

**MINISTRY OF AGRICULTURE, ANIMAL INDUSTRY AND FISHERIES**

**AGRICULTURE CLUSTER DEVELOPMENT PROJECT (ACDP)**

# **Operationalization of Agro-industrialization: A case of Uganda**

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# What is Agro-Industrialization

- It is the transformation of agricultural raw materials into higher value products
- A formidable strategy for Africa to realise the much needed structural transformation and sustain its economic growth

## ***Goal of Agro-Industrialization***

- To increase commercialization and competitiveness of agricultural production and agro-processing.

# Agro-industrialization Program Targets for the Agriculture Sector

1. Increase total exports of processed agricultural commodities from USD 0.935 bn to USD 2.7 bn
2. Reduce value of imported agricultural products from USD 931.1 million to USD 500 million
3. Increase agricultural sector growth rate from 3.8% to 6.0%
4. Increase in the proportion of households that are food secure from 60% to 90%
5. Increase the number of jobs created in the agro-industry by 100,000 annually
6. Reduction in %age of households in subsistence agriculture from 68.9% to 55 %

# Limiting Factors to Agro-Industrialization

- Low agriculture production and productivity
- Weak and relatively young farmer organizations
- Poor storage infrastructure
- Poor market access and low competitiveness for products
- Low value addition
- Limited access to agriculture financial services and critical inputs
- Poor coordination and inefficient institutions for planning and implementation of the Agro-industrialization

# Agro-Industrialization Programme objectives

01

Increase agricultural production and productivity

02

Improve post-harvest handling and storage

03

Improve agro-processing and value addition

04

Increase market access and competitive of agricultural products in domestic and international markets

05

Increase the mobilization, access and utilization of agricultural finance

06

Strengthen the institutional capacities for the delivery of agro-industrialization

# Objective 1: Increase production and productivity

## *Strategic areas for investment*

- Strengthen agricultural research and technology development
- Strengthen the agricultural extension system
- Strengthen the agricultural inputs markets and distribution systems to adhere to quality standards and grades
- Increase access and use of water for agricultural production
- Increase access to and use of agricultural mechanisation
- Strengthen farmer organisations and cooperatives
- Increase access and use of digital technologies in agroindustry
- Strengthen systems for management of pests, vectors and diseases

# The E-voucher program

***Objective: support intensification of on-farm production of five priority commodities namely, maize, cassava, beans, rice and coffee***

- 232,069 farmers availed with subsidized agro inputs & PHH materials valued at UGX 96Bn
  - UGX 32 Bn Farmer payment
  - UGX 64 Bn Government contribution
  - Increased adoption of improved technologies (seeds, fertilizers, pesticides)
  - 1,505 farmers accessed tractor higher services
- Capacity building:15,932 farmers groups trained in Farmer Institutional Development, Input use and GAPs
- Support access to extension services thru ICT platforms like; e-extension system
  - E-diary (monitoring and supervision of extension officers)
  - Mobile soil testing application (soil testing services),

## **Objective 1: ....Ctn**

- Supporting establishment of local agro input dealers networks (capacity building, regulation & inspection)
  - 280 agro-input dealers accredited and supplying inputs through the e-voucher system
- Support equipping and renovation of the national fertilizer and seed laboratories respectively

### **Water for agricultural production:**

- Solar powered irrigation system in 7 ZARDI : Abi, Buginyanya, Bulindi, Rwebitaba, Ngetta, Kamenyamiggo & Nabuin covering a total area of 35ha
  - Enables all year research to produce foundation seed
- Designs developed for small scale irrigation models for coffee

### **Agricultural research**

- Support to research on bio-control agents for the Fall Army Worm



# Agro-industrialization - Objectives 2 and 3

***Objective 2: Improve post-harvest handling and storage; and***

***Objective 3: Improve agro-processing and value addition***

## Strategic Areas for Investment

- Provide post-harvest handling and value addition equipment
- Support farmer institutional development to reduce economies of scale in post harvest handling, bulking, storage and marketing
- Capacity building of farmers and producer organizations on proper post harvest handling practices
- Support product development
  - Formulas for value added products like animal feeds, bi-ethanol production

# ACDP Matching Grants Scheme

***Objective: Support investments of locally based farm cooperatives in community-level post-harvest handling, grading, bulking and storage, and processing for value addition.***

- Funded 362 Area Commodity Cooperative Enterprises (ACCEs) with UGX 110.5 billion where farmer organizations cofounded 33% equivalent to UGX 36.5 billion.
- 187 beneficiary FOs have constructed 167 stores with total storage capacity of 42,714MT
- Installed 148 value addition equipment in 25 districts - 58 coffee hullers, 39 maize mills, 27 rice mills, 15 cassava mills and 7 beans sorters.

***Missing Link – Higher level value addition like production of animal feeds, bi-ethanol plants, food processing e.g. cornflakes, baked beans, etc.; certifications;***

# Success Story - Cassava

## Investment Description

- Aratarach Farmers' Cooperative Society
  - Totaling to UGX 418,000,000
  - GoU contributed UGX 280,060,000
  - FO contributed UGX 137,940,000
- Constructed cassava storage and install cassava value addition equipment.

## Value Added

- Modern machine house was constructed
- Bigger solar dryer erected
- A more effective milling machine installed (1ton per hour cassava miller).

## Key Highlight

- Supplying high quality cassava flour to major hotels in West Nile & Refugee camps in Yumbe
- Negotiating with Uganda Nile breweries for supply of 30MT of HQCF per month



# Success Story - Maize

## Investment Description

- Nambale Agribusiness Cooperative Enterprise Ltd,
- Total grant amount is UGX 344,336,146
- GoU disbursed UGX 230,479,146
- FOs contributed UGX 113,857,000

## Value Added

- Constructed a storage facility (300 MT)
- Purchased a complete maize mill
- Three phase power connection

## Key Highlight

- 300MT storage facility, bulks an average of 800MT of maize annually
- Supplies clean grain to WFP, Busia Cross Border Traders' Association.
- Sales maize flour to schools e.g Wanyange Girls in Jinja, Busiro S.S in Jinja, Nakalama S.S in Iganga.



# Success Story - Coffee

## Investment Description

Mbugo Area Cooperative Enterprise in Mpigi district is composed of primary cooperatives with a total membership of 1,438.

- Total Grant - Ugx 421,037,500
- GoU Contribution – 282,095,125
- FO Contribution - Ugx 138,942,375

## Value Added

- Process 100kg of dried coffee resulting into 60kgs of hulled coffee (Kase) and 40kg of Husks, instead of previous 48kgs hulled and 52kgs husks
- Increased volumes of coffee processed - 13,258 bags of un-hulled coffee (Kiboko)

## Key Highlight

- Signed Contracts with Nakana Coffee Factory Ltd and Grain pulse Ltd to sell 12 tonnes of hulled coffee (FAQ) at Ugx.4100 per Kg which was higher than the market prevailing price by 100/=
- obtain a trade facility of Ugx. 10,000,000 from UGAFODE to support coffee business



Screened coffee in grades 18,15, 12 respectively

# Objective 4: Increase Marketable Volumes & Market Access

## *Strategic Investment Areas*

- Digitalize acquisition and distribution of agricultural market information
- Improve market infrastructure in rural and urban areas
- Improve transportation and logistics facilities for effective product marketing and distribution
- Strengthen enforcement and adherence to product quality requirements including food safety, social and environmental standards, grades. Etc
- Strengthen capacities of public institutions in analysis, negotiation and development of international market opportunities particularly for the selected commodities

# Objective 4: Increase Marketable Volumes & Market Access

- Built the capacity of 570 producer organizations in mindset change and agribusiness skills development – 2,280 farmer leaders and 228 district officials
- Operationalized Productive Alliances (PAs) that strengthen business linkages among Actors (mature ACCEs, Aggregators, Financial Institutions, Input dealers, Agro-consortium, BDS providers).
  - 32 MoUs signed with commitments
  - Operationalization of the warehouse receipt system
  - E-markets platforms

# Objective 4: Increase Marketable Volumes & Market Access

- Support formation and strengthening of functional commodity platforms as a channel for advocacy, market access and negotiation for better prices
- UNBS to develop capacities of agro-processors and Uganda's diplomatic missions promote Ugandan products abroad
- Supported access to improved post-harvest handling technologies to reduce aflatoxin levels and improve product quality – 151,063 hermetic bags, 313,393 tarpaulins, 169 moisture meters, 49 biomass solar driers, 21 threshers, 107 packaging machines, 68 drying slabs, etc
- Rehabilitated 96 road chokes (254km) on community market access roads in 7 districts; and 250 road chokes (864.6km) set to be rehabilitated in 50 districts.



# Productive alliances facilitate learning and practice



# Enabling environment - Policy and Regulatory Frameworks

- The agro-industrialization agenda needs to be supported by an enabling policy and regulatory environment;
  - Strengthen enforcement of standards for good quality agro-inputs
  - Food safety regulations
  - Agricultural mechanization Technologies Policy
- Strengthen agricultural statistics to enable projection of production and demand in support of the agro-industrialization agenda
- Strengthen national extension system (public & private) to support implementation of the agro-industrialization agenda
  - Knowledge, skilling, exposure to new technologies,
  - Management of machines and mechanization technologies
- Support use of digital technologies to improve access to and dissemination of information
  - E-markets platform, weather advisories
- Support the right formulations of research for innovation

# The future

- Support development advanced productive alliances that strengthen the Public Private Partnership model of agro-industrialization; where Advanced Farmer Cooperatives, GoU, Private sector invest jointly to create value addition and agro-processing
- Commission a study to assess the capacity of agriculture extension workers to support the agro-industrialization program