting a Business	129	129	0
Dealing with Licenses	84	80	-4
Employing Workers	7	8	+1
Registering Property	149	156	+7
Getting Credit	113	109	-4
Protecting Investors	132	127	-5
Paying Taxes	66	71	+5
Trading Across Borders	145	145	0
Enforcing Contracts	116	118	+2
Closing a Business	53	53	0

and diminishing trade barriers in its regional markets. It is the world's 10th-largest coffee producer and enjoys a relatively stable and predictable environment for investment. Uganda's currency is relatively sound, inflation has been under control for most of this decade, and the international financial crisis has slowed growth but not wreaked the same havoc as elsewhere. At the same time, however, the country's particular vulnerabilities are attributable to certain basic issues. Fundamentally, its rates of illiteracy are too high, with a full quarter of the population unable to read and write. Its infrastructure, particularly in the agriculture sector, is entirely inadequate. And Uganda's educated populace, finding that opportunities in Uganda are too few, departs the country to seek employment elsewhere at rates that are among the highest in the world.

This report examines the environment for strengthening the agriculture sector in Uganda and identifies opportunities that can help the country seize the momentum toward full food security. Growth in the productivity of the country's farms can increase incomes, enhance health, and improve livelihoods, permitting more citizens to turn to skilled labor, entrepreneurship, and other productive sectors as the source of their livelihoods. But even as a lower proportion of Ugandans works directly in agriculture, the sector can serve as a much stronger and more efficient source of food security and driver of economic growth. To the extent that conditions for "doing business" in the agriculture sector are undergoing reforms—that is, for the pursuit of economic activity arising chiefly from domestic

production of food and other agricultural resources—the country will experience greater productivity, entrepreneurial opportunity, and wealth creation, all of which drive long-term food security.

## AgCLIR: A TOOL FOR ENGAGING THE AGRICULTURAL SECTOR AND PROMOTING FOOD SECURITY

In 2007, incorporating lessons learned from its first-generation legal, institutional, and trade diagnostic tool called CLIR, USAID sponsored the redesign of its methodology through its Business Climate Legal and Institutional Reform (BizCLIR) project.<sup>5</sup> USAID designed BizCLIR's areas of focus to align generally with the structure of the World Bank's influential *Doing Business* country reports.<sup>6</sup>

Since 2002, *Doing Business* has assisted countries in targeting where their regulatory environments may favor or interfere with economic growth. For each of the 10 topics the reports cover,<sup>7</sup> the World Bank considers key indicia of whether and how the environment for doing business is “working,” measured by such means as the number of procedures involved in achieving a goal (e.g., enforcing a contract), the number of days it takes, and the costs of the procedures in relation to per capita income. The World Bank now gathers data from 183 countries and ranks each, thereby demonstrating how their respective regulatory environments compare to others throughout the world. USAID's BizCLIR initiative takes the same topics and delves far deeper into their respective legal frameworks, implementing and supporting institutions, and social dynamics. That is, while the World Bank delivers a snapshot of the “tip of the iceberg” in 183 countries, BizCLIR subjects the issues covered by *Doing Business* to a far more comprehensive analysis and then reports on the “entire iceberg.”

Recognizing that economic growth in many developing countries turns significantly on their agriculture sectors, this diagnostic shifts the BizCLIR focus on business environments generally to the specific and critical issues pertaining to agriculture—hence, the name “AgCLIR.” This focus on agriculture stems from a consensus in recent years that gross domestic product (GDP) growth in agriculture produces more than twice the impact in reducing poverty as growth in other sectors.<sup>8</sup> It is also critical to note that economic growth in itself is seldom equitable or sustainable if it is not cognizant of the dangers of income differences in populations and is based on extractive activities that contribute to the destruction of biodiversity and increase climate change. USAID's Feed

- 5 Detailed information about BizCLIR can be found at [www.bizclir.com](http://www.bizclir.com).
- 6 See generally World Bank, *Doing Business 2010* (2009), and accompanying literature at [www.DoingBusiness.org](http://www.DoingBusiness.org).
- 7 Starting a Business, Dealing with Construction Permits, Employing Workers, Registering Property, Getting Credit, Protecting Investors, Paying Taxes, Trading across Borders, Enforcing Contracts, and Closing a Business.
- 8 World Bank, “World Bank Calls for Renewed Emphasis on Agriculture for Development,” at <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:21513382~pagePK:64257043~piPK:437376~theSitePK:4607,00.html>.

the Future initiative, which prioritizes increased investment in agriculture and rural development as a lever for combating food insecurity and an engine for broader economic growth, prosperity, and stability, has reinforced this focus. The goal of this diagnostic is to improve understanding of why Uganda's agricultural sector functions as it does; what policy changes could lead the sector to greater productivity, food security, and economic growth; and who among Uganda's economic actors must lead or implement change. This diagnostic has chosen for deeper analysis 7 of the 10 areas of Doing Business (it does not cover Getting Credit, Paying Taxes, or Closing a Business) and also analyzes the state of food insecurity in Uganda and the role of women in Uganda's agriculture sector.

This diagnostic took place June 14–28, 2010. A nine-member team of consultants convened in Uganda and conducted more than 200 interviews across the agriculture sector, including those with national, regional, and local officials; farmers and cooperatives; owners and managers of agricultural enterprises; business associations; NGOs; court

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9 For a full summary of the U.S. government's Feed the Future initiative, see "Feed the Future Guide: A Summary," available at [http://www.feedthefuture.gov/FTF\\_Guide\\_summary.pdf](http://www.feedthefuture.gov/FTF_Guide_summary.pdf).

## INDICATOR SCORE COMPARISONS



representatives; women’s organizations; lawyers; accountants; and many others. Interviews and observations took place in and near Bwera, Fort Portal, Gulu, Kampala, Kasese, Lira, and Mityana. The AgCLIR diagnostic culminated in a roundtable presentation and discussion on June 28, 2010, which was attended by at least 75 stakeholders, including several donor representatives. At the roundtable, team members introduced their preliminary observations, upon which participants elaborated and provided feedback. This input helped shape the team’s final conclusions, which are found in this report.

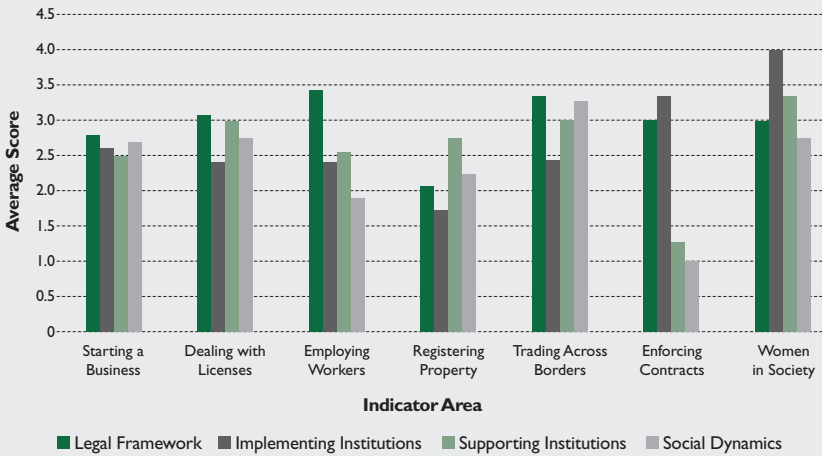
## SUMMARY OF FINDINGS

The findings of the nine subject-matter areas examined in this diagnostic are summarized below. Among those areas receiving scores, the highest in the AgCLIR diagnostic—those with the most positive findings—are Trading Across Borders, Protecting Investors, and Dealing with Licenses. The weakest scores—indicating more negative circumstances than positive—emerge from the areas of Enforcing Contracts and Registering Property. Beyond these trends, the key findings are summarized below.

## ADDRESSING FOOD INSECURITY

Uganda enjoys greater food security than many countries in eastern and southern Africa. Nevertheless, food insecurity and malnutrition are common. In April 2009, the World Food Program’s Comprehensive Food Security and Vulnerability Analysis found that, in April 2009, 6.3 percent of households were food insecure and 21.3 percent were moderately food insecure. *Conflict-related food insecurity* exists mainly in parts of northern Uganda and in Karamoja. *Nutritionally induced food security* appears to be widespread in the north, particularly among the

## INDICATOR COMPARISON



Karamojong, and even in the food-secure southwest regions, and is associated generally with poorer households. *Chronic food insecurity* is not widely prevalent in Uganda, but it arises when individual households lack the cash, labor, or other resources that are required to obtain enough food for adequate nutrition. *Intermittent food security* is inherent in Uganda's subsistence farming system, which does not produce an excess for sale or storage for the future. Each category of food insecurity warrants different types of interventions. With respect to all of them, disaster preparedness is a priority.

## WOMEN IN UGANDAN SOCIETY

While Uganda's constitutions considers women equal and they play a critical role in the agricultural economy, the majority are far from economically empowered. Approximately 70 percent of all small-holder farmers are women, and women are responsible for 70 percent of overall agricultural GDP. Moreover, women are estimated to produce 90 percent of Uganda's total food output and 50 percent of the total cash crop production. Although there is cross-cutting awareness of gender as an economic issue and a government commitment to addressing issues of gender inequality, Uganda lacks the requisite data to identify the gaps, issues, and problems that require remedy. Sex-disaggregated data and gender mainstreaming are critical issues within this demographic. Moreover, the pursuit of education, the choices in higher education, mobility, and the legal

framework collectively work against equality for Ugandan women. The prevalence of gender-based violence in Ugandan society is another undercurrent, and the popular notion of “domestic virtue”—which confines most women to traditional roles and extremely high rates of fertility—is a factor hindering women’s ability to advance in economic empowerment.

## STARTING A BUSINESS

The need to professionalize farming, while more acute today than perhaps 15 years ago, is not new. Yet after a generation of effort by government, donors, and NGOs, Ugandan farmers still use the lowest amount of improved inputs and still have the lowest yields in East Africa, and possibly in Sub-Saharan Africa. Most agricultural businesses remain small and informal, and the cooperative model, after crashing in the early 1990s, has failed to return to its potential as a vehicle for greater efficiency and productivity. If Uganda is to change course—so that it is capable of feeding itself in 15–20 years—then serious actions are required, and youth need to be a part of the solution. Attitudes toward farming need to change from one of “digging” to one of business. Issues particular to the young such as access to land, capital, and know-how must be addressed. There is an urgent need to professionalize the vocation of farming, starting at a young age. Although its mission may be worthy, the Ministry of Agriculture lacks a supportive organizational structure and sufficient qualified staff to serve its constituencies.

## DEALING WITH LICENSES

For foreign investors and larger companies, Uganda’s environment for dealing with licenses is more a nuisance than an impediment. Obtaining a trading license is a generally straightforward process for large and small enterprises alike, although procedures may vary among municipalities and corruption interferes. There is a great deal of complexity, and varying levels of formality, with respect to the specific licensing environment for individual agricultural products, particularly inputs such as seed and fertilizer. A number of new laws, including a new **Plant Variety Protection Act** and a law pertaining to organic farming, are caught in Uganda’s slow pace of legal reform. Once new laws are enacted, the country will need to focus on implementation in a way that serves, rather than constrains, the business environment.

## EMPLOYING WORKERS

The vast majority of Uganda’s agricultural workforce exists in the informal sector. These workers, approximately 80 percent of the

agricultural workforce, toil on family farms, as casual laborers, on a seasonal or piecemeal basis, or as employees in small family businesses of fewer than five dependent employees. Accordingly, the national employment policies have little relevance to them or for them, and the minimum national standards for compliance on wages, hours, safety, and health are rarely met. In larger agribusinesses, however, employment policies are largely understood and relatively enforced, as the few labor inspectors that exist usually target these businesses. Throughout this diagnostic, interviewees underscored the fact that Ugandan youth no longer want to work in agriculture. Most are eager to move to the cities and would rather scrape out meager livings doing odd jobs. The lack of youth interest and involvement in agriculture presents a real problem for the future of Uganda's agricultural workforce. Moreover, rural women in Uganda face particular hardships, including not only discrimination in education and employment opportunity, but also entrenched cultural and legal biases. Most people working in rural Uganda have little understanding of the true family dynamics that determine how they spend their household income and distribute food and workloads within the family.

## REGISTERING PROPERTY

Most estimates agree that between 75 and 80 percent of Uganda's land is under customary ownership and is not part of the statutory (formal) legal regime. This condition limits the ability of citizens and foreign investors to fully utilize one of Uganda's most valuable assets. The overlapping categories of land ownership—mailo, leasehold, freehold, and customary—undermine the ability to buy and sell land efficiently or to use it as collateral for further developing property and improving productivity. A well-intentioned effort by the government to amend the **Land Act** to protect tenants only increased tensions between title-holding landlords and their tenants. Moreover, it created uncertainty and increased perceived risks for banks. The political and social dynamics surrounding land ownership are acute and only made more so by the impending 2011 presidential election. Resolution of issues relating to multiple ownership of land under community and statutory regimes will take considerable time, but there should be a window of opportunity immediately after the election.

## PROTECTING INVESTORS

Formally, Uganda welcomes all forms of investment. It does not discriminate against businesses conducted or owned by foreign investors or bar 100 percent foreign ownership of agricultural businesses. The country has no recent history of expropriation or nationalization and

does not restrict the transfer or repatriation of capital and income earned. Although corruption is a problem, it is not high by regional standards. Uganda ranks 130 on Transparency International's Perception of Corruption Index (2009), while Tanzania ranks 126, Kenya 146, and Burundi and Sudan 168 and 176, respectively. Although there are significant problems with Uganda's company law and its accompanying institutions, most Ugandan businesses, particularly in the agricultural sector, need to address basic good business practices—bookkeeping and management—rather than more complex legal issues of disclosure duties and shareholder protections. Uganda should support and encourage a culture of good business management, which will benefit the broader business community and lay the foundation for more advanced corporate governance practices.

## **TRADING ACROSS BORDERS**

Uganda has made substantial progress in recent years toward creating an environment conducive to domestic and international trade in agricultural products. The trade regime is relatively liberal, and the country has been a strong and cooperative member of regional trade pacts, with the five-member East African Community (EAC) growing in significance. Uganda, an active supporter of regional trade linkages, is a key member of the Common Market for Eastern and Southern Africa (COMESA). In March 2010, Uganda signed the Comprehensive Africa Agriculture Development Program (CAADP) Compact, which tied together its National Development Plan 2010–2015 and its agricultural Development Strategy and Investment Plan processes to create a strong and detailed compact, further demonstrating its ongoing commitment to agricultural development. Notwithstanding important reforms, there remain fundamental constraints to Uganda's food security and the competitiveness of its agricultural enterprises through trade. These include limited access to land, water, skilled labor, markets, and infrastructure, each undercutting a productive agricultural sector. Moreover, the agricultural trade industry feels that it needs a more direct and established forum with the government to discuss trade policy and facilitation and the use of government funds for these purposes. Uganda's upcoming policy decisions pertaining to the EAC's Common Market Initiative heighten the need for and potential benefit of such a forum.

## **ENFORCING CONTRACTS**

Uganda's agricultural sector does not generally support the use and effective enforcement of contracts. With the high costs of enforcing claims—at almost half the value of the claim—very few people try to

enforce their contracts, even when such contracts are actually in force. With a costly and drawn-out process for gaining justice, it is not surprising that Ugandan agricultural businesspeople and farmers rarely enter into written contracts.

## **CROSS-CUTTING THEMES**

This diagnostic is organized so that various components of a healthy and prosperous environment for agricultural enterprise are considered both discretely and in relation to each other where appropriate. Certain issues and dynamics are so prevalent across this analytical framework that they warrant special mention. These cross-cutting themes are discussed in turn.

### **DOMESTIC, REGIONAL AND INTERNATIONAL OPPORTUNITIES IN TRADE**

Domestically, regionally, and in markets beyond Africa, Uganda has many opportunities to increase its trade in agricultural goods with the results of a strengthened trade balance and greater food security. In recent years (and as detailed in the 2008 BizCLIR report), the country has taken significant measures toward strengthening its trade policy and its facilitation of trade in both the import and the export processes. Implementation of a customs management system based on modern systems of information technology has driven process simplification and standardization. Delays at the borders and at the customs processing centers have been reduced. Efforts to fully implement a regional customs union have increased harmonization and facilitation of regional customs practices, resulting in a greater predictability for the trader.

Although such efforts have strengthened the environment for trade, this diagnostic finds the need for greater understanding of and commitment to trade in the agricultural sector. For example, domestic markets, enterprises, and cooperatives seeking to expand their trade capacity find limited access to local markets. They typically blame local “traders” for their poor access and for the unsatisfactory prices they receive. Although “middlemen” are indeed able to quash some local competition in trade and otherwise take advantage of weaknesses along the supply chain, they should not be, as a policy matter, viewed as the source of all troubles articulated by Uganda’s producers. Rather, the high costs of transactions that make the trader-to-producer relationship seem so imbalanced should receive greater attention. A wide range of risks drives up the costs of domestic trade,

including the risk of losing livestock to pervasive cattle and sheep rustling in some regions; the risk of product spoilage due to poor roads, inadequate cold storage facilities, and limited processing of fresh food; and the risk of low prices at market due to an overabundance of certain crops, while alternative crops that might bring in better returns (and more varied sources of nutrition) are not available.

Regionally, Uganda's commitment to more fluid trade, particularly within the East African Community (Burundi, Kenya, Rwanda, Tanzania and Uganda), has strengthened opportunities for producers seeking to export. Again, however, transaction costs remain too high. In addition to poor roads and weak facilities, a fundamental problem with transporting Ugandan goods to regional markets—one that appears remarkably absent from the regional trade policy agenda—is the overwhelming cost of roadblocks and weigh stations, particularly on the way to Kenya. Time lost in transport presents untold costs in trade opportunity: fresh agricultural goods that might otherwise be suitable for market are vulnerable to loss as a result of these indefensible delays. In addition, although Uganda committed to free trade in services, capital, labor, and goods under the EAC Common Market protocol effective July 1, 2010, national ambivalence over allowing foreigners to do business in the local arena overshadows the opportunities inherent in bringing more skilled labor into Uganda's agricultural sector. Local wariness over Kenyan workers is particularly strong and institutionalized. But if Uganda does not take advantage of regional expertise in agricultural sciences, production, and up-to-date management practices, it misses out on opportunities that can strengthen its role as a regional producer.

With respect to regional and international trade, for each international shipment Ugandan traders must obtain a certificate of origin, which they can obtain only in Kampala. Traders see it as an unnecessary burden: it delays trade and costs traders in time and money to travel to and from Kampala. In addition, various agricultural exports also require food safety certificates that can only be obtained at the Ministry of Agriculture headquarters in Entebbe. The inability to obtain both certificates in the same office (one-stop service) at multiple locations throughout Uganda undermines trade.

To address these and other trade-related issues, agricultural producers and traders report the need for greater and more meaningful communication with government agencies overseeing these areas. They seek the creation of a formal agricultural trade advisory

## TRADE-OFFS IN RESOURCE ALLOCATION: SMALL FARMERS VERSUS SMALL TRADERS

In an ideal world, resources would be applied to the development of both small-scale farmers and small traders. However, given inevitable limitations, it is realistic to consider the trade-offs between the development of one group or the other. The purpose in either case is to move closer toward a perfect market situation, where no one player is able to profit beyond the extent of the value that he or she adds to a given commodity. Under current circumstances, issues of asymmetric information, limited storage capacity, and limited finance restrict the capacity of farmers to achieve a fair market price for their goods, while a limited number of traders are able to capitalize on this imbalance, making windfall profits. It is reasonable and indeed essential that this balance be redressed by increasing the availability of all three (information, storage, and finance) to farmers. However, it is not essential that the rebalancing should always be done through the mobilization of farmers themselves. It is equally possible to make these aspects of the market available as services. Farmers must reach a reasonable scale (either individually or within groups) and a reasonable level of business acumen to take advantage of market information, storage management, and access to adequate and commercial financial services. Traders can also provide these services, perhaps more profitably and efficiently in environments where farmer groups lack sufficient scale and know-how to provide these services among themselves, or can contract these services out to third-party service providers.

Farmers can benefit from access to all three services—information, storage, and finance—but farmers will also benefit if traders too have access to these services. The key question is, Do farmers in Uganda suffer more from lack of access to information, storage facilities, or finance than they do from lack of access to a competitive market for their produce? Uganda seems to have very little competition in a weak market, apparently because traders themselves also suffer from a lack of information, finance, and storage capacity, which constitutes a barrier to entry into the market and limits trading to back-to-back purchase and sales.

For this reason, the development of a competitive trading sector and the development of farmers' marketing capacity should receive equal resources and attention. In more developed markets, traders are well represented, fulfilling a role that depends on specific skills and experience and adding value by virtue of their capacity to accumulate, move, and allocate commodities from producers to markets. Although this role is not well fulfilled in Uganda today, farmers can undertake it only at the expense of specialization within the farm-to-market chain. Assisting farmers in marketing their produce can be beneficial, but providing such assistance in the absence of a competitive market would be a waste of resources, while assisting farmers in developing to the point of eroding the trading sector would almost certainly be counterproductive.

committee, which would regularly inform the government of key concerns and suggestions for change. They also wish for stronger market linkages between producers and export markets. This report details the need for greater support for small-trader operations, including professional warehouse management, access to finance (using grain as collateral, peer lending, larger microfinance loans), and

reduced barriers to entry. It also highlights the need for greater support for a food safety certification system for domestic and international trade in agricultural products, along with centralized and electronic issuance of certificates of origin and food safety certificates. These and other recommendations are developed in the body of this report.

### **AGRICULTURAL PRODUCTIVITY: THE NEED FOR GREATER KNOWLEDGE... AND FOR LAND REFORM**

Next, the diagnostic found weaknesses in agricultural production that, in light of the vast amounts of aid dedicated to the country along with development efforts by Ugandan agencies, are particularly surprising. For example, the use of inputs (seeds, fertilizer, pesticides and herbicides, and irrigation) among small farmers remains the lowest in East Africa, and yields for most staples have not changed over the past 15 years.

As one explanation for the persistent problem of low productivity, interviewees noted that Uganda's government extension services lack capacity and that private sector extension is not broad enough to reach enough small farmers to bring about significant change in production. In addition, while Uganda has several universities and vocational schools focused on agriculture, most are relatively weak, and enrollment in technical agricultural areas has dropped in recent years. Large agribusinesses, the Ministry of Agriculture, and the National Agriculture Advisory Development Services complain of a dearth of qualified managerial and technical applicants for vacant positions. Some large agribusinesses claim that they have to source agriculture management-level staff from outside the country as the skills of applicants in Uganda are not sufficient.

In 2008, an AgCLIR diagnostic took place in Ghana, where one professor of agricultural economics summarized a truism for all of Africa: "Agriculture is no longer a brute-force industry. It is a knowledge-based activity." This notion is critical to understanding the long-term prospects for the vast range of productive activities that take place on the journey from Uganda's farms to its domestic, regional, and international markets. The need for enhanced knowledge and use of knowledge-based tools concerns all points along Uganda's agricultural value chains, including the following:

- Basic education of farm workers, including equal access to education and literacy for girls
- Quality of seed and fertilizer, and proper use of both

- Use of irrigation
- Ability of farmers to enter the formal sector as cooperatives or processing enterprises
- Ability of agricultural enterprises, including farmer associations, to obtain credit and outside investment, as well as to observe and respect written supply contracts
- Management of postharvest loss
- Compliance with quality standards that represent key conditions for export
- Transport of products to markets
- Efficiency of border operations pertaining to agricultural goods
- Prompt and effective resolution of disputes that arise along the value chain
- Understanding of how regional and international institutions, such as the East African Community or the World Trade Organization (WTO), create both opportunities and obligations for Uganda with respect to building its commerce in agriculture

In these areas, knowledge should be fostered and shared. In addition to strengthening the understanding of how to improve productivity among academics and practitioners, this information should be shared at the farm and cooperative levels. While Uganda has made efforts to increase literacy rates and plans to increase Internet penetration by building connectivity infrastructure, low rural literacy and an internet penetration of just 7.7 percent remain. In many cases, information must be spread the “old-fashioned” way—by improved public and private extension services and through local farmer organizations and other local gatherings. Radio, television, and mobile phones are also means of spreading knowledge and information.

Unfortunately, in Uganda, improved productivity is not just a matter of better-informed farmers. The country’s crisis in land ownership, which drastically interferes with agricultural productivity, compounds the low productivity stemming from Uganda’s shortage of knowledge. As detailed in this report’s chapter on registering property, commercial agricultural development requires the availability of suitable land and people’s willingness to buy and sell it efficiently. Where these conditions exist, land can be an excellent resource for securing finance to expand agricultural production and nonfarm businesses. Uganda, however, is far from realizing this state of affairs. Most estimates agree that between 75 and 80 percent of land is under customary ownership and is thus not part of the statutory (formal) legal

regime. This condition limits the ability of both citizens and foreign investors to utilize fully one of Uganda's most valuable assets.

Increased agricultural productivity would make a tangible difference in the lives of the majority of Ugandans. Increases in productivity can help alleviate poverty simply by feeding and providing greater nutrition to those who make their livings on or around farms. As farms increase their outputs, wages earned by farm workers typically increase. At the same time, food prices decrease, and food supplies become more stable. Furthermore, increased farm productivity affects a country's overall prospects for growth and competitiveness on the agricultural market, for income distribution and savings, and for labor migration. As a country's farms become more productive, its relative advantage in agricultural products increases, which means that it can produce these products at a lower cost than that of other countries. Therefore, the country becomes more competitive on the world market, which means that it can attract more consumers since they are able to buy more of the products offered for the same amount of money. More productive farms are also better candidates for credit and investment. All of these outcomes are desirable for Uganda, and recommendations set forth in this report aim to achieve these outcomes.

## INVESTMENT IN AGRICULTURE: ABOUNDING DISINCENTIVES

Uganda has the potential to be an excellent destination for investment. In July 2010, the United Nations Conference on Trade and Development named the country first among 11 East African countries for outside investment. In 2009, foreign direct investment amounted to US\$799 million (U Sh 1.79 trillion) up from the US\$787 million (U Sh 1.45 trillion) the previous year.<sup>10</sup> However, compared to construction, manufacturing, and services, outside investment in agriculture—as well as domestic investment in the sector—is comparatively low. The contribution of agriculture to Uganda's GDP has diminished in recent years, notwithstanding a relatively steady rate of participation in the sector.

With just a few exceptions, agriculture is not considered a safe and growth-oriented opportunity for investment for a number of factors that amount to disincentives to investment, including the following:

- **Chaotic land policy.** As noted, Uganda's confused and contradictory systems of land ownership—born of the country's colonial background and chaotic recent history—make it

very difficult for commercial enterprises requiring large tracts of land to make such purchases with security and confidence. This pervasive sense of insecurity thus discourages investments in agricultural projects that might otherwise flourish in Uganda.

- **Weak business practices in local enterprises.** Most Ugandan small and medium enterprises (SMEs), especially in the agricultural sector, lack basic good business practices in bookkeeping and management. Thus, while these enterprises may offer products or opportunities with the potential for growth, they do not attract investors to a degree they otherwise might if their books offered more clarity and overt compliance with law and international best practices.
- **Poor intellectual property protections.** As detailed in this report's chapter on protecting investors, Uganda's Industrial Property law does not cover plant cultivars; legally, these remain in limbo. Uganda also has not passed a Plant Variety Protection Act, although it has committed to doing so as part of its obligations under the WTO Trade-Related Aspects of Intellectual Property Rights agreement. A draft bill on this topic has been before Parliament for nearly a decade but has never passed.<sup>11</sup> Thus, ownership of plant cultivars has no clear legal protection.
- **Inadequate dispute resolution mechanisms.** Ugandans report extensive delays and corruption in the court system, with rural courts considered particularly weak. Few mechanisms support the rule of law in business. Defaults in commercial transactions go largely unpunished, and legal and paralegal specialists in agriculture and trade matters are too few and poorly trained.

In these and other respects—including pertinent policies pertaining to employment, licensing, and trade—the agricultural sector in Uganda presents high risks and challenges to potential investors. Costs of doing business can be difficult to judge, especially for foreign investors. Ministers and other public sector officials sometimes change without warning, resulting in a loss of efficiency and a need for new relationships and knowledge to be developed. Finally, while Uganda has been politically stable for some time, the upcoming elections of spring 2011—particularly combined with the referendum on independence for South Sudan, which will take place almost at the same time—inject an element of political uncertainty.

<sup>11</sup> For a discussion of the history and current status of the draft law, see Ronald Naluwairo and Edgar Tabaro, "In Defense of Farmers and Community Rights: A Commentary on Uganda's Plant Protection Bill," ACODE Policy Briefing Paper 21 (2010), available at [http://www.acode-u.org/documents/PBP\\_21.pdf](http://www.acode-u.org/documents/PBP_21.pdf).

## THE UNINTENDED CONSEQUENCES OF OUTSIDE INTERVENTIONS

These days, the sense is pervasive in Uganda is that many of the responsibilities for supporting the agricultural sector have been handed over to donors, that the government lacks capacity to deliver sustainable reforms in agriculture, and that, in many respects, private sector actors have not assumed good habits of doing things for themselves. Deep in the country's rural areas is the heavy presence of multilateral and bilateral donor-sponsored organizations that underwrite a wide variety of assistance programs for stakeholders in the agricultural sector, including farmers, farmer associations, and small and midsize agricultural enterprises. In addition, broad, multiagency support funded by donors is based in Kampala.

Against that backdrop, this diagnostic found that both public and private institutions have been inclined to surrender their responsibility for providing support and service to the agricultural sector, relying instead on donors to get the job done. For example, the World Food Programme (WFP) regularly purchases more than half the grain in Uganda's market. The role of the WFP in the grain market and the institutions that it has established and supported (including the Ugandan Commodity Exchange and the licensed warehouses) are semipermanent and benefit the agricultural sector overall. However, the commercial traders complain that these are top-down initiatives reflect WFP needs and standards and effectively crowd out private sector initiatives in some areas. Moreover, unless WFP can be consistent in its purchase volumes, it will not provide clear price signals to growers and will contribute to the continuation of subsistence farming.

Similarly, the expectation of donor support means that associations that ought to function independently have lost that inclination. For example, the Federation of Ugandan Employers includes the largest companies and associations operating in Uganda. The federation advises members on labor issues, on how to work with and negotiate with unions, and on human resources management. It also informs members about relevant workplace policies, including HIV/AIDS, gender, and health and safety standards. It has 368 corporate members and 22 apex sector associations. Although members pay fees to belong, these do not cover the costs of the federation's various functions. The organization relies on donor funding to sustain its operations. It is not unique in ceding the effort to build a sustainable business model to the ready availability of donor support.

Similarly, with respect to food security, this diagnostic found minimal capacity for grassroots advocacy. While group formation in the agricultural sector is commonplace, it appears to have been driven by a long history of donor and government initiatives that provided assistance to groups and hence promoted the recurrent formation of groups that generally collapsed once the assistance was withdrawn. Some groups have received support from many different initiatives and now have “lives” of their own, but few appear to be driven by the common needs of the members. In the development of a rural economy, it is important that different sectors be able to voice their needs to local and national government. That voice is largely silent, and although forums for dialogue do exist, they are government driven and largely ad hoc rather than provided for by regulation.

Although most stakeholders welcome the support of donors, they can, in long run, be harmed by over-intervention. For example, when donor money is plentiful, the tendency is to “farm projects” rather than land. If new funds can reliably be expected to come along every three to five years, each one based on a new agricultural direction, an understandable tendency develops on the part of farmers and their associations to split their attention between maximizing earnings from their land and maximizing income from grants and program support. This dual-track strategy leads to conflict, which in turn leads to de-emphasis on the production dimension in favor of the donor dimension. Dependence on donor support can result in the development of capacity that cannot be sustained when support is withdrawn.



# PROGRAMMING FOR REFORM: AgCLIR RECOMMENDATIONS

## NEAR-TERM RECOMMENDATIONS (0–2 YEARS)

### ASSESS THE COST TO THE ECONOMY OF COUNTERFEIT INPUTS

**Rationale:** Stories abound of the farmer who planted improved seed that did not germinate or who sprayed an herbicide on the weeds only to watch them grow and thrive. Such stories range from one side of Uganda to the other. Seed producers and chemical importers in particular cry foul. Not only do such counterfeits cost them sales now, but also they cost them sales later as farmers, slow to adapt in the best of times, once burned by fake inputs shy away from future purchases. This reaction in turn costs the economy through lower yields, lost jobs, and less investment. Such anecdotal evidence fails to put more than a notional price tag on “proliferation” of counterfeits. Determining a cost to the economy of such fake goods will increase pressure on the government to work with the private sector to curb the counterfeit availability by cracking down on such illegal sales. Or, if the cost is low, it will end the notion that Uganda is awash in counterfeits and help refocus attention on better quality and service throughout the input chain.

**Steps to take:** Construct a valuation model that includes assumptions on total loss to the economy, including losses from failed usage attempts, loss in revenue to the seed companies and input suppliers, lost jobs, loss in revenue to agro-input dealers, and loss in overall yield due to farmers’ lost confidence in inputs and forgoing future purchases. Complete a statistically rigorous sampling of data to feed the model. Conduct the analysis in coordination with the Uganda Seed Traders Association and the Uganda National Agro-inputs Dealers Association to empower them to use the results as an advocacy platform. While this exercise is a one-off effort with regard to counterfeit inputs, the analysis and the approach can be replicated for other advocacy campaigns that are more powerful when supported by solid data and analysis.

**Time frame:** Near term (6 months)

**AgCLIR section:** Starting a Business, Protecting Investors

## **ANALYZE SMALLHOLDER SEGMENTATION**

**Rationale:** The smallholder is often described in generalities, which feeds the notion that they are largely homogeneous. Yet, household attributes and decision making processes are not well understood. Understanding such will enable a better understanding purchasing decision factors and segment and locate the more progressive farmers. The goal is to understand smallholder drivers, assign such farmers into defined marketable and viable groups, and locate and map them. Such “market” information will lead to better targeting of efforts and messaging.

**Steps to take:** In some respects, this is a simple consumer market survey. But a sound survey can be complex and costly to implement. One place to start is with the agriculture household census and to include a segment geared toward understanding household expenditure decisions. In the near term, the process can be outlined as:

- Define outcome (in conjunction with likely users)
- Compare outcome with existing information sets
- Design survey instrument to fill in the gaps and verify existing and critical data points
- Train enumerators
- Test and refine survey
- Provide for disaggregation of data by gender
- Carry out survey, with periodic testing of quality; complete analysis; and disseminate to stakeholders

**Time frame:** Near term (1–2 years)

**AgCLIR section:** Addressing Food Insecurity, Starting a Business, Women in Ugandan Society

## **CREATE A FINANCIAL WAREHOUSE MODEL ACCESSIBLE BY INVESTORS AND BANKERS**

**Rationale:** The lack of an appropriately placed, sized, and managed warehouse network increases on-farm losses (currently 30–40 percent), limits buyer competition, and lengthens the market chain (from farm to bicycle to motorcycle to pickup to lorry). In turn, these losses decrease farm-gate prices and limit market options to harvest season, when prices are their lowest. Right-sized, well-run certified warehouses located at critical nodes in the marketing value chain should improve efficiencies, lead to better prices and greater volumes, and become a magnet for other services. The goal is to reduce the perception of risk for financial institutions through a user-friendly, “20-questions” type of financial model. The model should provide greater clarity of risks and risk mitigation measures and increase investor and lender comfort. Such

models, for example, contributed significantly to the expansion of wet processing coffee stations in Rwanda, contributing in turn to Rwanda's (re)emergence on the international coffee stage. In Uganda, such models led to an explosion of flower enterprises in the 1990s.

**Steps to take:**

- Assess warehouse construction costs, operating costs, and benefit streams; define catchment area, taking into consideration actual and potential production, road network, other warehouses in catchment, and commodities to be purchased.
- Create an Excel financial model to estimate construction costs, cost and benefit streams, and measures of project worth (integrated financial statements, discounted cash flow value, financial ratios, and internal rate of return) as well as loan repayment schedules.
- Emphasize user-friendly models that requires minimal Excel and computer skills.
- Write an instructional manual to support training and serve as a reference.
- Provide training on analytic tool use.

**Time frame:** Near term (6 months)

**AgCLIR section:** Starting a Business, Protecting Investors

## **MOVE RESPONSIBILITY FOR AGRICULTURE STATISTICS TO UBOS**

**Rationale:** Government, donors, NGOs and the private sector use statistics to make decisions about where to place incentives in project designs, which regions to assist, and what investments to make. Poor statistics mislead, conceal, and complicate. UBOS is the professional entity with respect to statistics and is a better independent voice on actual performance of agricultural initiatives. The goal is to ensure accurate and timely collection and dissemination of agriculture statistics as defined by

- Integrity (validity of the data)
- Timeliness (period between collection and dissemination)
- Periodicity (useful frequency)
- Coverage (comprehensiveness, level of detail)
- Quality (checks and control procedures)
- Inclusiveness (disaggregation by gender)

**Steps to take:** MAAIF's office of statistics is small and essentially nonfunctional. The few people in the office could be seconded to UBOS so that no jobs are lost. In the process, UBOS needs to

improve its business processes, technology, performance measures, and staff skills. The report *An Annual agricultural Production Statistics System for Uganda—Design Considerations*,<sup>12</sup> which summarizes the results of a 2009 workshop, provides a road map for actions to take to achieve reliable agricultural statistics.

**Time frame:** Near term (1–2 years)

**AgCLIR section:** Addressing Food Insecurity, Starting a Business, Women in Ugandan Society

## DECENTRALIZE BUSINESS REGISTRATION

**Rationale:** Ease of registration and access to registration are proven to increase the number of businesses that register. The benefits for businesses that do formally register are equally proven, such as increased access to financing, greater opportunities for growth, and greater job creation—the very thing needed to provide for the chronically food-insecure subsistence farmer.

**Steps to take:** With the Office of the Registrar reportedly becoming a semi-autonomous operation responsible for its own budget and programming, it is time to decentralize the operation. This process can be done through the following steps:

- Assess the current technology and business process; answer questions such as how many locations, how complex is the data requirement, is there more than one database, what are the business processes and approval phases, how many people will have entry responsibilities, what is the level of security required, and so forth
- Scope the project
- Set goals and establish performance metrics, such as reducing processing times, increasing customer satisfaction, lowering costs, and increasing revenue
- Develop organizational, personnel, and system resource requirements

### DO NOT DECENTRALIZE COOPERATIVE REGISTRATION...YET.

As with the Office of the Registrar, at some point decentralizing the cooperative registry process will be beneficial, but perhaps not just yet. Currently, the registry is still in the process of computerizing its Kampala operation and other records. When this task is complete, a plan for decentralization and concomitant computerization of field offices would be appropriate.

<sup>12</sup>Muwanga-Zake, *An Annual Agricultural Production Statistics System for Uganda*.

- Procure equipment, system development and integration, and support services
- Develop a remote-access interface
- Document the system and procedures
- Train users, such as data entry specialists, supervisors, and management
- Implement an outreach program
- Monitor, evaluate, and support the program

**Time frame:** Near term (1–2 years)

**AgCLIR section:** Starting a Business, Dealing with Licenses

## ASSESS THE NEEDS AND POTENTIAL BENEFITS OF MUNICIPAL SUPPORT TO SMALL BUSINESS DEVELOPMENT

**Rationale:** District-level authorities provide little support to small businesses, either in the form of zoned development (in areas where power, access, and other utilities can be guaranteed) or in the form of tax incentives, including apprenticeship schemes. Such schemes have enhanced rural employment elsewhere, and they might be relevant to increased off-farm income generation in Uganda.

**Steps to take:** The potential relevance of such incentives to rural development should be investigated further by the following steps:

- Undertaking a needs assessment of peri-urban and rural small businesses
- Assessing the development incentives in other countries
- Mapping this assessment to Uganda’s situation
- Working with district authorities and small business associations to develop appropriate incentive packages for small businesses

**Time frame:** Near term (1–2 years)

**AgCLIR section:** Addressing Food Insecurity, Starting a Business, Dealing with Licenses

## CREATE AN OFFICIAL AGRICULTURAL TRADE POLICY ADVISORY COMMITTEE (ATPAC)

**Rationale:** The agricultural sector needs an official channel for discussing trade issues with the government and for offering formal advice for addressing them. The recent EAC Common Market initiative heightens this need. MAAIF, MTTI, UNBS, and Ministry of Local Government (MOLG) need to work together to address trade issues. Moreover, the various agricultural groups must communicate with each other on trade issues. The ATPAC would consist of a representative from each of the major commodity groups, such as coffee, cotton, fish, corn, tea, cut flow-

ers, tobacco, cocoa beans, and so forth and a national farmer organization.

**Steps to take:** Contact the various agricultural groups noted above to ascertain their participation. Approach MAAIF, MTTI, UNBS, and MOLG about forming the ATPAC and cosponsoring legislation to create it. The mandate should include conditions (e.g., a significant agricultural exporting and producing sector) for membership (including term limits) and minimum frequency of joint meetings with MAAIF, MITT, UNBS, and MOLG.

**Time frame:** Near term (1–2 years)

**AgCLIR section:** Protecting Investors, Trading Across Borders

## **EDUCATE FARMERS ABOUT BIOTECHNOLOGY AND BIOTECH SEED ON A SCIENTIFIC BASIS**

**Rationale:** Because NARO is conducting trials on biotech seed for its possible approved use in Uganda, farmers should be educated about this technology. However, any such education program should be conducted jointly or in close consultation with the biotech seed industry. Given agricultural biotechnology's success in other countries, these new seeds could improve Uganda's food security.

**Steps to take:** Contact the USTA, Monsanto, NARO, MAAIF, UNBS, UNCST, IFPRI, and the Cotton Development Authority about this possible initiative. As part of an education program, a farmer from another African country who has used successful biotech seed could be brought to Uganda to meet with local farmers.

**Time frame:** Near Term (1–2 years)

**AgCLIR section:** Addressing Food Insecurity, Dealing with Licenses, Trading Across Borders

## **HARMONIZE ON A LOCAL BASIS THE TWO LEGAL REGIMES GOVERNING LAND TENURE (CUSTOMARY AND STATUTORY)**

**Rationale:** Around 80 percent of land in Uganda is under customary ownership, and most of this land is used or can be used for agricultural development. Unfortunately, lack of certainty and clarity of rights under the land tenure regimes restricts penetration of financial services to rural areas and foreign and domestic investment in commercial farming. At the national level, land reform is fraught with political intrigue and bureaucratic infighting. The local level has some of these characteristics, but issues tend to revolve around lack of capacity.

**Steps to take:** Use a self-selection process and work with local NGOs, such as the Uganda Land Alliance and the Land and Equity Movement, to help communities review customary land administration rules at the

district level, streamline these rules where possible, and capture the information using standard documentation that can be rolled out across the country and adapted to local clan practices. This work should include standard documentation for land sales and transfer, as well as transaction recording in standard databases that local administrations maintain so that they can use the information for dispute resolution. Follow-up will be required to conduct training and information dissemination for community leaders so that they can properly administer the new system and so that community members are aware of their rights. Initial focus could be the north, where the Land and Equity Movement in Uganda has already made significant progress. The importance of this activity is the capture and dissemination of the rules, transactions, and data in the customary regime, which will enable the conversion of land to the statutory regime over time.

**Time frame:** Near term (1–2 years)

**AgCLIR section:** Registering Property

## **WORK WITH LOCAL FINANCIAL INSTITUTIONS, FARMERS' ASSOCIATIONS, AND PRODUCER ORGANIZATIONS TO EXTEND EXISTING AND NEW SERVICES FURTHER INTO RURAL AREAS**

**Rationale:** There is liquidity in the banking system that is not directed to the agriculture sector. The government and donors provide guarantees and matching funds in an effort to increase lending. While this does lower risk, it does not necessarily lower the cost of agricultural finance. A few institutions such as Centenary Bank have demonstrated creativity in lending. By lowering the cost of product development and a pipeline of bankable projects, it is possible to expand penetration of rural financial services.

**Steps to take:** First, meet collectively with financial institutions that have responded to a call for general interest in the initiative and further define the initiative's goals and how it will be implemented. For this effort to be effective, the financial institutions must drive the process. An initial suggestion would be to discover what types of products the institutions were looking to expand and what areas of the country are of interest. Not all invited institutions will be necessarily interested in the program. It is important to allow these institutions to choose not to participate and to instead work with only those that are motivated and eager to participate. One-on-one follow-up meetings should be held to discuss the new services that these institutions would like to develop. Specialized technical assistance would then be required to work with banks to design criteria for the various products and to develop a roll

out and training plan. At the same time, based on the regions identified by banks as a starting point, a competitive process can be launched to select farmers' associations and producer organizations that would work to "feed" participating banks a pipeline of projects based on membership needs. Training would be required to help them prepare projects in a manner that the banks determine.

**Time frame:** Near term (1–2 years)

**AgCLIR section:** Registering Property (agricultural finance)

## **ANALYZE "DUTCH DISEASE" AND ITS POSSIBLE IMPACT ON UGANDAN AGRICULTURE**

**Rationale:** Uganda is set to become a significant oil producer, with oil revenues rising to 5 percent of GDP or more within five years. This source of revenue will dramatically change Uganda's balance of trade and is likely to have a significant effect on the Ugandan shilling as well. Agriculture will be affected, as a stronger shilling depresses exports. Oil production may also have secondary effects, such as the diversion of limited investment capital away from the agricultural sector and toward higher returns in the new oil sector. Nobody—government or donors—appears to have carried out even a preliminary or basic analysis of the likelihood of Dutch disease and its potential impact on agriculture (or any other sector).

**Steps to take:** Assign the work to a small team of competent analysts. Ideally, this team should include at least one international economist who specializes in this type of modeling and one or more local economists. This work will require a competent researcher with experience in the oil sector, given the opacity of the negotiations and the limited public information available. The team should prepare a report for presentation to the government, the World Bank, the International Finance Corporation, and other interested parties. The report should include:

- An analysis of the likelihood of Dutch disease in Uganda
- Predictions of its likely effects on the agricultural sector
- A list of specific, actionable recommendations for avoiding or mitigating negative effects

**Time frame:** Near term (1–2 years)

**AgCLIR section:** Protecting Investors

## **SUPPORT REGULATORY IMPACT ANALYSES OF LABOR REGULATION ON INVESTMENT WITH BOTH PRIVATE AND PUBLIC SECTOR**

**Rationale:** The labor law has been upgraded to reflect ILO conventions and international standards, but members of the private

sector and potential investors have complained about the implementation and enforcement of these laws. As such it is worth doing a more rigorous analysis of the actual costs associated with improper implementation of the law on the private sector with buy-in from both private and public sector stakeholders. Labor and employment issues are often perceived as “soft” policy matters that tend to be at odds with the “hard” topics of business development and investment. Perhaps pro-growth policy makers and donor-supported private sector developers believe that the demands of the formal labor law mainly add costs to the business environment, therefore diminishing the country’s competitiveness. Thus, they often avoid integrating issues of labor (except for some matters of worker training) into many of their initiatives. Although costs are associated with labor law compliance in the agricultural sector, significant benefits also pertain, and labor experts are well suited to advise on both. The benefits begin with labor peace: employees who believe that their core rights are respected are more inclined to be productive and loyal. Compliance also provides for a more direct link between employers’ skill demands and the labor institutions, including vocational schools and other training centers, which can help meet those demands. Firms that adhere strongly to labor laws are more attractive to outside investors because they are perceived as well-informed and reliable business partners.

**Steps to take:** Conduct a multi-stakeholder analysis that includes the Ministry of Gender, Labour, and Social Development, the National Organization of Trade Unions, the National Union of Agriculture and Plantation Workers, private sector associations such as Uganda Flower Exporters Association, and the Uganda Investment Agency. Conduct rigorous analysis of the economic impacts on investment that the labor policy may have, including reviewing the policy itself and how it is interpreted in practice. Form a joint task force with representatives of these same groups to implement recommendations that arise from the regulatory impact analysis to ensure that stakeholders agree on the way to engage labor policy in the most appropriate way for Uganda. This agreement should strike a balance between encouraging investment, protecting workers, and promoting a more productive and skilled agricultural workforce.

**Time frame:** Near term (1–2 years)

**AgCLIR section:** Employing Workers

## **SET MILESTONE MARKERS FOR COFFEE PRODUCTIVITY PROGRAM TARGETS**

**Rationale:** The idea of milestones is based on the simple notion of what gets measured gets done. Specific year-on-year targets force

attention to issues that prevent the achievement of those targets. This process brings industry together to first debate and establish the targets and then address the constraints and issues that prevent or aid the attainment of such. Just as there are annual targets for tree replanting (5 percent of the tree population a year), annual targets and milestones for other indicators of growth and improvement are a good idea.

**Steps to take:** Refine the 4.5 million-bag target by 2015 into year-on-year milestones for:

- Export volume
- Export unit value (Robusta export value/volume exported)
- Grade screen size 15 better
- New tree plantings

The target of 4.5 million bags by 2015 is worthy, but it is difficult to judge progress other than on a straight-line basis without year-on-year milestones. Aside from annual volume targets, both unit value (on a constant basis) and screen size are excellent indications of quality, which does affect price. Annual targets enable annual evaluations to pinpoint why progress is behind, on track, or ahead of schedule. Such knowledge allows for better program adaptation.

**Time frame:** Near term (6 months)

**AgCLIR section:** Coffee Value Chain

## ENHANCE THE UTILITY AND USE OF CONTRACTS FOR AGRICULTURAL TRANSACTIONS

**Rationale:** Lack of awareness of the proper use or purpose of contracts prevails throughout the agricultural system. Few data on the terms, rates of default, and use of contracts are available. The lower courts maintain almost no data on the details of their civil dispute system. The ability to create and enforce contracts under a clear and consistent legal framework is a critical component of economic growth. The belief that contracts symbolize an enforceable agreement can transform transactions and diminish risk.

**Steps to take:**

- Create model contract templates for the different transactions, akin to a forms book, that farmers, NGOs, corporations, and large-scale buyers can use.
- Create a guide to contracts for farming, which individual farmers and group training can use.
- Create a process of notice and comment for these sample

contracts to include the sectoral association.

- Provide training to different cooperatives and farmers' groups to increase awareness.
- Disseminate model contracts to extension services and cooperatives and provide skills building to increase understanding of the use of contracts to make a deal and to mitigate risk.
- Provide a simple pamphlet to explain the use of contracts, laws, execution of contracts, and contract enforcement.
- Focus on building contractual relationships between farmers and processors and exporters through risk allocation seminars and dialogue.

**Time frame:** Near term (6 months–1 year)

**AgCLIR section:** Enforcing Contracts

## **SUPPORT INCREASED USE OF FERTILIZER IN THE COFFEE SECTOR**

**Rationale:** The chapter on starting a business discusses a few activities that could increase use of inputs generally. These activities would assist coffee producers as well. In addition, coffee offers an opportunity to take some risks in financing inputs that other commodities might not. Interviews with farmers, input suppliers, and traders suggest that coffee farmers would purchase fertilizer if it were available at harvest time. The hurdle is that input suppliers often lack access to cash to keep an inventory, which means that farmers do not have access to fertilizer when they have the cash to buy fertilizer.

**Steps to take:** One recent financial analysis makes a compelling case for fertilizer financing. To summarize, the idea is to sell vouchers for fertilizers to smallholders when they sell their coffee, based on a pre-negotiated price with a fertilizer supplier. (The sales price will include cost of fertilizer, transport, tariffs, margin for distributor, and stockists, and participating financial institution.) Cash generated from the sale of vouchers is aggregated by participating financial entity. Fertilizer is then purchased and distributed, and the farmer exchanges the voucher for possession of the fertilizer. The first step in orchestrating such a program is further analysis of the program's challenges and other details. This work can be accomplished fairly rapidly given the preceding work, first fleshing out the concept and then, assuming support, preparing documentation.

**Time frame:** Near term (6 months) **AgCLIR section:** Starting a Business, Coffee Value Chain

## MEDIUM-TERM RECOMMENDATIONS (2–4 YEARS)

### INCREASE THE EFFECTIVENESS OF THE PERFORMANCE EVALUATIONS OF NAADS

**Rationale:** If Uganda is to continue to feed itself and others in the region, then NAADS needs to work, or an alternative found soon. Often, paradoxically, businesses fail when they are growing. The rapid expansion of NAADS could be a significant contributing reason for lack of meaningful results in production. One way to support continuous improvement is to assess its performance more thoroughly, independently, and frequently. In practice, NAADS assesses contractors against a plan, but it is not clear that this results in any systemic changes in how work is carried out beyond periodic dismissals of poor performers.

**Steps to take:** Within six months, establish with UBOS a framework for assessing the organization's performance annually. Work with IFPRI to revising this framework and then support UBOS with the few assessments. An important step following the assessments is the corrective actions taken to improve program performance. The assessment needs to evaluate systemic issues rather than individual performance, so changes following the assessment may need support as well.

**Time frame:** Medium term (2–3 years)

**AgCLIR section:** Starting a Business

### ENGAGE IN SELECTIVE CAPACITY BUILDING FOR UNADA TO GROW EFFECTIVELY AS A COMMERCIAL ORGANIZATION

**Rationale:** The Uganda National Agro-inputs Dealers Association may already be overwhelmed with support. However, the organization is a key player in professionalizing agriculture in Uganda. As such, it is in need of capacity building to improve the efficiency with which it spends money it receives on behalf of members, to avoid competing with members, and to implement activities in its work plan.

**Steps to take:** Revisit the latest capacity assessment (if one exists) or undertake a organizational review if one does not. From this assessment, identify critical capacity-enhancement activities that are not receiving support. In addition, support the implementation of UNADA's work plan, which currently includes:

- Conduct input market survey
- Expand agro-dealer program
- Create public awareness campaign addressing counterfeits,

UNADA seal of approval, and periodic listing of members

- Capacity building for UNADA

**Time frame:** Medium term (2–3 years)

**AgCLIR section:** Starting a Business

### **CREATE A ONE-STOP SYSTEM FOR EXPORT LICENSES, CERTIFICATES OF ORIGIN, AND MAAIF CERTIFICATES, CREATE ELECTRONIC CERTIFICATION SYSTEM, OR CREATE BOTH**

**Rationale:** Currently, certificates of origin can be obtained only in Kampala, and MAAIF certificates can be obtained only at MAAIF headquarters in Entebbe. As a result, exporter experience delays and added costs.

**Steps to take:** During a six-month period, approach MTTI, URA Customs, and MAAIF to investigate the possibility of issuing their respective export licenses, certificates of origin, and SPS certificates at the same location. Also investigate the possibility of having several of these one-stop locations throughout Uganda. Inquire about creating an electronic certification system, enabling the issuance of certificates via e-mail or the Internet.

**Time frame:** Medium term

**AgCLIR section:** Trading Across Borders, Dealing with Licenses

### **INCREASE THE NUMBER AND CAPACITY OF UNBS AND MAAIF INSPECTION OFFICIALS**

**Rationale:** Traders indicated that the number of inspection officials is inadequate, particularly at border points. This can slow the flow of goods at the border. Traders also expressed concern about the possible importation of inferior goods and harmful plants, animal diseases, or pests as a result of inadequate or no inspections.

**Steps to take:** Work with UNBS and MAAIF to develop a tiered plan for increasing the number of inspections and providing new inspectors with intensive training on efficient inspection techniques and requirements.

**Time frame:** Medium term (2–3 years)

**AgCLIR section:** Trading Across Borders

### **HARMONIZE THROUGHOUT THE COUNTRY THE TWO LEGAL REGIMES GOVERNING LAND TENURE (CUSTOMARY AND STATUTORY)**

**Rationale:** Around 80 percent of land in Uganda is under customary ownership, and most of this land is used or can be used for

agriculture development. Unfortunately, lack of certainty and clarity of rights under land tenure regimes restricts penetration of financial services to rural areas and investment in commercial farming. At the national level, land reform is fraught with political intrigue and bureaucratic infighting. The local level has some of these characteristics, but issues tend to revolve around lack of capacity.

**Steps to take:** Work with national-level NGOs, government, and the private sector to develop consensus and support for an amendment to the **Registration of Titles Act** to equalize the two tenure regimes. Amend the **Land Act** and related laws to allow for the resolution of disputes through the clan or district tribunals, as required.

**Time frame:** Medium term (2–3 years)

**AgCLIR section:** Registering Property

## DEVELOP MAIZE-PROCESSING INCUBATOR TO PILOT NEW MAIZE PRODUCTS

**Rationale:** Maize processing consists only of milling maize into flour or grits (posho) for animal feed or local consumption. Maize is not processed into other secondary products such as corn oil, corn starch, corn, or syrup, although several investors have seriously considered this idea. Maize flour is not exported, only of kernel maize. Small maize mills are very common, but most mills have old equipment, limited output, and little or no quality control.

**Steps to take:** Promote maize processing, including:

- Training programs for maize processors, including financial, technical, and marketing training
- Market analysis for maize processors, and possible assistance in developing market links to potential large-scale consumers (e.g., chicken and fish feed)
- Loan guarantees or other forms of financial assistance for millers and other processors who are willing to export. Assistance in developing market linkages to export markets (e.g., bakeries and supermarkets in Kenya)
- Assistance in acquiring second-hand (but modern) equipment abroad—not only mills but also postharvest equipment such as dryers and shellers
- Pilot projects for corn oil and corn starch production, including
  - Technical assistance with developing the production facility
  - Helping farmers plant and harvest oil-rich or starch-rich seed strains
  - Developing contract farming or other means for ensuring

- a steady supply of appropriate feedstock
- Training and other assistance with marketing and start-up

**Time frame:** Medium term (2–3 years)

**AgCLIR section:** Maize Value Chain

## **STREAMLINE MAIZE TRADING AND MARKETING SYSTEM**

**Rationale:** Maize trading is dominated by small traders at the farm gate, who in turn feed a limited number of larger traders who dominate the export market. The traders provide a vital service, but also exploit farmers by leveraging superior resources, greater market knowledge, access to storage, and time pressure. There is evidence of collusion at both local and national levels. Traders have also taken over most postharvest handling, including cleaning, drying, and storage, depressing farm-gate prices even further.

**Steps to take:** Streamlining the maize trading system by:

- Providing fast, timely, and cheap or free market information to farmers by radio and SMS.
- Encouraging the development of rural truck leasing, so that farmers, farm cooperatives, and millers have the option of hiring their own transport and competing with small traders.
- Providing technical and financial assistance to farm cooperatives and village organizations to build local storage facilities. These would not be full warehouses (although they could serve as satellites or feeders for the new WFP warehouse system) and would not necessarily participate in a warehouse receipt system but would include facilities for weighing, drying, ventilating, and fumigating. Cooperatives or other private entities would own them. In larger towns, explore the possibility of a millers' cooperative running a joint storage facility for buffer stocks.
- Encouraging the development and use of meaningful grades and standards, and their uptake by processors and exporters. Demand for higher grades by final purchasers should move back down the supply chain, encouraging farmers to invest in higher-quality output.
- Training farmers on and providing basic equipment for post-harvest cleaning and drying in villages.
- Considering a pilot project for providing clean, dry, high-quality maize directly to a large miller or exporter.
- Working with large traders and exporters to analyze and eliminate remaining nontariff barriers to trade, particularly along the crucial Kampala-Nairobi corridor. This effort will either

lower the price of Ugandan maize or increase the profitability to the traders; regardless, the result should be increased demand for export maize within Uganda

**Time frame:** Medium term (2–3 years)

**AgCLIR section:** Maize Value Chain

## **INCREASE THE LAW AND AGRICULTURAL CONNECTION IN SCHOOLS, MINISTRIES, AND SUPPORTING INSTITUTIONS**

**Rationale:** The path away from subsistence farming is more sustainable commercial farming. The development of contracting will create a better atmosphere.

### **Steps to take:**

- Encourage a specialization in agriculture in the Bar Association.
- Encourage linkages between the law school and the agricultural faculty at the university to include agricultural issues in the curriculum.
- Enhance the legal aid and paralegal project to provide accessible advice on contracts; ensure that this effort includes women.
- Encourage women judges at all levels, including the local council courts.
- Produce material on the different aspects of the value chains.

**Time frame:** Medium term (2–3 years)

**AgCLIR section:** Enforcing Contracts, Starting a Business

## **BUILD AND IMPLEMENT AN EFFECTIVE AGRICULTURE WORKFORCE DEVELOPMENT STRATEGY**

**Rationale:** Uganda's agriculture workforce is ill-prepared to participate in and ensure growth of commercial agriculture. Workers are unskilled, often illiterate, and have no training in mechanized or modernized agriculture. Professional midlevel management capability in the Ugandan agriculture sector is also lacking. Primary, secondary, vocational, technical, and professional educational institutions lack the resources and capacity to attract and educate Uganda's youth. As Ronald Jacobs of Ohio University writes, "Workforce development is the coordination of school, company, and governmental policies and programs such that as a collective they enable individuals the opportunity to realize a sustainable livelihood and organizations to achieve exemplary goals, consistent with the history, culture, and goals of the societal context." Economic, employment, and social policies such as compulsory education

should support systemic workforce development. This effort should increase learning, productivity, and income.

**Steps to take:** Develop a comprehensive workforce development strategy for the agriculture sector, taking into account key drivers of labor and workforce demand:

- Economic trends: knowledge economy, innovation economy, economic conditions, market competition
- Labor market demographics: skills mix, age, gender, growth rate, immigration, EAC implications
- Development goals: Food security, vulnerable populations, commercial agriculture development, poverty reduction

The strategy will also consider the key inputs into workforce development, which include:

- Regulations and policies (employment, education)
- Planning and institutional strengthening
- Initiatives and programs (training, workshops, degree and certificate programs)
- Entrepreneurship training programs (youth and adult entrepreneurship)
- Technologies (automated work environment, course tools, job databases)
- Networks and partnerships (government, private sector, civil society)
- Integration of agriculture workforce development strategies into existing and new USAID projects
- Implementation of 4-H type programs and district agriculture fairs to educate young children about good farming practices and business skills
- Launch of a Youth in Agriculture campaign
- Internship programs in agriculture projects; seconding agriculture students to supported agribusinesses to receive on-the-job management training
- Coordination with technical agriculture colleges to recruit, attract, and retain a larger student body
- Coordination with unions, sector associations, and cooperatives to focus attention on workforce skill development and productivity (work with organizations such as Enterprise Uganda to include several course modules on worker productivity)

**Time frame:** Medium term (2–3 years)

**AgCLIR section:** Employing Workers

## IMPROVE EDUCATIONAL ATTAINMENT OF WOMEN: BEGIN WITH GIRLS

**Rationale:** Education is essential to human development and gender equality. Education also plays a principal role in food security and adaptation from subsistence farming to commercial farming. Educating a woman translates into better health care for herself and for her family. It also leads to better nutrition, hygiene, and preparation for income generation. Universal primary education is a positive idea in theory for bringing education to both girls and boys. However, public schools are often weak and are not “free” owing to book and uniform fees; these factors have led to the growth of private schools, where attendance is climbing. The “son-preference syndrome” leads parents to send the boys to the private school and the girls to the public school. Public school students often do not pass their exams that allow them to enter the secondary level. Girls often drop out for a variety of reasons, and this situation reinforces the belief that boys are better than girls. This attitude affects matriculation at secondary, higher secondary, and university education, particularly in rural areas despite affirmative preferences at universities.

### Steps to take:

- Improve attendance rates in primary and secondary school, particularly in rural areas, by requiring compulsory attendance (short term)
- Provide free school lunch in food-shortage areas (short term)
- Provide a linkage between local dairies and other food producers and schools to provide a lunch program and to encourage local production (short to medium term)
- Strengthen primary schools to increase girls’ and women’s ability to build better skills and access higher education by removing impediments to attendance, and:
  - Provide lower class size (short term)
  - Include lunch, books, and supplies (notepads, uniforms, and sanitary products) without payment (short term)
  - Accommodate girls’ health and comfort needs; doors should be placed in the bathroom for privacy and sanitary products provided to primary and secondary schools (short term)
  - Improve teacher quality with continued strengthening of their skills (medium term)
  - Remove automatic promotion in public schools (short term)
  - Include life skills education throughout the curriculum: nutrition, gardening, recordkeeping, health, and sanitation (short term)

- Provide information to parents on the link between education for both girls and boys and better productivity on the farm, markets, higher education, and family health (short term)
- Provide incentives for math and science instruction (short term)

**Time frame:** Medium to long term

**AgCLIR section:** Women in Ugandan Society

## IMPROVE EDUCATIONAL ATTAINMENT OF WOMEN: CONTINUE WITH YOUNG WOMEN

**Rationale:** Education plays a principal role in food security and adaptation from subsistence to commercial farming for women. Girls often prefer arts and humanities, as science and math are considered “hard” subjects and girls are not prepared for them at a higher level due to inferior earlier education. Girls who attend all-girls schools do not have the same trepidation. To be able to succeed at an agriculture curriculum in the university, students must have taken science courses at secondary school. Despite the additional preference for girls at the university level, girls are not pursuing agriculture courses or other science courses in large numbers. For both male and female students that are not destined for tertiary education, there is a lack of vocational education. Home economics is a good grounding for nutrition and processing food.

### Steps to take:

- Strengthen secondary and higher secondary schools to provide necessary skills despite previous poor primary education
- Provide vocational training
- Provide home economics classes that include food safety, cooking, food processing, and tailoring
- Provide training on computers, computer assisted design, and other information technology skills

**Time frame:** Medium to long term

**AgCLIR section:** Women in Ugandan Society

## IMPROVE EDUCATION AND FARM EXTENSION SERVICES FOR WOMEN

**Rationale:** The majority of rural women farmers are illiterate and do not have numeracy skills. Women farmers are responsible for crop planting, cultivating, and harvesting but have no control of the land. Women farmers are responsible for family nutrition and health. Men take the crops to market and control crop sales and profits. Extension services are often provided to men rather than women. Because so few have recordkeeping training, neither men nor women

understand the cost of production and profit. Men often sell crops without understanding the amount of money needed for food safety for the family and without understanding market prices. Women need information: very few have mobile phones, and they are often too busy for the radio. NAADS has reached out primarily to male farmers on a “demand-driven” basis. Information is critical, but no system exists to extend information to women farmers.

**Steps to take:**

- Provide family skills training to rural farmers (women and men), including recordkeeping, numeracy, basic literacy, nutrition, garden keeping, proper storage, hygiene, sanitation, and family roles by teaching the family together.
- Require NAADS to change from demand-driven to strategic intervention and more regularized contact with rural farmers, including women.
- Provide extension services skills focused on different strata of society based on food-security criteria and an ability to move from subsistence to commercial farming.
- Provide training in agro-processing, value-added, business skills, and vocational skills to women’s cooperatives and groups.
- Require gender mainstreaming at all levels of MAAIF, local government, and NAADS to ensure that policies in the rural areas address women farmers.
- Ensure that gender mainstreaming is a priority in the Decentralisation Policy.
- Improve vocational training for women—particularly food processing, tailoring, and information and communications technology.

**Time frame:** Medium to long term

**AgCLIR section:** Women in Ugandan Society, Starting a Business

## **STRENGTHEN THE ORGANIZATIONAL CAPACITY OF KEY WOMEN’S BUSINESS ASSOCIATIONS AND INCORPORATE A SECTION ON AGRICULTURE**

**Rationale:** Capacity building of locally driven associations and NGOs is essential to program effectiveness and long-term sustainability. With respect to gender equality issues, there are a number of very effective associations and NGOs but none focus on agriculture or women farmers. Other countries have shown that women-focused, relational (as opposed to transactional) business support services provide nascent women business owners with confidence, counseling, and management skills. They also provide growth-

oriented women business owners with contacts, compatriots, and new market opportunities.

**Steps to take:**

- Encourage NGOs to focus on agriculture and women farmers. In particular, encourage the Uganda Women Entrepreneurs Association Limited and other strong associations to develop an agriculture committee.
- Encourage business associations to focus on agriculture.
- Offer more women-targeted educational programming.
- Provide support to women in business to increase their presence in other parts of the value chain; use the National Export Strategy Gender Dimensions as a guide.
- Provide support to national and local public-private dialogue to increase women's skills in advocacy.
- Provide information on sanitary phyto-standards, quality, packaging and labeling, and meeting market standards domestically, regionally, and internationally (medium term).

**Time frame:** Medium to long term

**AgCLIR section:** Women in Ugandan Society, Starting a Business

## **STRENGTHEN LEGISLATIVE DRAFTING TO ENSURE GENDER EQUITY IN THE LAWS**

**Rationale:** Support should be given to draft implementing legislation and policies to continue increasing gender equity. While the new bills are an improvement, they do not always contain best international practices and can be controversial, for example, provisions concerning the dissolution of a marriage based on impotence, which have caused considerable debate.

**Steps to take:**

- Provide assistance in evaluating best practices for certain basic laws such as marriage and divorce. This exercise could involve providing assistance to NGOs and working with the Uganda Law Society to encourage best international practices.
- Set the minimum marriageable age at 18 years (the age that would allow girls to complete education).
- Equality in inheritance.
- Continue land reform to provide equity. Provide additional methods for women to have secure rights to property use—life tenancy in the property, assertion of land rights when land is registered for the first time (Demarcation Project), caveat on the title to prohibit easement or transfer.

- Provide extension of legal services through FIDA-U and the ULS Legal Aid Project to rural areas.
- Encourage lawyers to work in rural areas, through incentives.

**Time frame:** Medium to long term

**AgCLIR section:** Women in Ugandan Society

## **INCREASE SUPPORT TO POST-START-UP, GROWTH-ORIENTED WOMEN BUSINESS OWNERS**

**Rationale:** The gap between women in microbusiness and women at the next level, often termed the “missing middle,” is an area for nurturing the already slightly successful entrepreneur and helping her grow.

### **Steps to take:**

- Foster facilitated peer roundtable discussions where members share business challenges and successes.
- Provide specific growth-focused educational programming on issues such as employment law, building an executive management team, providing export promotion activities and exploring new international markets, serving on boards and commissions, and accessing growth capital.
- Provide input on forming mentor-protégé relationships. These relationships could be in-country or throughout East Africa with the African Women Business Network, sponsored by Vital Voices.
- Provide assistance in organizing international fact-finding and relationship-building trips for the women’s business association leaders to meet and discuss areas of common interest with women’s business association leaders in East Africa and other countries.

**Time frame:** Medium to long term

**AgCLIR section:** Women in Ugandan Society

## **SUPPORT EFFORTS IN THE DEPARTMENT OF LABOR TO INTERPRET AND ENFORCE LABOR LAW AND DEVELOP POLICY ON INFORMAL AGRICULTURE WORKERS**

**Rationale:** The main problems surrounding employment policy in Uganda are the low capacity of implementing institutions to enforce policy in the formal sector and the fact that there is no application of the policy for informal sector workers. The Department of Labor in the Ministry of Gender, Labor, and Community Development has finished implementing regulations to accompany the labor policy and are, in theory, working on a strategy for informal agriculture workers.

Furthermore, if labor officers are the primary conduit for implementing regulations, performing inspections, and mediating disputes, they need to be equipped with the skills and knowledge to do so.

**Steps to take:**

Capacity-building for the Department of Labor and Labor Officers

- Develop an agriculture module in ongoing training courses for labor officers to help them properly mediate agricultural disputes. The Platform for Labour Action has already developed a comprehensive training course. Support this organization to add agriculture-based modules and increase circulation of the training.
- Work with the Department of Labor on developing a policy or strategy to address the informal sector, bringing together stakeholders from the public and private sectors to give feedback.

Increasing applicability of rights in the informal sector

- Build labor regulation awareness into producer organizations and cooperatives as part of “commercial orientation.”
- Work with Enterprise Uganda and other business service providers and organizations that work with and form cooperatives and producer organizations to develop and offer training modules on worker rights, labor policy, and labor standards.

**Time frame:** Medium term (2–3 years)

**AgCLIR section:** Employing Workers

## LONG-TERM RECOMMENDATIONS (4+ YEARS)

### EXPERIMENT WITH NEW SMALLHOLDER AGRIBUSINESS MODELS

**Rationale:** Part of professionalizing agriculture will be looking at new models of farm operation that accommodate commercially minded smallholders as a transition phase to serious-scale commercial farming.

**Steps to take:** Consider options for establishing an agribusiness-model financing fund. The fund would absorb some of the risk of experimental forms of agribusiness formation that embed smallholders into the value chain. For example, a joint marketing company would be more than an outgrower scheme. It would be a true joint venture between educated farmer groups and an enterprising agribusiness trader or processor. The legal formation could be simple—company limited by guarantee—but the challenges are in what goes into that company and how to have joint

management and transparency from both sides. Other examples exist, but all likely require legal research, business analysis, and financial support. The fund could take several forms, such as partial guarantee, venture capital, or shareholder loan.

**Time frame:** Long term (4 years or more)

**AgCLIR section:** Starting a Business

## **ESTABLISH A MAAIF STANDARD AND INSPECTION SYSTEM FOR ORGANIC PRODUCTS**

**Rationale:** Currently, private certifying organizations certify exports of organic products from Uganda as organic. Exporters indicate that this certification cost is significant and can render them uncompetitive.

**Steps to take:** Work with MAAIF, UNBS, and the National Organic Farmers Movement of Uganda to create an organic standard and certification system. Work with international supermarkets and large international organic buyers to recognize the Ugandan organic standard and certificate.

**Time frame:** Long term (3–5 years)

**AgCLIR section:** Trading Across Borders, Dealing with Licenses

## **CONDUCT A “YOUTH IN FARMING” CAMPAIGN**

**Rationale:** Tomorrow's serious, commercial-minded farmers will come largely from those who are now under 30 years of age. Yet many in this group are leaving the farm. To keep them on the farm will require a serious, all-encompassing and widely supported youth in farming campaign.

**Steps to take:** Treat this campaign as if it were an election or a social marketing (HIV/AIDS) campaign—saturate the rural areas with consistent messages, delivered through a variety of media channels over a significant period of time. Look to support programs that treat farming as a business and that involve youth, such as 4-H or existing subcounty forums. Set a specific target for percentage of farmers below the age of 30. It is far easier to keep them on the farm than to lure them back after they have left.

**Time frame:** Long term (4 years or more)

**AgCLIR section:** Starting a Business, Employing Workers

## **IMPROVE MOTHER AND CHILD HEALTH AND NUTRITION THROUGH HOUSEHOLD-FOCUSED INTERVENTIONS**

**Rationale:** Levels of malnutrition can be too high even in areas where food is both available and affordable. Malnutrition is

particularly prevalent among women and children under five years of age. The causes of this phenomenon appear to be:

- Lack of good dietary practice—especially for the feeding of infants and young children.
- Access to a diversified diet.
- Poor sanitary practices.
- Asymmetric husband-wife control over cash and food distribution within the household

**Steps to take:**

- Use Title II food as an incentive to draw mother and mother-in-law couples to participate in immunization and learning groups (teaching good sanitary and dietary practice and family planning).
- Support community health care services to visit young mothers, their husbands, and their mothers to monitor child health and advise on best practices (one community health worker to 30 families).
- Support community health care services and hold community meetings to discuss mother and child nutrition and its consequences, targeting men and their allocation of food-cash within the household.
- Support NAADS or other district government resources that assist households in developing backyard gardens and produce essential vegetables for a balanced diet.
- Conduct studies of household dynamics to understand the causes of asymmetric asset control and to learn how to achieve greater equity in access to food and cash within the household.

**Time frame:** Long term (4 years or more)

**AgCLIR section:** Food Security, Women in Ugandan Society

## **DEVELOP CAPACITY WITHIN UGANDA'S STATE AGENCIES FOR MONITORING FOOD SECURITY AND DISASTER PREPAREDNESS**

**Rationale:** Uganda's government has limited capacity to monitor, mitigate, and respond to food insecurity when it occurs. Existing capacity lies within donor institutions such as the Famine Early Warning Systems Network and WFP/FAO. While the government does monitor income and expenditure on an intermittent basis, the national food balance, which is derived from both agricultural production and trade statistics, is not well monitored, and local food insecurity is even less effectively monitored. A program that institutionalizes household

economic analyses through the regular assessment of livelihood zones would provide a solid basis for food-security monitoring, particularly if developed as part of a larger intervention that integrates both market and crop production data. Such a program would provide the information needed to develop and coordinate appropriate responses to food insecurity.

### **Steps to take:**

- Develop a national capacity to undertake household economic analyses on the basis of livelihood zone mapping; update the analyses on a regular basis (could be performed with Makerere University).
- Strengthen the capacity of UBOS to assess the national food balance accurately through the independent collection of agricultural production data and through linkage with the Ministry of Trade to collect import and export data.
- Develop a national capacity to integrate meteorological, agricultural production, and market data within a food-security framework (as currently undertaken by the Famine Early Warning Systems Network ), and develop regular food-security assessments from this input (this information could also be shared with Makerere University). The project would include enhanced GIS capacity and strengthened linkages with international weather agencies.
- Develop a capacity within the Ministry of Agriculture to respond to national and local food-insecurity conditions. This task will require a shift in responsibilities from the Office of the Prime Minister but is recommended on the basis that all the required responses should be framed within the context of agricultural production and markets.
- Makerere University is recommended as a base for food-insecurity monitoring, given that the academic institution would be able to provide an objective assessment that would be accepted by both donors and government.

**Time frame:** Long term (4+ years)

**AgCLIR section:** Addressing Food Insecurity

## **STIMULATE COMPETITION AND ACTIVITY IN THE SMALL-SCALE TRADING SECTOR**

**Rationale:** Subsistence producers have little incentive to increase the intensity of their farming operations (through the use of improved inputs and practices) because the market provides little return for their efforts. A program to increase farmers' access to markets could

include many different components at a farmer level but would yield limited benefits unless complementary developments occur in the trading sector. The following recommendations are given to stimulate domestic trader activity:

**Steps to take:** Interventions would include the following:

- Increased access to short-term finance for trading (through the use of DCA guarantees to support microfinance lending to small traders).
- Increased access to longer-term finance for small traders through a “ladder-based” approach to lending (first small loans for short duration on a peer group basis, increasing to larger loans with collateral on a smaller group basis, and finally individual loans on a longer-term basis based upon full collateralization)—specifically targeting the development of grain storage (including drying) and transport facilities.
- Support small claims courts in facilitating rapid resolution of business disputes.
- Support local government and works authorities in targeting feeder road development to economically active areas and in developing the capacity to utilize existing resources more effectively.

NGOs would undertake these activities working in conjunction with local government authorities, commercial banks, and MFIs. The program would be targeted to the most economically active areas (such as Lira and its surroundings).

**Time frame:** Long term (4 years or more)

**AgCLIR section:** Starting a Business, Enforcing Contracts

## **DEVELOP ADVOCACY CAPACITY AMONG RURAL BUSINESS COMMUNITIES**

**Rationale:** The need to determine agricultural and off-farm business requirements is ongoing. Developing farmers’ and rural businesspeople’s advocacy capacity through support to representative associations and their collaborative forums (such as chambers of commerce) could assist with this need. Such groups require strengthening if they are to articulate their members’ needs effectively to government and donors.

**Steps to take:**

- Work with existing chambers of commerce to identify functional representative associations.
- Provide technical assistance and finance to local apex bodies to

be made available to representative associations on a demand basis to undertake impact assessments of key issues.

- Assist representative associations in interpreting the results of impact assessments and in presenting them for discussion with government and the general public.
- Assist representative associations in designing changes and preferred outcomes based on the discussions of impact assessment results and in lobbying for such changes.
- Provide counterpart expertise within government to facilitate a response to representative associations' requests.

**Time frame:** Long term (4 years or more)

**AgCLIR section:** Addressing Food Insecurity, Enforcing Contracts

## **ASSIST MALE YOUTH IN ADAPTING TO POSTCONFLICT ENVIRONMENTS**

**Rationale:** Young men need to adapt to changing postconflict circumstances. The role of young men might be most easily redefined through an extensive campaign of community meetings at which gender-based roles within the community can be explored and, if necessary, redefined. A campaign to redress gender inequity—one that is highly inclusive of men and facilitates the discussion by men of male attitudes toward both women and each other—is one way in which other development programs could be made more attractive to young men.

**Steps to take:** The campaign to assist young men in coming to terms with postconflict situations would involve:

- Community meetings of men only and of men and women facilitated in the first instance by men only and in the latter by both men and women (trained in gender relations) at which young men can discuss and assess the expectations placed upon them.
- Development of specific training programs and income-generating activities designed to appeal to young men.
- Development of revised community expectations of young men (working through village elders).

The campaign would be implemented mainly through community groups, with special emphasis on village elders' participation.

**Time frame:** Long term (4 years or more)

**AgCLIR section:** Addressing Food Insecurity

Harmonize customs forms and agricultural grades, standards, certifications, and SPS requirements throughout the EAC and COMESA

**Rationale:** This undertaking would significantly facilitate trade within these regions. With the EAC Common Market Initiative underway, this process has been initiated.

**Steps to take:** Discussions should be held with URA, Customs, UNBS, and MAAIF to determine if there are any areas in which assistance would be useful.

**Time frame:** Long term (4 years or more)

**AgCLIR section:** Trading Across Borders

## **DEVELOP SYSTEMIC MANAGEMENT TOOLS FOR COFFEE WILT AND OTHER DISEASES**

**Rationale:** Low coffee yields are largely the result of poor farming practices and low input use. However, coffee wilt disease also plays a role in reducing coffee yields. The battle against coffee wilt may never be won because resistance to wilt does not render a plant immune. But even if it can never be completely overcome, it is a disease that may be manageable.

**Steps to take:** Coupled with proper crop husbandry practices and new wilt-resistant plantings, it is possible to manage the disease and avoid catastrophic crop losses. However, it is important to continue research on varieties that offer the characteristics the market prefers in a Robusta coffee while resisting coffee wilt and to continue a program of new plantings. Steps to take include increasing the funding for research. Rather than UCDA's spending money on the promotion of niche markets and cafes (such as in China, Denmark, and Egypt), money would be better spent on increased research funding. Moreover, it is the sort of campaign issue that is ripe for public-private partnerships between UCDA, NARO, traders, and exporters.

**Time frame:** Long term (ongoing effort is required)

**AgCLIR section:** Coffee Value Chain



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