



## ***Policy Brief***

### **Improving Regional Trade in Organic Products: The Way Forward for Uganda**

#### **Summary**

In Uganda there has been an increase in the number of organic farmers over the last 15 years. Between 2002 and 2007, the number of certified organic farmers increased by over 300 percent and the acreage converted to organic farming increased by 60 percent. Certified organic exports increased from US\$3.7 million in 2003 to US\$22.8 million in 2007. In 2006 the farm-gate prices for some organic crops, such as pineapples, ginger, and vanilla were over 200% higher than those of the conventional crops, respectively. This portrays a promising future for organic agriculture in Uganda. However, to improve regional and international trade of Uganda's organic products, there are a number of policy gaps and other constraints that have to be addressed.

**Uganda has no organic agriculture policy to guide policy-makers, farmers and development stakeholders.** Organic agriculture is not mentioned anywhere in the National Agricultural Plan of 2013 or the National Agricultural Research Policy.

**Organic certification is slow and relatively expensive for most smallholders.** Thus they face entry barriers to very lucrative foreign markets. Group certification is needed. Imported organic inputs such as fertilizers and pesticides are very expensive. With an organic agriculture policy in place, the issue of tax reductions for imported organic inputs could be addressed.

**There is need to increase interest in organic farming in Uganda.** It is necessary for Government to carry out empirical research to confirm the evidence that indeed organic farming is profitable. This evidence can be gathered for a few selected crops through comparing farm yields, farm-gate prices and gross margins with conventional crops. Developing organic demonstration farms would also be an effective way of spreading organic agriculture between for farmers.

**There is need for Government policy review considering value chain development that is geared towards agro-based industrialization and processing of organic produce.** Agro-processing of organic products should be geared towards higher penetration of high-end foreign markets. Public-private partnerships can facilitate the growth of the organic agro-processing industry which ought to lead to increased demand for organic raw materials from farmers' unions.

## **Introduction**

Studies show that ecological organic agriculture fosters biodiversity that is relatively resilient to the impacts of climate change. It depends on and sustains ecosystems as well as tapping into the knowledge, practices and innovations of local communities which can lead to increased food security and farm incomes. Organic agriculture is slowly taking root in the East African region. However, the challenge now is how Uganda and other East African countries will speed up, scale out, share relevant knowledge and practices and coordinate appropriate trade policies to boost ecological organic agriculture in the region.

Organic farming has the potential to greatly contribute to the economic growth of Uganda in terms of healthy products for consumers and improved food security and incomes for farmers. Increasing the awareness amongst urban consumers in East Africa of organic products and increasing organic farmers' access to these niche markets is very critical for the development of organic agriculture in Uganda. To this end, the National Organic Agriculture Movement of Uganda (NOGAMU), with support from Trade Mark East Africa's TRAC Fund, commissioned a policy gap analysis to identify the barriers to poor farmers access to markets for organic produce. The study, together with further analysis from NOGAMU unearthed several policy barriers.

## **Policy Barriers to Regional Organic Trade**

### ***No Operational Organic Agriculture Policy***

The policy gap analysis indicates that the lack of an operational organic agriculture policy is a major constraint to the growth of organic agriculture. In addition, lack of an operational organic agricultural policy implies no tax exemptions for imported inputs. Organic farmers in Uganda need tax exemptions or tax reductions on some of the imported organic inputs, such as organic fertilizers and organic pesticides, which happen to be very expensive for the smallholders.

### ***Organic Certification is Very Costly***

Organic certification is still very expensive hence not affordable by many smallholder organic farmers in Uganda. This forms a barrier to access to very lucrative markets in developed regions, such as the European Union. These costs may represent a large share of farm revenue for smallholder farmers.

### ***Government Concentration on Conventional Agriculture***

A major hurdle to regional trade in organic products is the fact that the Government of Uganda (GoU) places most of its emphasis on the growth of conventional agriculture rather than organic agriculture. GoU works through various programs such as the National Development Plan (NDP), Agriculture Sector Development Strategy and Investment Plan (DSIP) and National Agricultural Policy (NAP) with the focus on interventions that support various actors along the value chain for conventional agriculture. Organic agriculture has not been given priority in these Government plans.

### ***No Awareness Campaigns for Organic Farming***

In Uganda there are no vigorous awareness campaigns either by GoU or the private sector to make organic agriculture attractive to both conventional agriculture farmers and urban consumer groups in Uganda. There is little domestic demand for organic products in Uganda and the importance of consuming organically produced commodities is not very obvious to the majority of Ugandan consumers. There have been very vigorous GoU awareness campaigns for the adoption of improved varieties of major food and cash crops such as conventionally produced rice, maize, beans and groundnuts in the last 15 years. However, the same cannot be said of organically produced commodities.

### ***Low Public Investment in Agricultural Sector***

The low investment priority for the agricultural sector in Uganda also has serious implications for the sector as a whole. Most of the organic products in Uganda are produced for the external market with stringent quality standards. This implies that smallholder organic farmers need farm credit to meet the requisite costs of production, post-harvest handling and organic certification. These costs do not encourage conventional agriculture farmers to convert easily to organic agriculture. Low priority given by GoU has also affected private sector led initiatives such as investments in cold storage facilities and refrigerated trucks for perishable organic produce. This type of infrastructure requires the state to lend a hand to the private sector to be able to take off since some of the investments require large capital outlays. In addition, there is very little effort if any, by the GoU to lead research in organic farming and value-addition.

### ***Lack of Value Chain Development***

Another policy barrier to regional trade of organic products from Uganda is the lack of a policy framework that focuses on value chain development as a pathway to economic growth of Uganda through agro-based industrialization using organic produce as raw materials. The National Development Plan (NDP) 2011-2015, includes a key intervention; *supporting and strengthening key product value chains to access high value markets and penetrate global value chains through public private partnerships and inter-government sectoral collaboration*. Key products include animal products, coffee, horticultural crops, maize, beans, cassava, bananas, etc. However, current value chain development in Uganda basically serves the domestic markets. There is, however, a need for policy shift towards value chain development as a pathway to agro-based industrialization that feeds on both conventional and organic agricultural raw materials to *access international high value markets and penetrate global value chains*.

## **Conclusion**

With its premium prices, attractive trade opportunities and fast growth rate, the organic agriculture sector in Uganda is expected to provide a significant boost to the national economy in the coming years. This will not be possible however, with the current level of government support. More needs to be done to ensure that organic agriculture remains an attractive option for Uganda's farmers, and policy needs to be put in place to provide organic smallholders with much needed structural support. If this call is heeded, Uganda will be able to build upon its commanding global position in organic agriculture.

## **Recommendations**

### ***Need for Operational Organic Policy***

There is need for Government in collaboration with NOGAMU and other CBOs to draft the organic agricultural policy. With the policy in place a number of barriers to trade in organic products will be reduced.

### ***Need for Strengthening Farmer Groups***

Well organized farmer groups are a key avenue to; (i) the adoption of improved planting material or seed; (ii) improved access to production credit and ICT-based market information services by smallholders.

### ***Need for More Government Research to Support Organic Farming***

Conventional agriculture farmers are very aware of the initial heavy costs of transitioning from conventional to organic farming. One way of increasing interest in organic farming in Uganda is to show evidence through Government research that indeed organic farming confers a lot of benefits to organic farmers. This can be done for a few selected crops by comparing farm yields, prices received and gross margins per acre of organic and conventional agriculture.

### ***Promotion of Organic Value Addition Activities***

There is need for a policy shift towards value chain development that is geared towards agro-based industrialization that uses an array of conventional and organic produce as raw materials. Value addition to organic products should be geared towards higher penetration of foreign markets with the resultant increase in demand for organic raw produce by agro-processors. This increase in demand for organic raw produce also implies farmer unions have assured and stable market with contractual arrangements to supply the agro-processors and exporters. This inevitably would require farmer unions to enter into fixed-price forward contracts with agro-processors. Fixed-price forward contracts usually attract higher farm-gate prices for farmers which would enable meet the costs of organic agriculture.

### ***Need to Address Counterfeit Inputs Problem***

Counterfeit inputs on the market is a big problem since it leads to reduced yields of organic produce and has an impact on farm incomes. Through the national organic agriculture policy synchronized with the conventional seed and fertilizer policy, it would be possible to strengthen the farm inputs regulatory process to ensure that counterfeit organic inputs are controlled and kept off the market.

### ***Need for Vigorous Government Awareness Campaigns***

Uganda has the second highest number of certified organic farmers in the world, yet state support for the organic sector is very limited. There is evidence that the yields and prices received by farmers are, on average, higher for organic farmers than those obtained by conventional farmers. Government policy-makers should support NOGAMU, NGOs, CBOs and other stakeholders to launch vigorous awareness campaigns promoting organic agriculture.

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