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Uganda

National Industrial Development Policy

Mainstreaming Agro-Processing, Trade, Climate Change, Food Security and Gender

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CUTS International

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Acronyms

AfCFTA	Africa Continental Free Trade Area
AfDB	Africa Development Bank
AGOA	Africa Growth Opportunities Act
AU	African Union
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
EPA	Economic Partnership Agreement.
EU	European Union
FGD	Focused Group Discussion
GDP	Gross Domestic Product
IMF	International Monetary Fund
MTIC	Ministry of Trade, Industry and Cooperatives
MWE	Ministry of Water and Environment
NAP	National Agriculture Policy
NAPE	National Association of Professional Environmentalists
NDP	National Development Plan
NEMA	National Environmental Management Authority
NIDP	National Industrial Development Policy
SADC	South African Development Community
SAPs	Structural Adjustment Programs
SEATINI	Southern and Eastern Africa Trade Information and Negotiation Institute
SWOT	Strengths, Weaknesses, Opportunities, Threats
UGGDS	Uganda Green Growth Development Strategy
UIA	Uganda Investment Authority
UNECA	United Nations Economic Commission for Africa
UNFCCC	United Nations Framework Convention on Climate Change
USA	United States of America
UWONET	Uganda Women's Net Work

Executive Summary

The study is an analysis of Uganda's draft industrial development policy and the extent to which agro-processing, trade, climate change, food security and gender are mainstreamed therein.

In the recent years, Uganda's industrial development strategy has been resuscitated, to promote industrialisation in order to address the current development challenges.

Despite the steady economic growth rate of over 5.5 percent pa, Uganda still grapples with high unemployment rate of 3.8 percent, low levels of income with 32 percent of the country's population falling below the poverty line. Agriculture which employs the largest percentage (69 percent) of Uganda's population has not been supported to undertake value addition through industrialisation. This has affected agricultural production and productivity, leading to increased rural-urban migration and its associated effects. Lack of value addition has led to the export of raw materials leading to a high trade deficit of $192[1]. In a country like Uganda where over 90 percent of the population derives their livelihood from agriculture and agro related activities, there is a dire need to ensure that the country's industrial development complements the sector through strengthening forward and backward linkages.

For sustainable development to occur, it is important to ensure that the draft national industrial development policy incorporates, recognises and promotes the key issues of agro-processing, climate change, food security, trade and gender and their complex interconnection. Mainstreaming these key development issues will ensure that the resultant development meets the needs of the present without compromising the ability of future generations to meet their own needs.

Hence this study was undertaken with the aim of assessing the extent to which the draft industrial policy takes into account agro-processing, climate change, food security, trade and gender. Through desk reviews and field research, the study examined the nexus between agro-processing, trade, climate change, food security and gender as a basis for identifying their importance in any industrial policy. It analysed the inherent gaps in the draft policy with regard to the study variables and identifies the challenges to mainstreaming these variables into the policy. The study also reviewed case studies in the agro-processing sector in the context of the main study variables. Global best practices were analysed to draw lessons on how to develop a sustainable agro-industrial policy for Uganda.

The major findings of this study are; (i) agro-processing, trade, climate change and food security are interlinked and each variable relates to another in a cause-effect

relationship- while there is a glaring need to mainstream gender and its effect on the national policies; (ii) the draft National Development Industrial Policy (NIDP) is still lacking the incorporation of these cross cutting issues; (iii) there are still eminent challenges to mainstreaming agro-processing, trade, climate change, food security and gender in the national industrial policy and other related policies. The study therefore provided general and specific recommendations on how to solve these challenges and mainstream these variables in the NIDP.

Chapter 1

Introduction

1.1 Background

In Uganda, like in many Africa countries, agro-processing is an important priority that is predicted to boost the economy in the next decade. Agro-processing accounts for about 39 percent of manufacturing establishments (UBOS 2012). It is a major source of employment and the sector has potential to facilitate forward and backward linkages between agriculture and industry. It can be very instrumental in addressing rural poverty through value addition and reduced farm gate losses due to improved post-harvest management.

It is for this reason that the National Development Plan II (NDP II) is conscious of the need for increased agro-processing, investment in value addition to agriculture products; and marketing in order to expand the country's Gross Domestic Product (GDP) and improve the Balance of payment deficit. Notably, within the East Africa Community (EAC), the EAC Industrialisation Policy 2012-2032 also emphasises the importance of the manufacturing sector in agriculture value addition and product diversification, given the partner states' competitive and comparative advantages in the sector. At the Africa level, the African Union (AU) under the Agenda 2063 emphasises the need for industrialisation. All these recognise the need to enhance investment into agro-industrialisation to convert raw agricultural products into value added products for enhanced food security, reduced postharvest losses, and enhanced household incomes as well as economic development.

This study, therefore, assesses the importance of incorporating and recognising agro-processing, climate change, food security and trade for a sustainable industrial policy and hence the extent to which they can be incorporated into the draft NIDP. While the blossom of agro-processing essentially depends on the climate given its dependence on the agriculture sector as its major source of inputs, it can also have adverse impacts on the climate through emission of greenhouse gasses such as carbon dioxide and methane among others which can alter production and productivity of the agricultural sector. Furthermore, the agro-processing sector's access to a sustainable supply of inputs, especially agricultural inputs may be influenced by competing demands from the population for food.

In Uganda, the rising population coupled with the finite abundance of land on which the country's agriculture is largely undertaken, may create pressure which could undermine the production and productivity of the agro-processing industries. Similarly, trade, both policy and practice can have an influence on the growth of the agro-processing sector as more outward looking policies may facilitate greater inflow of domestically produced agro-processed products or the export of raw materials (which comprise 80 percent of Uganda's exports) could adversely affect the growth of this sector.

The country has recently embarked on a process to review and put in place a new NIDP that will replace the current National Industrial Policy (NIP) which expires at the end of 2018. The industrial sector occupies a central position in the Government's vision and the policy actions are geared towards economic and social transformation. The current policy provides

general principles for industrialisation despite the fact that the economy is predominantly agricultural and is dominated by value-added industrialisation for agricultural produce.

This study seeks to analyse the extent to which the NIP is supportive of agro-processing, climate awareness, food security enhancement, gender responsiveness, trade and provides concrete policy proposals towards ensuring that the new policy mainstreams agro-processing and its linkages with climate change, trade and food security as well as gender issues.

Specifically, the study seeks to:

- Examine the nexus between agro-processing, trade, climate change, food security and gender.
- Assess the gaps in the draft NIDP and the challenges of mainstreaming climate change, trade, food security, gender and agro-processing into the draft.
- Examine case studies and global best practices in developing sustainable and inclusive industrial policy frameworks.
- Provide policy recommendations towards mainstreaming climate change, food security, trade, gender and agro-processing in the draft NIDP.

1.2 Methodology

This study employed a two-pronged approach involving a wide scale desk review of secondary literature as well as primary data. Secondary literature was used to examine the nexus between agro-processing, climate change, food security and trade while the primary data involved analysis of case studies on a selected agro-processing sub-sector to identify specific challenges faced by actors within the sub-sector and draw stakeholders' views on how to mainstream these variables in the NIDP.

The case study was on sugarcane growing and processing; a main economic activity in the eastern region of Uganda. It was carried out in the districts of Jinja and Mayuge. Field visits were arranged and conducted where farmers were organised in focused group discussions (FGD). The issues and views were captured through audio recordings and field notes. These were later transcribed into a narrative case that is presented in Chapter 3 of this publication.

The study reviewed global best practices in developing a sustainable agro-processing sector pointing out institutional and key stakeholders' roles. A number of policy documents and studies were also reviewed to provide demonstrable evidence on the importance of agro-processing, climate change, food security, and trade in promoting sustainable industrialisation and how they can be mainstreamed in the national industrial development policy. These included the NIP 2008, the draft NIDP, the NDP II, National Agriculture Policy (NAP), Climate Change Policy, Trade Policy, and research studies on industrialisation, food security, trade and climate change.

The study also reviewed the status of social and economic development of Uganda in order to position the research within the broader context of Uganda's economy and also to bolster its argument regarding the need to promote climate change-friendly agro-processing. The study analysed broader national and regional development policies and plans in order to ascertain the extent to which agro-processing is catered for within these policies.

This report is structured in five (5) chapters as follows:

Chapter 1 introduces the study by highlighting the objectives, the scope and the methodology of the study; Chapter 2 examines the nexus between climate change, trade, food security and agro-processing. The gaps in the NIP and the challenges of mainstreaming agro-processing, trade, climate change, food security and gender in the NIDP are addressed in Chapter 3. Chapter 4 presents the case studies and analyses the global best practices in developing sustainable industrial policy frameworks. Finally, the study concludes by providing policy recommendations towards mainstreaming agro-processing, trade, climate change, food security and gender in the national industrial development policy. These are presented in Chapter 5.

Chapter 2

The nexus between agro-processing, climate change, food security and trade

2.1 Introduction

The climate – trade – food security – agro-processing nexus cannot be underestimated given Uganda's dependence on agriculture for food security, trade, industrial development, employment and livelihood. Agriculture being predominantly rain fed is highly vulnerable to climate variations. The sector is also vulnerable to trade practices and trade policy measures. The extent of this vulnerability cannot be overemphasised especially given that more than 90 percent of Uganda's population is rural and 69 percent of the working population is employed in agriculture and related activities (UIA, 2016). The sector is also responsible for 26 percent of the country's GDP, a figure that could increase if climate change challenges are tackled. This chapter will therefore cover an analysis of the linkages between trade and agro-processing; food security and agro-processing; climate change and agro-processing.

2.2 The importance of agro-processing sector in Uganda

In Uganda, agro-processing is an important priority sector that is predicted to boost the economy towards achieving the country's development agenda in the next decade. It is a major source of employment and income; it can contribute towards a reduction in food loss hence fostering food availability to the population; and can therefore be an essential element in the attainment of food security and poverty reduction. For example, the sector has the potential to generate up to US$3.1 from a kilo of roasted processed coffee compared to US$1.3 from green coffee beans; 40 percent more value from powdered milk than in pasteurised milk; and 56 percent more value from tanned leather as compared to dried hides and skin. It should be noted that 69 percent of Uganda's industrialisation and value addition involves food and agro-processing.

Figure 1: Index of Production, Annual Production levels (2011-2015)

Source: (UBOS, 2016)

Figure 1 above indicates the comparison in the Index of Production[2] for selected categories of the manufacturing sector between 2011 and 2015. There was a consistent increase in the production index for the food processing group, with 2014 registering the highest index i.e. 211. However, a 10.1 percent decline was recorded for the group in 2015. The Index of Production for the manufacturing sector measures changes in the volume of goods produced by the manufacturing sector in the economy.

2.3 Climate change and agro-processing

Climate and agro-processing are inextricably linked. Since agriculture in Uganda still depends fundamentally on the weather, the agro-processing sector also largely relies on the weather for its effective performance. Without effective production of raw materials through rain-fed agriculture, the agro-processing industry will lack inputs. Climate change has often had negative impacts on agriculture in the country, manifested through increasingly severe weather patterns. Such weather patterns lead to floods, desertification and disrupt the growing seasons. The future of agro-processing relies on both designing new ways to adapt to the likely consequences of climate change, as well as changing agricultural practices to mitigate the already existing climate damages that current practices cause without undermining food security and development of rural livelihoods.

Drastic changes in the climatic conditions characterised by prolonged droughts, stormy and heavy rains as well as landslides[3] threaten the levels of sustainable supply of primary agricultural products to agro-processing industries. This is likely to adversely impact the level of agro-processing both in quality and quantity. Recent reports for Uganda have also shown that while in the past decades the frequency of droughts averaged one per decade, in the last decade alone, over seven spells of drought have occurred[4] (MWE, 2012). The erratic swings in seasons have caused an increase in the frequency of shortages of produce in the country, with the worst hit area being the dry cattle corridor that stretches from the Uganda-Tanzania border to Karamoja region. According to a country survey by Climate Action Network Uganda (2016), changes in climate have led to the death of livestock due to lack of water, and migration of traditional pastoralists and herders to neighboring districts. Such changes have led to a reduction in the quality of livestock, hence resulting in adverse impacts on milk production and which is one of Uganda's most competitive agro-processed products. For example, Tooro dairy, an outlet for farmers in Kabarole, faced challenges towards the end of 2017 when the quantity of milk supplied by farmers reduced drastically due to lack of good pasture. The quantity of milk previously supplied by farmers had been between 3,700 and 3,800 litres per day but this reduced to between 1,250 and 1,350 litres due to insufficient pastures as a result of drought[5]. In addition, fruit processors have reported challenges such as changes in quantity of agricultural inputs. Farmers and processors of chilies, mangoes, oranges, pineapples and other fruits and vegetables have also been affected by the adverse effect of changes in the climate which either lowers the quality or quantity of the agro-processed output[6].

Although agro-processing industries have also been registered as having contributed to climate change, these impacts have not been very elaborate in countries like Uganda. For example, in an effort to increase the supply of agricultural inputs for agro-processing industries, large expanses of land, including arable land, forests and wetlands have been cleared to create land for production of these inputs. For example, reports by the Friends of the Earth and national environment NGOs such as the National Association of Professional Environmentalist (NAPE) have revealed that some industries such as Bidco Uganda Ltd deforested 18,000 acres[7] of the Bugala rain forest and has also continued to dispose - off their waste materials into the Lake Victoria, hence resulting in adverse impacts on the area's ecosystem and climate[8]. A report issued by SEATINI Uganda in 2015, titled FDI and its Implications for People's Economic, Social and Cultural Rights also revealed that the establishment of the Namanve Industrial Park

resulted in the destruction of not only the forest cover but also streams and wells. Industries such as sugar processing factories have also contributed towards the emission of greenhouse gases into the environment, which have contributed to climate change.

Rapid industrialisation can generally lead to lower production and unsustainable livelihoods. This would impede profitable and sustainable agro-industrialisation in the long run, thus there is a need to consider catering for climate change concerns in the new policy. This can be through inclusion of clauses that seek to promote cleaner production by the use of climate smart technologies, agroforestry and provide strategies on how to create synergies with the Uganda Green Growth Development Strategy (UGGDS) 2017/18-2030/31.

The green growth principles are embodied in the SDGs, in the Uganda Vision 2040 and in the NDP II. Their major purpose is to ensure sustainable economic growth and generation of inclusive economic development and environmental sustainability. The UGGDS goal is to achieve an inclusive low emissions economic growth process that emphasises effective and efficient use of natural, human and physical capital while ensuring that natural assets continue to provide for present and future generations.

The UGGDS also focuses on five core catalytic investment areas of agriculture, natural capital management, green cities (urban development), transport and energy. The envisaged outcomes of the UGGDS implementation are: income and livelihoods enhancement; decent green jobs; climate change adaptation and mitigation; sustainable environment and natural resources management; food and nutrition security; resource use efficiency; and social inclusiveness and economic transformation at the sub-national and national levels.

2.4 Food security and agro-processing

According to the World Bank's definition of food security, "a person, household or community; Nation or region is food secure when all members at all times have physical and economic access to buy, produce or consume sufficient, safe and nutritious food to meet their dietary needs and food preferences for a healthy and active life". In Uganda, more than 10.5 million people suffer acute and chronic food insecurity[9]. In percentage terms, an estimated 30 – 50 percent of the total Ugandan population is regarded as being food and nutrition insecure. This means that 30 – 50 percent of Ugandans are food insecure.

Uganda is a very good example of a country where cyclic and recurrent food crises occur mainly due to structural problems faced by the agricultural sector. The current food insecurity is caused by a number of factors which include; climate change and variability, inequality and marginalisation of areas from mainstream development, land and environmental degradation (affecting water and soil fertility), conflict, poor policy focus and implementation (agricultural, land, trade and planning), high cost of farm inputs, reducing market prices, use of inappropriate technology, limited access to high yielding inputs, high population growth rate, high levels of poverty, poor infrastructure, unfair trade deals and gender inequity.

These emerging trends and patterns are seen in the frequency, magnitude and severity of droughts and floods, increase in disease as well as increase in deaths and livelihoods among others. This problem has been aggravated by the limited government resource commitment towards agricultural development in the country. For instance, Uganda's National budget only allocates 4 percent of its budget to the sector's development.

The linkage between food security and agro-processing cannot be overemphasised, because the need to achieve both food security and development of the agro-processing industrial sector are two critical but competing demands. This is especially true given that majority of the farmers in Uganda are small scale farmers who are mainly characterised with selling surplus produce.

Given the limited nature of agricultural resources owing to the sectors' reliance on nature, coupled with a high population growth rate, achieving both sustainable supply of inputs drawn from the agricultural sector to agro-processing industries and supply of food for consumption remains a challenge. It is for this reason that the NIDP must specifically take into account the impacts of food security in enhancing agro-industrial development in the country. It should also be noted that regions such as the commercial sugar cane growing areas of Busoga in Eastern Uganda and Hoima in Western Uganda have been reported to experience food insecurity arising from the competition for land for growth of sugarcane and for food production. A study by Makerere University carried out in 2014 revealed that for example 87 percent of households in sugarcane growing areas reported not having adequate and nutritious foods to meet their family needs. The study also revealed that specifically, 44.2 percent of households in Mayuge and 39.4 percent in Jinja district attributed food insecurity to sugarcane growing.

As a result, these areas have become food importing regions owing to the very low level of food production that characterises these areas. According to a research report compiled by SEATINI Uganda titled "Investment Policies of EAC Partner States: Linkages with National Development Plans, Human Rights, Gender and Environmental Sustainability", the growing of palm trees for palm oil processing by Bidco Uganda Ltd. in Kalangala District has weighed heavily on the district's food production and therefore food security[10]. Food production in the district has not been a priority with the majority of the locals having allocated their land for production of palm trees which cannot be grown alongside any food crops. The objective to increase biofuel production such as these palm oil has generally posed adverse impacts on the climate, further affecting agriculture production and productivity.

Agro-processing, packaging and transportation of foodstuffs contribute about 15 to 35 percent of greenhouse gas emissions in the food systems which are harmful to the environment[11]. Most of these emissions are related to the energy used during the industrial process.

While the growth of agro-processing may have adverse impacts in the absence of a proper regulatory framework, it can also contribute towards food security as it provides mechanisms for improving post-harvest handling leading to a reduction in food losses. In addition, food processing and transportation are key parts of the agro-food system as they encompass all operations that assure the safe processing and distribution of food to consumers. Therefore, a policy framework that takes into account the critical role of agro-processing in enhancing food security can go a long way in addressing food insecurity challenges.

Agro-processing industries also provide a market for agricultural products thus stimulating production. The key long-standing challenge of the smallholder farmers is the limited access to markets and market information. For many farmers, there are few opportunities to sell surplus production in local markets (Action Aid, 2010). Therefore, the growth of the agro-processing industrial sector can potentially provide a market for these surpluses. Currently, micro, small and medium enterprises have taken to engaging small scale farmer groups to produce and supply them with inputs such as fresh fruits, hibiscus, coffee, and chili, among others.

2.5 Trade and agro-processing

Trade and trade related activities can exert a lot of pressure on the agro-processing sector. Uganda is still a net exporter of raw materials such as coffee beans, cotton, tea, as well as hides and skins to mainly partners states in the EAC, EU, COMESA, Middle East (Qatar, UAE), Asia (Japan, South Korea, Singapore) and the USA; while the country continues to import finished products leading to a trade deficit of $3.7 billion (UBOS, 2016). Hence, agricultural products (traditional exports) have continued to dominate Uganda's export commodities market despite their declining prices in the global market. For

instance, the price of coffee in the international market has been declining since August 2017- Arabica futures prices at ICE New York stood at $1.22 per pound as of November 1, down by 15-20 percent from that of 2016[12]. The implications of such declines are fluctuating prices for small scale producers leading to some of them abandoning the villages to the cities. For example, in 2010 maize prices fluctuated between sh550 - sh580 per kilo for unclean maize grain and sh750 - sh800 for clean maize. During the same year, the prices fluctuated from sh300 and sh460 for unclean maize and clean maize, respectively[13].

Figure 2 indicates a fluctuation in the Arabica coffee global prices between 2014 and 2017. There was a decline registered in 2014 from the previous year. This was followed with a drastic increase in the price towards the end of 2014 and a consistent decline until 2016. While the price consistently rose from 2016 towards 2017, the year 2017 registered a decline.

Figure 2: Fluctuation of Arabica coffee prices

Source: (Uganda coffee development Authority 2017)

Table 1: Uganda's unprocessed agriculture export value US$mn between 2006-2016

COMMODITY	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Coffee	189.8	265.9	403.2	280.2	283.9	466.7	372.2	425.4	410.1	402.6	371.7
Cotton	20.5	19.6	13.2	22.7	19.9	86.0	74.9	31.7	21.9	20.8	31.6
Tea	50.9	47.6	47.2	59.8	68.3	72.1	73.9	85.6	84.7	70.3	71.5
Tobacco	27.7	67.2	69.1	62.4	68.7	54.0	69.7	120.2	66.0	72.9	64.1
Fish and Fish Products	146.8	125.5	128.7	111.2	127.7	136.2	128.3	126.7	134.8	117.6	121.5
Flowers	21.0	22.8	28.8	26.3	22.5	21.5	26.8	28.7	28.7	23.2	24.6
Beans and Other Legumes	8.2	10.3	18.0	14.7	10.2	20.4	14.2	20.6	26.2	63.2	50.5
Maize	24.1	23.8	18.2	29.1	38.2	26.8	56.9	42.3	43.6	91.1	70.3
Sesame Seeds	4.6	5.5	15.9	13.4	12.9	17.3	11.7	28.5	55.2	50.7	14.6
Cocoa Beans	10.0	15.9	22.8	27.8	35.1	44.5	38.4	54.8	59.4	56.7	75.0
Hides and Skins	8.0	18.1	12.5	6.0	17.1	33.1	41.6	64.4	73.8	63.0	51.4
Sorghum	0.1	0.0	4.0	1.8	1.4	0.3	3.8	25.6	35.2	36.2	55.3
Rice	4.3	6.9	10.4	16.7	16.5	18.4	38.9	37.0	28.7	24.2	20.3

Source: (UBOS, 2017)

Similarly, the country's current nature of trade is such that supply bottlenecks remain a major constraint to the few agro-processing industries due to competition from export trade of raw materials. The table above presents Uganda's major agricultural exports. From the table, it is clear that the country's major export value is derived from unprocessed agricultural products. At the top of these exports are the traditional cash crops such as coffee, cotton, tea and tobacco.

In addition, trade practices such as farm gate purchases have also undermined the growth of the agro-industry. In regions such as Lira and Gulu, reports[14] have shown that direct purchases from the farms by Kenyan traders have been rampant over the past years. This has led to a reduction in the availability of sustainable supply for agro-processing.

The growth of import trade of agro-processed products from the EAC, EU, US and China has also had far reaching implications on the sector's growth. Currently, Uganda imports a number of agro-processed products including food stuffs such as powdered milk, coffee, beverages among others both from within the EAC region and outside. Table 2 presents some of the products Uganda has imported for the last ten years.

The results indicate that first; Uganda imports exactly the same processed products whose raw materials it exports to other countries. Secondly, the value of imports *vis-à-vis* that of her export is way higher leading to a worsening BOP (expansion) position for the country. It should be noted that after the signing of the Structural Adjustment Loan with the World Bank in 1990, Uganda reluctantly replaced the import-substitution policies of industrialisation it had pursued since independence with an open and liberalised trading regime with limited involvement of the state. Tariffs were decreased, controls on imports were loosened and products that were initially produced internally, started to be imported.

Table 2: Agro-processed imports into Uganda from 2006-2016 in US$mn

Description	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Sugars, and honey	42.5	71.3	71.5	75.2	90.6	136.3	160.9	147.0	110.3	102.9	82.0
Coffee, tea, cocoa, spices	4.4	5.0	6.8	6.3	7.8	8.4	8.0	7.7	25.2	22.0	14.8
Beverages	11.7	19.3	40.0	43.9	35.9	37.4	40.7	44.2	48.5	43.3	33.1
Fertilizers	11.9	12.1	36.9	40.9	20.6	24.5	36.8	49.6	22.9	32.3	33.2
Paper, paperboard, and articles of paper pulp	62.1	69.1	99.4	97.8	96.7	120.9	119.6	132.4	129.4	126.1	134.7
Textile yarn, fabrics and related products	53.4	74.0	73.4	66.2	102.2	73.7	76.4	113.0	106.3	93.3	126.2
Articles of apparel and clothing accessories	33.2	48.8	57.0	46.9	47.7	50.3	50.2	46.1	48.1	40.3	42.9
Footwear	25.9	38.2	43.8	38.7	40.8	39.1	44.2	51.2	50.5	49.8	56.2

Source: (UBOS, 2017)

In addition to the Structural Adjustment Programmes (SAPs), free trade agreements such as the EAC Treaty and Common Market, the COMESA-EAC-SADC Tripartite[15], WTO Agreement which Uganda has signed have led to the further opening up off its economy. As a result, beef and beef products, poultry and poultry products, milk and milk products, fresh fruit juices, peanut butter, vegetable oil are currently being imported from countries like Kenya, Egypt, South Africa, United States and Europe among others. This impact has continued to affect the capacity of domestically produced industrial products to compete with cheap imports hence affecting the growth of agro-processing in the country. Other agreements that are in the offing such as EAC-EU-EPA[16] commit the country to progressively eliminate export taxes, which would facilitate increased export of raw materials and undermine industrial development, especially agro-industrial development.

The country also adopted economic policies like the privatisation of previously government owned parastatals such as industries; deregulation, i.e. reduced government involvement in business hence adopting a shift in the way industrialisation had previously been handled. The private sector was upheld and placed at the center of industrialisation. They were considered as the new drivers of development. This *laissez faire* economic policy has since resulted in limited government regulation of various sectors such as agriculture. Consequently, this has led to challenges of supply side constraints owing to the ad hoc nature of players within the sector which is a major source of raw materials for inputs into agro-processing industries.

2.6 Gender and agro-processing

According to the Uganda Women Organisation Network (UWONET) Gender Assessment Report (2015,) women comprise 54 percent of the population that works within the agricultural sector, either directly or indirectly. Within the agro-processing sector of Uganda, women comprise at least 60 percent of the total population either as owners of small scale processing plants or as workers mainly providing manual and semi-skilled labour. Hence, the Government of Uganda developed the National Gender Policy to provide a framework for the development and implementation of government programmes that support the realisation of gender equity. However, the full implementation of this policy still remains a challenge and the absence of a link to the trade and industrial policy frameworks renders the policy less able to address the gender disparity in trade and industry. While this framework is in place, a number of policies and laws have remained silent on the issue of gender. This is largely due to the fact that, trade, agriculture, climate, food security and related policies and laws are often assumed to be gender neutral. Consequently, policy development, planning, budgeting and implementation have not comprehensively taken into account the existing gender dynamics. Gender disaggregated data has not been systematically used to inform policy development and thus, policies, plans and budgets have not translated into gender equity for women's economic empowerment.

Therefore, there is a need to have clear strategies on empowering women producers to produce for the market than concentrating on substance production which is predominant among women communities. The industrial policy should link with other government efforts geared towards assisting women who own land that they can use as collateral to access finance that will increase their productivity. This policy must seek to promote partnership between men and women as partners in production of raw materials for the industrial sector.

Chapter 3

The challenges of mainstreaming agro-processing, trade, climate change, food security and gender in the draft National Industrial Development Policy

3.1 The gaps in the draft National Industrial Development Policy

The draft NIDP recognises the important role played by agro-processing as a key component of the industrial sector. This is especially given the fact that about 69 percent of the country's industrialisation and value addition involves food and agro-processing. The draft policy also emphasises the potential of agro-processing noting that it can for instance, generate $3.1 from a kilo of roasted processed coffee compared to $1.3 from green coffee beans; 40 percent more value from powdered milk than from pasteurised one; and an increase of 56 percent from tanned leather as compared to 15 percent from dried hides and skins. The draft policy also provides for a strategic objective on supporting agricultural-led industrialisation, with a focus on value addition and linkages development. The NIDP also recognises the integration of domestic production systems, i.e. the link between farms and firms.

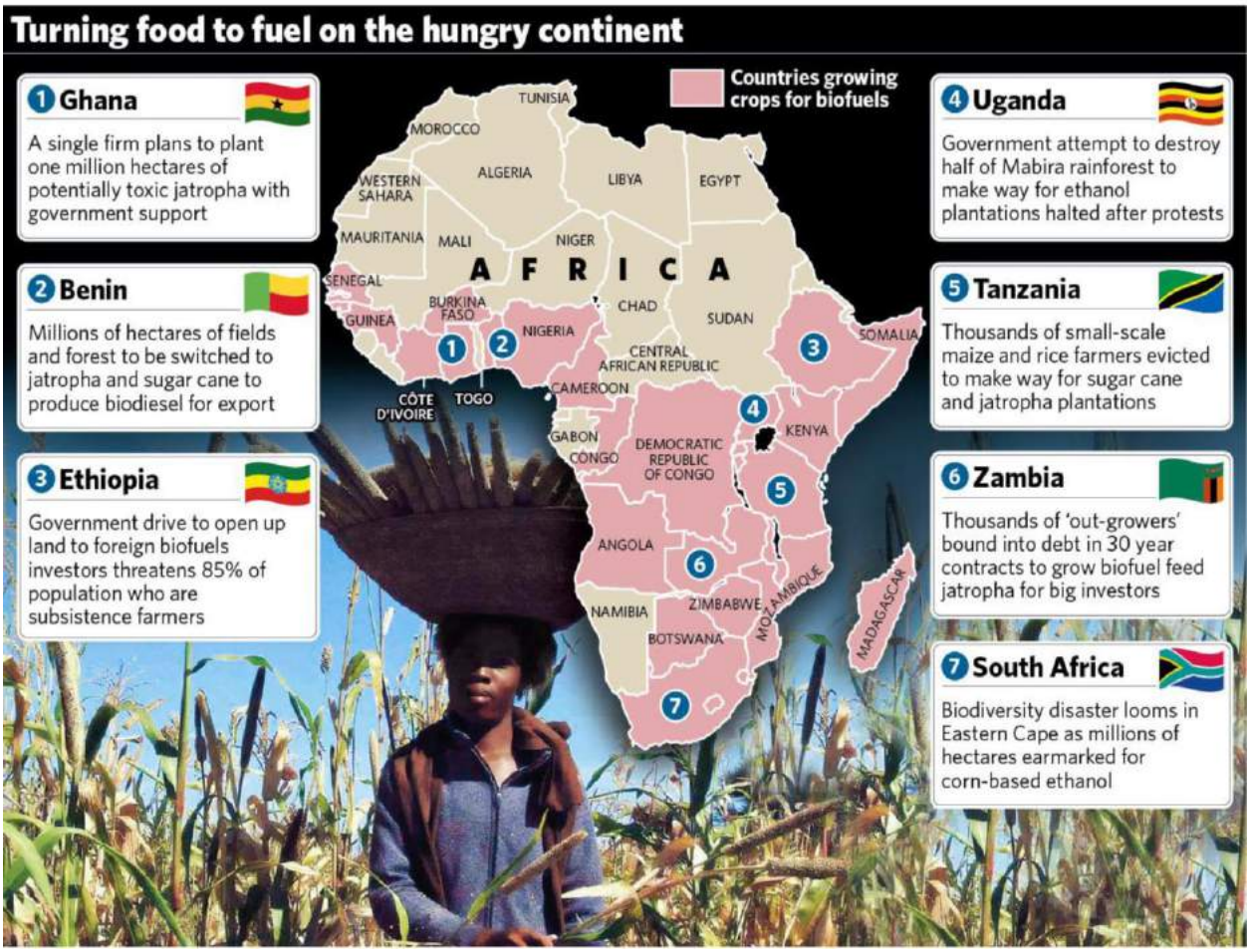
Regarding climate change, the draft policy makes an effort to highlight the country's commitments under the UNFCCC and the UN SDGs and provides that the government will "*ensure a strong legal and institutional framework to protect and conserve water resources.*" However, the draft policy does not provide for strategies towards ensuring that the industrial sector is able to adapt to the increasing climate change challenges. Yet majority of the country's industries rely on the agricultural sector as the source of their inputs. Given the interconnection between the country's agricultural sector and climate change and between its agricultural sector and industrialisation, the link between the country's industrial development and its climate change cannot be undermined. It should, therefore, be strategically planned for in the NIDP.

Concerning the issue of food security, the draft policy emphasises institutional interactions between the ministry responsible for industry and the one responsible for food security. However, this is not in view of the critical need to balance between growing the agro-industry sector and ensuring food security. The draft policy also remains silent on the issue of food security and how agro-processing may be affected by the need to ensure that the population is food secure or how agro-processing may lead to food insecurity. This is especially true given by the fact that large expanses of arable land are increasingly being cleared including forests and wetlands, to plant various crops needed to support a given industry. For example, the Bugala

Forest in Kalangala was cleared to provide land for the growth of palm oil. Previously, it was used for food production. Since then, the district has become a net food importer. Other areas which have shifted from food to industrial raw material production for industries include the sugarcane growing districts in Eastern Uganda where out-growers have given up their land for sugarcane growing leaving very little and in extreme cases no land for food production.

Despite the adverse impacts agro-processing has had on food security in areas where some agro-processing industries have been established, the industrial policy does not emphasize the need to regulate out growers' practices to limit challenges of climate change. However, the link between NIDP also recognises the integration in domestic production systems.

The policy should therefore seek to create a balance between meeting food security needs of the population and ensuring that the industries obtain the desired supply of agriculture inputs. Industrializing Uganda requires reforming the country's economic development policy and strategy. However, the draft policy does not explicitly identify the industrial development strategy to be adopted by the country, i.e., whether import substitution or export promotion. Import substitution industrialisation is a trade and economic policy which advocates for replacing foreign imports with domestic production. It is based on the premise that a country should attempt to reduce its foreign dependency through the local production of industrialised products. Export promotion policies on the other hand reflect the interests



of national government to stimulate exports. It is sometimes used as a complementary strategy to import substitution policies. Therefore, given the existing global trade dynamics, it is imperative that the NIDP is strategically realigned to either the import substitution strategy or the export promotion strategy.

3.2 Challenges of mainstreaming agro-processing, trade, climate change, food security and gender in the draft National Industrial Policy

Based on the preceding discussions, the link between agro-processing, trade, climate change, food security and gender cannot be over emphasised. However, despite this recognition, efforts towards mainstreaming these variables in trade, agricultural, industrial or climate change policies have not been undertaken. Within the context of industrialisation, mainstreaming these variables is very critical for ensuring an industrialisation process that will promote sustainable people-centred development. There are a number of factors that have limited mainstreaming these variables. These include: the limited capacity awareness and appreciation among various policy makers and key stakeholders, the limited consultations and involvement of stakeholders in policy making processes and the neoliberal ideology that Uganda has pursued over the years.

This ideology has been entrenched in all the country's trade and economic related policies and laws and forms an important component of the country's development agenda. The problem, as already hinted, is that the so-called industrial 'priorities' were and are still defined on the basis of free-market economics, which emphasize the role of the private sector as the engine of development and uphold deregulation, leading to limited government policy space to direct the industrialisation process while taking into account the populations' food security needs, climate and environment sustainability needs, and the existing gender dynamics. The current ideology further promotes liberalisation, hence opening up the country's agro-processed products to competition from cheap agro-processed imports.

This has further been aggravated by the limited involvement of key stakeholders with the ability to undertake an analysis and provide strategic guidance in view of mainstreaming the various variables in the industrial policy. The importance of engaging a wide range of key stakeholders such as experts in climate change related issues, food security, trade and gender is pertinent. However, civil society, academia and government officials especially in the areas of climate change, food security and gender are not fully involved in policy making processes.

Chapter 4

Case studies and global best practices in developing sustainable agro-industrial policy frameworks

4.1 Case studies

4.1.1 Case Study 1: Sugarcane growing in Busoga region

Sugarcane growing is the main commercial activity in the eastern region of Uganda. It covers 70 percent of the total arable land in Busoga region producing an average of 35,000 tons of sugarcane annually. The region has over six sugar processing plants scattered among the five districts of Busoga, i.e. Jinja, Kamuli, Iganga, Mayuge and Bugiri. 70 percent of the sugarcane is grown by out growers on a small scale basis by private households. These small scale farmers supply their sugarcane to the factories on a market price set by the factories in an oligopolistic manner. During times of scarcity, the factories increase the purchase price to attract more supply and when there is high sugarcane yield, the factories cut the prices to discourage supply from out growers. As a result, farmers have become price takers and have no control over the buying prices set by the sugar industry. This has greatly affected their incomes as sometimes sugarcane prices can go as low as US$3.2 per tonne, a situation that has discouraged the farmers hence calling for price control policies. In their opinion, they recommend the need for government to set a minimum price for the sugarcanes.

Effect on food security

Factories also own plantations and account for up to 30 percent of the total tonnage produced in a year. They have acquired big chunks of land for commercial sugarcane growing. The study by EASSAF (2016) estimates that over 6,000 square kilometers of land representing 60 percent of total area in the region is covered by sugarcane. This has a bearing on food security in the region as much of the land that was previously used to produce food is now used for sugarcane production. This has been compounded by the fact that at household level, families have partitioned or in most case given up all the land available to them for sugarcane growing, leaving very little or no land at all for the production of food. Consequently, the region has turned into a net food importer. Climate change effects are also central in perpetrating this phenomenon; due to adverse climate changes, a lot of food crop varieties no longer produce good yields due to prolonged droughts, heavy rains, or soil erosion and wash-away. As a result, many farmers have resorted to growing sugarcane which is a more resistant to such vagaries of nature.

Gender dynamics

At the household level, men take a dominant role in sugarcane production while women and children mostly provide cheap labour in the

plantations. The land is owned by men who control all the proceeds from the sale of sugarcane. The men are at liberty to use all the money at their discretion and women are not supposed to question them. This practice has perpetrated gender disparity in the region and has increased the occurrence of domestic violence and school drop outs as men in many cases mismanage the proceeds and even fail to buy food and to pay for their children's school fees. The only time women have benefited from growing the sugarcane is either when they are working on the factory plantation offering labour services or when they decide to grow sugarcane on their ancestral land.

Environment and climate change

Sugarcane growing in Busoga region has taken a toll on wetlands, which act as water catchment areas affecting natural water resources. Natural water sources such as shallow wells and streams have dried up in various areas forcing residents to walk long distances in search of water for domestic use. Some of the affected places visited during this study include; Kasambira in Kamuli, Irongo in Luuka, Buyengo in Jinja and Nkombe in Mayuge District. Muzamir Bampalana, a resident of the area says that they can no longer plant rice in the wetlands in which they previously planted due to the fact that they no longer hold the necessary amount of water enough to support rice production.

Suleiman Bagalana, a Jinja District Agriculture Officer explains that clearing wetland lands for sugarcane growing has several disadvantages. For instance, wetlands are composed of peat soils that are light with a weak texture, which easily dry up once exposed to direct sunlight. He further explains that wetlands have plants which help retain water but easily dry up leading to water loss. Bagalana says that sugarcane has little organic matter because of absorbing large quantities of water.

Mohammed Bajje, a farmer from Kasambira in Kamuli calls on the government, through the National Environmental Management Authority (NEMA) to intervene in Busoga to stop the cultivation of sugarcane in wetlands.

However, Thomas Aramu, a Mayuge District Environment Officer says many sensitisation seminars have been organised for sugarcane farmers to consider alternative source of water and stop growing sugarcane in wetlands but the district lacks fund to monitor their activities.

The need for agro-processing

Farmers decry the exploitation by the factories through very low and unattractive prices. To this end, there is a need for establishing a farmers' owned factory through which the farmers could get better prices for their produce. Besides

offering favourable prices, the farmer-owned factories would provide them with credible market information and other support services such as inputs and seeds.

4.1.2 Case study 2: Buikwe rivers choke on waste from sugar factory

The Sugar Corporation of Uganda Limited (SCOUL) factory in Lugazi is dotted with lush terraced sugarcane plantations and meandering fresh water streams providing breathtaking beauty. For 90 years, the firm, run by the Mehta family, has fanned the appetites of those with a sweet tooth and uplifted Uganda's nascent economy. About five years ago, the company opened a distillery which produces alcoholic spirits from sugar molasses, a byproduct in sugar production. The distillery set off a litany of complaints with regards to air and water pollution. The major economic activity in the area is sugarcane growing and subsistence farming. Inside the plantation, flow various streams. In one of the plantations located opposite Kawolo Hospital, flow streams that form River Mubeya and River Kayirira, which spill into other water bodies. All these rivers spew pale-brown waters as a result of contamination and join River Musamya and River Sezibwa.

Not far from the location of the bio-composite plant, which makes fertilizers from the distillery effluents, there is an open gutter brimming with untreated effluents from the distillery. The brown effluents flow largely at night to the composite plant. Some of them, which are not utilised, are diverted elsewhere. The effluents contain acids and other chemicals that are dangerous to the environment and unfit for human consumption.

They also sip into the soils and gradually join the water table that serves as a source of water for the locals and streams. Near the distillery, there is a point of pollution at a place called Wambwa, in the middle of the plantation away from the road towards the bio composite plant. The water here ominously turns black as it flows out of this clean environmental cover. This polluted water joins River Musamya.

Below the zip-line is River Musamya with polluted black waters, which has left stones stained with greasy circulated like liquid. Under an ailing wooden bridge flows the polluted river. At a close glance of the river, its waters appear like gallons of used oil from a car engine. The black water smells like a mixture of molasses and decomposing dump wood. Downstream, it is hard to tell that there is a river here. The falls are turning black in colour. Mr Hakim Salongo, 50, has lived here for most of his life. He and others relied on fishing from the river. However, he says five years ago, they abandoned the river. "We used to drink this water from the river without boiling it and we had never got sick. The water was pure but the colour changed about five years ago," says Mr Salongo.

Effect on health

"It always smells like a pigsty," says Thomas Wasswa a resident of the municipality. "At night, the putrid smell fills the house. There are also some particles which are blown by the wind and when they get into your eyes, they itch and if not attended to by a specialist, the eye stops seeing," says Ms. Jennifer Kemigisha, the municipality councilor. Leaders in the area claim they have tried to halt the pollution by reaching out to the factory's administration in vain. "Whenever they are burning the sugarcane, the black ash always stains our clothes and houses. Some of our leaders in the district have been compromised to back off this matter. Some NEMA officials came and carried out tests but told us that everything was fine. But at the end of the day, it us who continue to get affected by the air and water pollution," says Ms. Sarah Namugenyi, a councilor.

Company speaks out

SCOUL's Regional Director for Africa Operations Suresh Sharma blames pollution at the factory on a technical glitch. "We do not pollute the environment because we live in the same area with more than 1,000 workers. The smell that is talked about only happened once when there was a problem with the switch in the furnace that burns the methane from our digester," says Mr. Suresh.

The SCOUL Deputy General Manager, Mr. Timothy Muwonge, dismisses allegations that the plant emits hydrogen sulphide into the air. "We treat every affluent before it is discharged into the environment," he says. When asked why the factory continues to use open gutters to channel waste yet liquids diffuse into the soil and could contaminate the water tables in an area where people depend on spring water. Mr. Muwonge responds, "On both sides of the open affluent channel, we have planted bamboo, which is good at filtering. We have even been commended by Mabira Forest Management."

The factory managers also claim they have heavily invested to ensure that they protect the fragile environment. "We have invested more than $2 million in treating effluents. We have one of the best systems in Africa. Last year, the Parliamentary Committee on Natural Resources made a surprise visit to our factory. They moved around up to where the rivers pass and told us that we were doing fine," said Mr. Suresh.

Around the sugar factory, the hot-brown molasses from the plant are kept in a lagoon to cool before they are pumped into the distillery. After producing spirit, the end product is pushed into a digester, which produces methane gas. Before the dangerous methane gas is emitted into the environment, it should be neutralised by burning. However, sometimes the dangerous gas escapes into the air, especially during the rainy season.

The distiller at SCOUL factory, which residents say is polluting rivers Mubeya and Kayirira in Buikwe District

4.2 Global best practices in developing sustainable agro-industrial policy frameworks

4.2.1 The case of India

India is among the few countries in the world with a specific policy on food-processing. Unlike other countries which subsume the issue of agro-processing, despite its importance, in the National Industrial Policy, India has the National Food Processing Policy (2017). The policy acknowledges the food processing industry is of enormous significance for development given its vital linkages and synergies with the two pillars of the country's economy- industry and agriculture. The policy supplements the country's National Food Security Policy and Acts of 2001 and 2013[17] respectively all aimed at providing subsidised food grains to approximately two thirds of India's 1.2 billion people.

According to the policy[18], the growth potential of the sector is enormous and it is expected that the food production will double in the next 10 years and consumption of value added food products will grow at a fast pace. This growth of the food processing industry will bring immense benefits to the economy, raising agricultural yields, meeting productivity targets, creating employment and raising the standard of living for many people throughout the country, especially, in the rural areas. The food processing industry has been identified as a thrust area for development and has therefore been included in the priority lending sectors. Most of the food processing industries have been exempted from the provisions of industrial licensing under Industries (Development and Regulation) Act, 1951 with the exception of beer and alcoholic drinks and items reserved for the small scale sector. As far as foreign investment is concerned automatic approval for even 100 percent equity is available for majority of the processed food items.

India's National Food Processing Policy provides for the establishment of cold chains, low cost pre-cooling facilities near farms, cold stores and grading, sorting and packing facilities. These are supposed to reduce wastage, improve quality and shelf life of products, and enhance application of biotechnology, remote sensing technology, energy saving technologies and technologies for environmental protection. It emphasises the building of a strong infrastructural base for production of value added products with special emphasis on food safety and quality matching international standards; development of packaging technologies for individual products, especially cut-fruits & vegetables, so as to increase their shelf life and improve consumer acceptance both in the domestic and international markets.

The policy further establishes a central institute at the national level with satellite institutions located strategically in various regions to cover up the whole country and to make available the required testing facilities. This could be done by establishing a new institution or strengthening existing ones; development of area-specific agro-food parks dedicated to processing of the predominant produce of the area; development of anchor industrial center and/or linkage with anchor industrial units having network of small processing units; and development of agro-industrial multi-products units capable of processing a cluster of trans-seasonal produces.

In developing the NIDP, there is need to recognize the fact that Uganda's industrial sector is agro-based and as such, the policy should provide for food processing with specific attention paid to enhancing food security through a reduction in post-harvest losses. It should be designed to supplement the National Food and Nutrition Policy as well.

The NIDP should further provide for the establishment of food stores with cold chains, cold stores and pre-cooling facilities near the farms. Energy saving and environmental protection technologies should also be included. The policy should also provide for the establishment of common facilities for the purpose of food processing. Grading, sorting, and packing facilities should also be included to address the challenges of wastage through post-harvest losses to improve the quality and shelf life of products.

4.2.2 The Case of Britain

From the 14th century, Britain used aggressive industrial policies to promote and compete in the woolen manufacturing industry, until the 18th century, the wool hi-tech industry of Europe was centered in the Low Countries (what are the Netherlands and Belgium today). British producers were given tariff protection and subsidies, while export taxes and occasional export bans on raw wool were deployed to maximize the availability of raw materials to British producers. These measures were intended to transform Britain from a supplier of the raw material (raw wool), into a manufacturing center of woolen textile. As a result of these measures, by the 18th century, the woolen textiles industry accounted for at least half of Britain's export revenue, enabling it to import vast quantities of raw materials (e.g. cotton) and food needed for the industrial revolution.

Britain's industrial policy moved into a higher gear when Robert Walpole (referred to as the first British Prime Minister), assumed office in 1721. Upon coming to power, Walpole introduced a wide range of industrial policy measures across industries, and not just for the woolen manufacturing industry. While introducing the new law, Walpole stated, through the King's address to the Parliament that, "It is evident that nothing so much contributes to promoting the public well-being as the exportation of manufactured goods and the importation of foreign raw material[19]."

Walpole's policies are very similar to (and indeed provide templates for) the present East Asian industrial policy – infant industry protection, export subsidies, import tariff rebates on inputs used for manufacturing exports, and export quality control by the state (Brisco 1907).

In the period between Robert Walpole's industrial policy reform and the country's transition to full free trade in the 1860s, Britain implemented the most aggressive industrial policy regime, centered around high tariff protection.

The draft NIDP in Uganda should therefore provide for the protection of certain food products from tariffs and provide subsidies to enhance their production and productivity. Similarly, the policy should also include a provision for the enforcement of export taxes to cut down on the export of raw materials and encourage agro-processing. Specifically, the policy should focus on products such as dairy, sesame, and shear butter. These have been identified as having potential for growing agro-processing in Uganda. However the current bilateral, regional and multilateral commitments Uganda has entered into in the recent past may seem to limit such efforts of protecting domestic industrial growth. The bilateral trade and investment treaties for instance seem to have eroded away Uganda's policy space to effectively provide for such safeguards.

Chapter 5

Policy recommendations towards mainstreaming climate change, food security, trade, gender and agro-processing in the draft National Industrial Development Policy

5.1 General recommendations

On the whole, the policy development process should include clauses that seek to promote cleaner production by the use of climate smart technologies, agroforestry and provide strategies creating synergies with the green growth policy.

There should be a deliberate plan and strategies for investment in agriculture, especially through promotion of irrigation facilities and general mechanisation to increase productivity amidst the country's glaring climate change challenges. In order to ensure that farmers increase their incomes, government should assist them with value addition techniques so they can graduate from selling unprocessed products that usually attract low prices. Government should have deliberate strategy(ies) on assisting farmers with control of pests and diseases that have led to enormous losses. Additionally, the government should set minimum farm-gate prices in order to protect farmers from exploitation by middlemen.

The draft NIDP should address food loss and waste through the promotion of better post-harvest management techniques. It should also promote production of staple foods such as cassava, maize, *matoke*, beans and potatoes, and protect cross border trade of these food commodities. Uganda has a comparative advantage in the production of traditional crops such as coffee, cotton, tea and tobacco. A deliberate effort by the government to promote their production will help farmers to produce them competitively.

Uganda is still a net exporter of raw materials to its trading partners- EAC, EU, COMESA, Middle East (Qatar, UAE), Asia (Japan, South Korea and Singapore). The industrial policy should therefore seek to promote the export promotion strategy. However, this should be cognizant of the possible adverse impacts that could arise on the country's food security. Therefore, regulatory mechanisms[20] should also be provided for. Regarding importation of cheap agro-processed products that out-compete the country's agro-processed industrial products, the NIP should provide for the promotion of import substitution industries. At the moment, Uganda imports agro-processed products from countries like South Africa, Egypt, EU and the USA.

The draft NIDP should be aligned to the National Trade Policy, National Climate Change Policy, National Agriculture Policy, and National Nutrition Policy; and it should be subjected to a gender audit by the ministry responsible for

gender. The civil society, academia and other relevant stakeholders should also be involved during its development and implementation. These will help to reinforce efforts towards mainstreaming these variables in the NIDP.

The draft NIDP should have clear strategies on empowering women producers to move from subsistence (as is the practice presently) to commercial production. The policy should link with other government efforts geared towards assisting women to own and control land that they can use as collateral to access finance that will increase their productivity.

5.2 Specific recommendations

Specifically, the following sections within the draft NIDP should be revised in line with the recommendations below:

5.2.1 Situation analysis

Under the situation analysis, it is imperative that a comprehensive gender analysis of agriculture as a key component of industrialisation is undertaken, taking into account the role of women and youth in the sector and the existing dynamics therein. This section should also elaborately analyze the state of agro-processing in the country, its growth rate and contributions to the sector as well as to the economy.

Similarly, given the correlation between Uganda's industrial sector and its agricultural sector, coupled with the fact that the country relies on the agricultural sector for its population's food security needs, the situation analysis should explicitly discuss the fact that there are existing adverse impacts of industrial development on food security.

The policy should also, under this section, elaborately discuss the role of trade policy and how it can drive or deter progressive industrial development. Under the subsection on trade and markets within the situation analysis, the policy should take into account the existing markets that Uganda is currently part of. Such markets include the recently signed Africa Continental Free Trade Area (AfCFTA), the COMESA-EAC-SADC Tripartite, the EAC market, the Africa Growth and Opportunity Act (AGOA) of the USA, the yet to be concluded EAC-EU Economic Partnership Agreements. The policy should take into account commitments that have already been made under these arrangements that could potentially undermine the country's industrialisation agenda.

The policy should also identify strategic products that the government seeks to protect, either through the use of tariffs or quotas or total bans in order to promote industrial development for the identified products, as well as likely implications in light of bilateral, regional and multilateral commitments of the country.

5.2.2 Problem statement

Several revisions are recommended on the Strengths, Weaknesses, Opportunities and Strengths (SWOT) analysis as outlined hereafter;

- Revise "Young population" under the category of strengths to "A growing workforce"
- Include "Universal recognition of the need to industrialise" in strengths
- The identified weaknesses including, "Poor implementation of policies and regulations", "Limited employable skills", "Over liberalisation of the domestic market", and the "Absence of effective industrial promotion and protection policies of nascent industries".
- The opportunity on "Strategic development of regional, preferential markets and value chains" should be revised to include continental and global preferential markets and value chains. Therefore, it should be revised to "Strategic development and availability of regional, continental and global preferential markets and value chains".
- The opportunity of "A growing organic market" should also be included.
- The category on threats should include the following threats "Increased inflow of competitive and cheap value added products", and "Restrictive trade agreements that limit government policy space, national industrial initiatives and access to markets".

The policy problem should further recognize the drivers of sustainable manufacturing such as an appropriate trade policy to be able to support industrialisation, an efficient agricultural sector to ensure sustained inputs which balances with food security, the use of smart and clean technologies to ensure climate change adaptation and the recognition of the gender dynamics to ensure inclusive and sustainable development also need to be taken into account.

Under the section on anticipated policy outcomes, there is need to emphasise the outcome on agro-processing in the expansion of the country's industrial base. The labour intensive industries should also take into account the gender dynamics and the role industrialisation can play in enhancing women's economic empowerment as well as addressing the current youth unemployment challenges. It is also imperative that the policy, in addition to bringing together institutions through a consultative forum, also enhances coherence among related policy frameworks for sustainable development. Similarly, the institutions to be involved should also be clearly highlighted including their roles and responsibilities in the industrialisation drive.

5.2.3 Vision and Mission

The Vision should be revised to explicitly provide for "gainful employment, climate smart technology and promotion of environment friendly industrialisation".

The mission on the other hand should be replaced with "The mission should clearly state what kind of industrial sector we want (globally sustainable and competitive), why (gainful employment and equitable wealth creation) and how (through enhancing productivity by targeting productive capabilities, technology change, access to finance and infrastructure while promoting an enabling environment at all levels)".

5.2.4 Policy goal

In addition to the existing goals, it is imperative that the following are added:

- Increase the share of agro-processing industries as a percentage of the industries sector's contribution to GDP from the current XXX US$ to XXX US$
- Increase the percentage share of employment of the industrial sectors to the total country's work force from the current XX percent to XX percent

5.2.5 Strategic policy objectives

The strategic policy objectives should be revised, while others should be added as below:

Strategic objective 1: A conducive macroeconomic, fiscal and regulatory environment for genuine domestic and foreign investors

Strategic objective 2: A modern and investment competitive-focused financial system

Strategic objective 5: Supporting agricultural-led industrialisation, with a focus on value addition and backward and forward linkages development

Strategic objective 12: Creating jobs and promoting the participation of women and other disadvantaged sections of society in industrial development activities

Strategic objective 14: Promoting a conducive trade environment at national, regional and global levels

Strategic objective 15: Promoting the adoption and utilisation of climate smart and clean production technologies

5.2.6 Guiding values and principles

Specifically, on the guiding values under Value 1 on production transformation, it is crucial to emphasize the need to promote increased agricultural raw materials supply to industries while balancing domestic food supply.

Under the guiding value on inclusiveness, it is imperative that the issue of gender is comprehensively taken into account.

5.2.7 Policy priority areas and strategic intervention

Under this section, the study recommends that two broad priority areas should be included i.e. a priority area on "Promoting agriculture backward and forward linkages"; and another on "Promoting clean production technology transfer for sustainable development".

The priority area on trade market development should also include a strategic intervention on "Policy space and a conducive environment that supports trade".

5.2.8 Institutional mechanisms

Include the academia as a key institution. In addition, the policy should consider engaging the broader specialised civil society organisations working on industrialisation and related issues to ensure inclusiveness. The institutional mechanism should also emphasise the role of Parliament in the implementation of the policy.

Annexure

Mayuge District

Formerly part of Iganga District, Mayuge District was created in 2000, by elevating Bunya County to district status. Present day Iganga, Kamuli, Jinja and Mayuge District constituted Busoga District at Independence in 1962. The district has over 326,567 people, 167,087 of whom are female and 159,480 are male. The main economic activity in the district is agriculture with emphasis on food crops such as millet, potatoes, beans, *simsim* and sunflower. Cash crops like cotton and coffee have been replaced by sugarcane growing in the recent past. Fruits and vegetables like Tomatoes, vegetables, passion fruits and Onions are also grown. There is fishing on Lake Victoria and Cattle keeping as well. The district has a total of 351 primary schools with 93 government, 23 private and 25 community schools. For secondary schools, the district has over 20 schools, 2 are government, 13 private and 5 community.

Jinja District

Jinja District is located in the South Eastern part of Uganda. It is a small district found East of the River Nile and along the Northern shores of Lake Victoria. Jinja District has an area of 767.7sq km of which 701.9sq km is land and the rest (65.8sq km) is covered by water bodies. The district is subdivided into 3 counties namely, Butembe, Kagoma and Jinja Municipality. There are 6 Sub-Counties; 46 parishes and 381 villages. Jinja Municipality has three sub-counties and 55 villages. It is bordered by Kamuli District to the North, Luuka District to the east, Mayuge District to the southeast, Buvuma District to the south,Buikwe District to the West and Kayunga District to the North West. The district headquarters are located at Buwenge, 96 kilometers East of Kampala. The coordinates of the district are: 00 30N, 33 12E. (Latitude: 0.5000; Longitude:33.2000).

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Endnotes

1 https://tradingeconomics.com/uganda/balance-of-trade

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3 http://www.fao.org/3/b-i5607e.pdf

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14 Community Development Initiative for Sustainable Development Biannual Report, 2016

15 Agreement Establishing a Tripartite Free Trade Area among the Common Market for Eastern and Southern Africa, the East African Community and the Southern African Development Community https://www.eac.int/documents/category/comesa-eac-sadc-tripartite

16 Trade and development agreements have been negotiated between the EU and African, Caribbean and Pacific partners to cover goods, fisheries and development cooperation.

Economic Partnership Agreements (EPAs) are trade and development agreements negotiated between the EU and African, Caribbean and Pacific partners engaged in regional economic integration processes.

The EU-EAC EPA covers trade in goods and fisheries as well as development cooperation that aims to reinforce cooperation on the sustainable use of resources. Further negotiations are ongoing to include services and trade-related rules in the future.

The deal is balanced and fully in line with the EAC Common External Tariff. It bans unjustified or discriminatory restrictions on imports and exports, which contributes to the EAC's efforts to eradicate non-tariff barriers in intra-EAC trade. It supports the EAC's regional integration agenda and has what it takes to foster development.

https://www.eac.int/epa

17 https://en.wikipedia.org/wiki/National_Food_Security_Act,_2013

18 http://mofpi.nic.in/sites/default/files/sejda-52v.pdf

19 https://www.theguardian.com/global/2012/dec/24/government-lacks-insight-to-grow-british-industry

20 Such as import quotas, licenses, tariffs can be imposed to discourage importation for the purpose of protecting domestic processing and industrialisation efforts from unhealthy foreign competition.

About the Book

The study is an analysis of Uganda's draft National Industrial Development Policy and the extent to which agro-processing, trade, climate change, food security and gender are mainstreamed therein. It employs case studies from Jinja and Mayuge districts to provide empirical evidence to aid the development of policy recommendations. It also draws on lessons from global best practices of India and Britain.

In Uganda, the industrial sector is largely dominated by agro-processing industries. Therefore, the study emphasizes the imperative for the draft policy to recognize the symbiotic relationship that exists between the agriculture and industrial sectors in Uganda. The study also analyses the nexus between agro-industrialization and food security, agro-industrialization and climate change and agro-industrialization and trade. Specifically, the study stresses the need for the draft policy to be cognizant of the fact that the objective to attain food security as well as enhance trade may to some extent affect agro-industrialization. It also emphasizes the fact that the draft policy should be cognizant to the challenges that could arise from climate change and would therefore undermine the growth of the country's industrial sector.

It is hoped that the findings of the study and the recommendations provided will aid in the development process of the draft National Industrial Development Policy that is trade driven, climate change aware, environmental friendly and gender sensitive.

www.cuts-geneva.org/pacteac2

CUTS INTERNATIONAL, GENEVA

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