



SECTOR BRIEF UGANDA:

Organic Agriculture



Country Overview: Agricultural Sector

Uganda, popularly known as ‘the Pearl of Africa’ is a landlocked country which lies astride the Equator in East Africa. The moderate equatorial climate with warm temperatures all year round, and the two high rainfall planting seasons in March – April, and September – October each year contribute to flourishing flora and fauna across the country. It is home to some of Africa’s biggest bodies of water, including **River Nile**, which has its source in Uganda, and **Lake Victoria**, the world’s largest tropical body of water, which is shared among three countries – Uganda, Kenya and Tanzania.

Generally, Uganda is politically and economically stable with an average annual growth of over 6 percent in the past 30 years, and inflation averaging 6.3 percent from 1998 until 2019. The economy was projected to grow by 6.2 percent in 2019/20, driven mainly by increased investment in value added activities in the agriculture sector, the services sector and ongoing government investment in public infrastructure. However due to the COVID-19 pandemic and associated containment measures, the Bank of Uganda reports GDP growth of only 3.1 percent in 2020.

Agriculture is a major source of livelihoods and a key sector highlighted in Uganda’s Vision 2040 and National Development Plan III. According to the Uganda National Household Survey (UNHS) 2016/17, 65 percent of the population is involved in agricultural

Agricultural investment opportunities

- Commercial production of both crops and livestock
- Value addition (agro food industries)
- Manufacturing of inputs such as improved seeds, fertilizers, and pesticides
- Cold storage facilities and logistics
- Farm machinery manufacturing and assembly
- Packaging
- Irrigation schemes



related activities, and the sector contributes 73 percent of total exports and 25 percent of the GDP. Uganda has steadily picked up the pace in agricultural development and was highlighted as one of the 20 leading countries in delivery on development targets of the Africa Union's Comprehensive Africa Agriculture Development Programme (CAADP). Uganda is among the leading producers and exporters of coffee, bananas, and oil seed crops (sesame, soybean, sunflower, shea) in Africa, and a major producer of other crops like tea, cotton, tobacco, cereals, fresh foods and vegetables, nuts, essential oils, flowers, poultry, and freshwater fish.

Organic Agriculture Overview

Uganda is one of the leading African countries producing and exporting organic products to the EU, US, Japan and other export destinations (see table). Organic Agriculture contributes approximately 17.1% of the value of agricultural exports which currently stand at USD 291.2 million per annum (MoFPED, 2017/18). Recent data of the export volumes per crop is limited, however according to the national organic agriculture policy (2019), in 2009/2010 the leading export organic products ranked by volumes in metric tons were **coffee** (3,451.7), **cocoa** (2,914.8), **sesame** (2,160), **cotton** (1,689.5), **fresh fruits** (1,501.9) and **dried fruits** (115.6), **bird eye chillies** (101), **vanilla** (99.30), **garments** (81.153 pieces), **shea nuts** (54), **frozen fruit pulp** (8.26). In total, the country managed export sales worth USD 56.9 million in 2016 and USD 50 million in 2018.

Organic Agriculture Opportunities

Through the recently launched **National Organic Agriculture Policy (December 2019)**, the Government of Uganda recognizes the huge potential for Organic Agriculture, both for increased and sustainable food production to safeguard food security as well as for enhanced income for farmers. Although the sector is currently export-driven, branded organic products are slowly penetrating the shelves of local supermarket chains and restaurants, attributed to the growing health consciousness and wellness trends in the country.

These scenarios present a number of investment opportunities across different organic value chains from scaling production; purchase and storage of organic produce; postharvest and processing equipment including cold chain facilities; handling and transportation; to supporting training in food safety and quality management standards and certification, and associated business and market intelligence services. Equally according to the Ecological Organic Agriculture (EOA) directory 2016 (<https://www.pelum.net/wp-content/uploads/2017/11/EOA-Directory-2016-final.pdf>), a number of stakeholders are active in the sector.

Definition

Organic agricultural products, or 'organic products' referred to in this document are those produced and certified according to any of the standards of the three major export markets (EU, US or Japan), following [The Four Principles of Organic Agriculture | IFOAM](#).

Production

Agriculture in Uganda is heavily dependent on nature due to the very minimal use of external inputs. For example, apart from other aspects, the use of chemical fertilizers is among the lowest in the world between 1 – 1.5kg per hectare¹. This implies that the conversion to organic agriculture potential is high for most Ugandan smallholder farmers. However, the production of organic products remains marginal with about two percent of the country's agricultural land devoted to organic agricultural production. It is estimated that out of the USD 500 million worth of organic products demand from Uganda alone, only USD 50 million is being met². A number of factors have contributed to the failure to realize Uganda's full organic agricultural potential – low yields due to heavy reliance on natural weather cycles, traditional methods and equipment; high cost of certification for most smallholders; high logistical costs to export destinations; and limited infrastructure for processing and value addition.



¹ National Fertilizer Policy, 2016

² The National Organic Agriculture Policy 2019

Uganda: Key Organic Agriculture Statistics	
Attribute	Status
Number of farmers	Leading in Africa with 210,352 organic farmers
Organic land	3rd in Africa after Tunisia and Tanzania with 262,282 ha organic land, representing 1.8% of total agricultural land and 158,328 ha wild collection
Organic land growth rate	15.6% growth over the last 10 years
Total exports	50 Million Euros (2015)
Organic crop land as % of total production (est. 2018)	Cocoa 19,092 ha (25.3%), Coffee 65,570 ha (17%), Fruits 2,072 ha (0.2%), Oilseeds 44,587 ha (4.6%), Vegetables 5,245 ha (2.1%), Cotton 11,372 ha
Imports into the EU	28th position globally with 23,327 MT, equivalent to 0.7% of all organic imports into the EU
Participatory Guarantee Systems (PGS)	2,044 farmers under PGS, 4th globally after India, Brazil and Thailand
Demeter certified	527 ha certified for 2 farms

Source: FiBL/IFOAM 2020

Selected organic value chain investment opportunities in Uganda		
Value chain	Status	Opportunities
Horticulture – Fruits (like passion fruits, pineapples, mangoes, apple bananas, avocados); Vegetables (<i>mostly conventional</i>) like hot pepper, eggplants, okra; Herbs and spices include chillies, ginger, cardamom, moringa	<ul style="list-style-type: none"> Uganda is the second largest producer of horticulture in Sub-Saharan Africa. Horticulture accounts for 85 percent of Uganda's total agricultural exports. 	<ul style="list-style-type: none"> Most fruit is grown naturally by smallholders who can easily be organised for certification. Uganda has two main fruit harvest seasons whereby a lot of fruit is lost – opportunities in storage and processing into frozen fruit pulps, purees and juices.
Coffee	<ul style="list-style-type: none"> Uganda is Africa's second biggest coffee producer, after Ethiopia. Uganda is Africa's largest coffee exporter. Coffee contributes 17.7 percent of the Uganda's total export value. Uganda is Africa's largest producer of Robusta coffee, accounting for 7 percent of world Robusta exports. 	<ul style="list-style-type: none"> Coffee is produced in almost all regions of the country by smallholders who can easily be organised for certification. Opportunities in large scale coffee production; processing and export of processed coffee; and in soluble coffee production especially Robusta coffee.
Cocoa	<ul style="list-style-type: none"> Uganda is the third top exporter of organic cocoa into the EU, accounting for 6.8 percent of total cocoa beans imports into the EU. 	<ul style="list-style-type: none"> Though production potential is limited to the central and western regions, there is a lot of potential for scaling production. Vanilla, another high-value crop, is commonly grown as an intercrop within coffee or cocoa.
Cotton	<ul style="list-style-type: none"> Uganda accounts for 0.42 percent of global organic cotton production. 	<ul style="list-style-type: none"> Famous for high quality cotton fibre, Uganda's potential for organic cotton production at scale remains untapped.
Shea butter (<i>Shea nilotica</i>)	<ul style="list-style-type: none"> Uganda accounts for less than 1 percent of international shea trade – more than 90 percent of shea on the international market originates in West Africa. 	<ul style="list-style-type: none"> Shea butter (<i>Shea nilotica</i>) may not be as competitive on price as West Africa, but it has a higher oleic acid content which makes it soft at room temperature, a desired characteristic by the cosmetic industry. Mostly produced in the northern region of the country, there are opportunities to scale production and in processing, and for organic certification.

Inspiring example

Biofresh Uganda Ltd is a fair-trade exporter of premium quality fresh and dried organic fruits and vegetables, located along Kasangati-Gayaza road, near Kampala. Fresh produce includes pineapples, apple bananas, mangoes, papaya, jackfruit, matooke, avocado, ginger, turmeric, lemon grass, sweet potatoes, while the dried fruit range includes pineapples, apple bananas, papaya, jackfruit and mango.

Established in 2003 as a partnership with Kipepeo bio & fair GmbH, Biofresh started exporting in September 2004 with only 4 products sourced from 50 smallholder farmers located in 4 districts. It currently exports a range of 14 products, sourced from 278 smallholder farmers located in 17 districts. The main export destination is Germany, with small quantities of dried fruit going to the UK and Denmark. The company currently employs 9 permanent and 21 casual staff. Faced with the high cost of airfreight for perishable products, the company's medium to long term strategy is to expand its value addition capacity to produce more dried fruit, but also establish a frozen fruit production line. This expansion will help utilize about 75 percent of organic production which is currently not exported as fresh.

www.biofreshltd.com

Inspiring example

Ankole Coffee Processors Cooperative Union (ACPCU) Limited is a farmer-owned export coffee cooperative union with over 10,000 members, organised in 20 primary cooperatives located in the South Western part of Uganda. The cooperative union has been in existence since 2006 and produces certified fair trade, organic and Rainforest Alliance Robusta coffee, with different specialties – natural Robusta (cup profile), finest Robusta (Specialty) and finest specialty Robusta (cup profile), all tasted inhouse at the cooperative's certified cupping facility. ACPCU is currently working towards ISO 22000 – food safety management system certification. ACPCU currently sells up to 200 containers annually to several countries, including Germany, Spain Netherlands, Switzerland, Belgium and Japan. The cooperative employs 70 permanent (both extension and management) and 25 casual staffs.

The cooperative has invested in 2 tonnes per hour grading facilities and warehouses of 8,000 tonnes located at its headquarters in Sheema municipality, Sheema district, where dried coffee beans from farmers are bulked, graded and packed for export. The long-term plan for the cooperative is to see a community in which farmers are transformed into commercial farmers.

www.acpcultd.com

Certification

The **National Organic Agriculture Movement of Uganda (NOGAMU)** established in 2001, is the private agency coordinating organic agriculture stakeholders in the country for the development of the sector. Established by NOGAMU and other stakeholders, the **Uganda Organic Certification Ltd (UgoCert)** is the only internationally accredited local certification body in Uganda, but foreign certification bodies (e.g. Ceres, Control Union, Ecocert/IMO) have offices in Uganda and are also active in certifying organic products for both the local and the international markets. Besides the EU organic regulations, the US National Organic Program (NOP), and the Japanese Organic Agricultural Standards (JAS), locally applicable organic agriculture certification standards like the East African Organic Product Standards (EAOPS) and the Uganda Organic Standards (UOS) are also directly implemented in Uganda by the local and foreign certification bodies. Despite these developments, the cost of certification is still very high for most smallholders, which calls for innovative approaches to making certification more accessible to smallholder farmers. For example, the three national organic movements of Uganda, Kenya and Tanzania launched a regional participatory guarantee system (PGS) 'Kilimohai' for the promotion of national and regional markets for organic products.

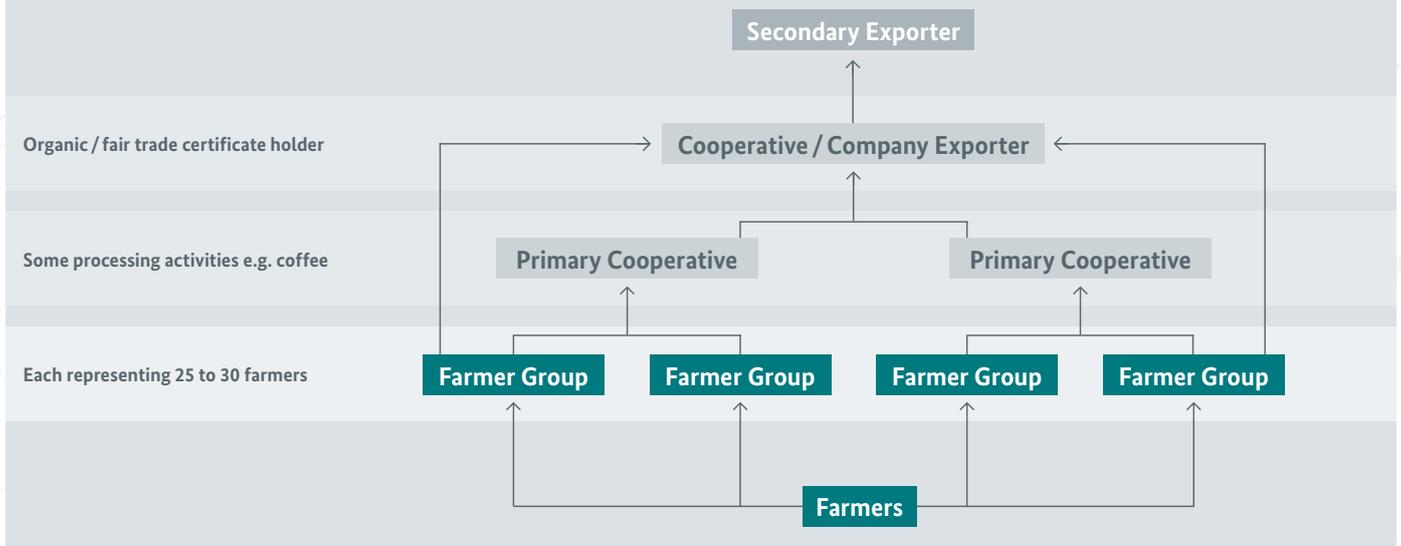
Typically farmers are organised under two certification arrangements – as cooperatives which directly export, or as 'outgrowers' selling through export companies as illustrated below.

Transport and logistics handling

Uganda is landlocked, relying on the expensive air freight for the export of its perishable produce (fresh fruits and vegetables, fish and flowers) to destination markets, while other produce (including coffee, cocoa, dried and frozen fruits, etc.) is exported via the sea through Mombasa port in Kenya. Compared to West Africa (major competing region), air freight from Uganda to Europe is on average two hours longer in terms of flight time, and freight cost is about 30 – 40 percent more expensive. With more investments in storage, processing and value addition infrastructure, Uganda can benefit from increased use of the alternative sea freight – a shipment from Uganda to any port in Europe takes 35 to 40 days. Local and international logistics handling companies are available in Uganda, organised under **The Uganda Freight and Forwarders Association** (<http://www.ugandafreightforwarders.com/>).

To export, various documentation is needed, for example an export license from the **Uganda Export Promotion Board** and other relevant documentation as summarised in the table below.

Typical Organic Supply Chain



EXPORT DOCUMENTATION SUMMARY (detailed guide available [here](#))

1. Business registration

Business name registration and incorporation (STATUTORY requirement)

Visit Uganda Registration Services Bureau or log onto www.ursb.go.ug for details.

Tax Identification Number (TIN) (STATUTORY requirement)

Exports are tax-exempt, but TIN registration is required and done by Uganda Revenue Authority (URA), free-of-charge, through the URA portal (www.ura.go.ug).

2. Export licenses and permits

Coffee export license

The license issued and renewed annually (upon request) by the Quality and Regulatory Services Directorate, Uganda Coffee Development Authority (www.ugandacoffee.go.ug).

3. Health, safety and related quality certification

Quality assurance certificate

Manufactured/processed products for export MUST conform to applicable national and international standards. Certification is done by Uganda National Bureau of Standards (www.unbs.go.ug) and laboratories accredited by UNBS.

Phytosanitary certificate

MANDATORY international requirement for trade in plant and plant products such as coffee, tea, fruits, vegetables, spices and grains. It is issued by the Crop Inspection and Certification Department, Ministry of Agriculture, Animal Industry & Fisheries (MAAIF).
<https://www.agriculture.go.ug/directorate-of-crop-resources/>

4. Shipping documents

Invoice / packing list

An exporter is required to prepare an invoice and/or packing list, as the primary source document of information that will be captured and used throughout the customs clearance processes. It reflects amongst other details the export product, quantities and indicative value

Certificate of origin

It is a MANDATORY international requirement, issued on a consignment basis, to confirm origin of the products being exported. It is required by importing country particularly for import tax assessment purposes. There are two types of Certificates of Origin:
→ General Certificate of Origin
→ Preferential Certificate of Origin

NB: For the EU, the **Registered Exporter (REX)** system is used for certification of origin of goods. The exporter is therefore required to pre-register on the system to enable verification in the EU at the time of export. Registration is done online at <https://customs.ec.europa.eu/rex-pa-ui/>



Quality testing infrastructure

The **Uganda National Bureau of Standards (UNBS)** is the statutory body under the Ministry of Trade, Industry and Cooperatives and in charge of the formulation and ensuring compliance to standards of all products traded on the Uganda market. UNBS runs a microbiology laboratory accredited to international standards ISO 17025 by SANAS to analyse *Staphylococcus aureus*, *Salmonella*, *Vibrio cholerae*, *Escherichia coli*, total plate count, total coliforms, yeast and moulds, for domestic and export products.



Additionally, Uganda has accredited private laboratory and product inspection and testing (including seed testing) services available, for example, at Chemiphar (<http://www.chemiphar.net/>) and other private laboratories. However, all these testing services are only available in Kampala – there are opportunities to expand and extend such services to district levels for increased access. Generally, Uganda has all certification services for major standards, for example UNBS certifies enterprises for several ISO management system standards, including ISO 9001, 22000, 14001, 45001, etc. but also private companies (like SGS, Bureau Veritas, etc.) have offices in Uganda.

Investment Regulatory Environment

The regulatory environment in Uganda is conducive for all forms of investment, including in organic agriculture. The Investment Code Act, 2019 governs investments in the country and **Uganda Investment Authority** is the primary Investment Promotion Agency

(IPA) for Uganda. It is a One Stop Centre with a role of promoting, attracting, facilitating, registering, monitoring, and evaluating all forms of investments and business activities in Uganda. It also advocates for policies and measures to enhance investment projects in Uganda. For more details on the investment climate in Uganda available at www.ugandainvest.go.ug.

i Sources and useful links:

- Uganda Investment Authority: www.ugandainvest.go.ug
(Government | One-stop centre for all investment inquiries)
- Uganda Registration Services Bureau: www.ursb.go.ug
(Government | Business registration and related services)
- National Organic Agriculture Movement of Uganda: www.nogamu.org.ug
(Private | Coordination of organic agriculture stakeholders)
- Private Sector Foundation Uganda: www.psfuganda.org
(Private sector umbrella body | Private sector advocacy and lobbying, resource mobilization, and technical assistance)
- Uganda Coffee Development Authority: www.ugandacoffee.go.ug
(Government | Promote and oversee the coffee industry by supporting research, production, quality improvement and marketing of coffee.)
- Cotton Development Organization: www.cdouga.org
(Government | Monitors the production, processing, and marketing of cotton.)
- Uganda Export Promotion Board: www.ugandaexports.go.ug
(Government | Export licensing)
- Uganda National Bureau of Standards: www.unbs.go.ug
(Government | Facilitate standards certification and ensure compliance with domestic standards)
- TradeMark East Africa: <https://www.trademarka.com/uganda/>
(Donor-funded programme | Multi-donor agency that promotes trade in East Africa)

GIZ engagement in the Organic Sector in Uganda Global Project Knowledge Centre for Organic Agriculture in Africa

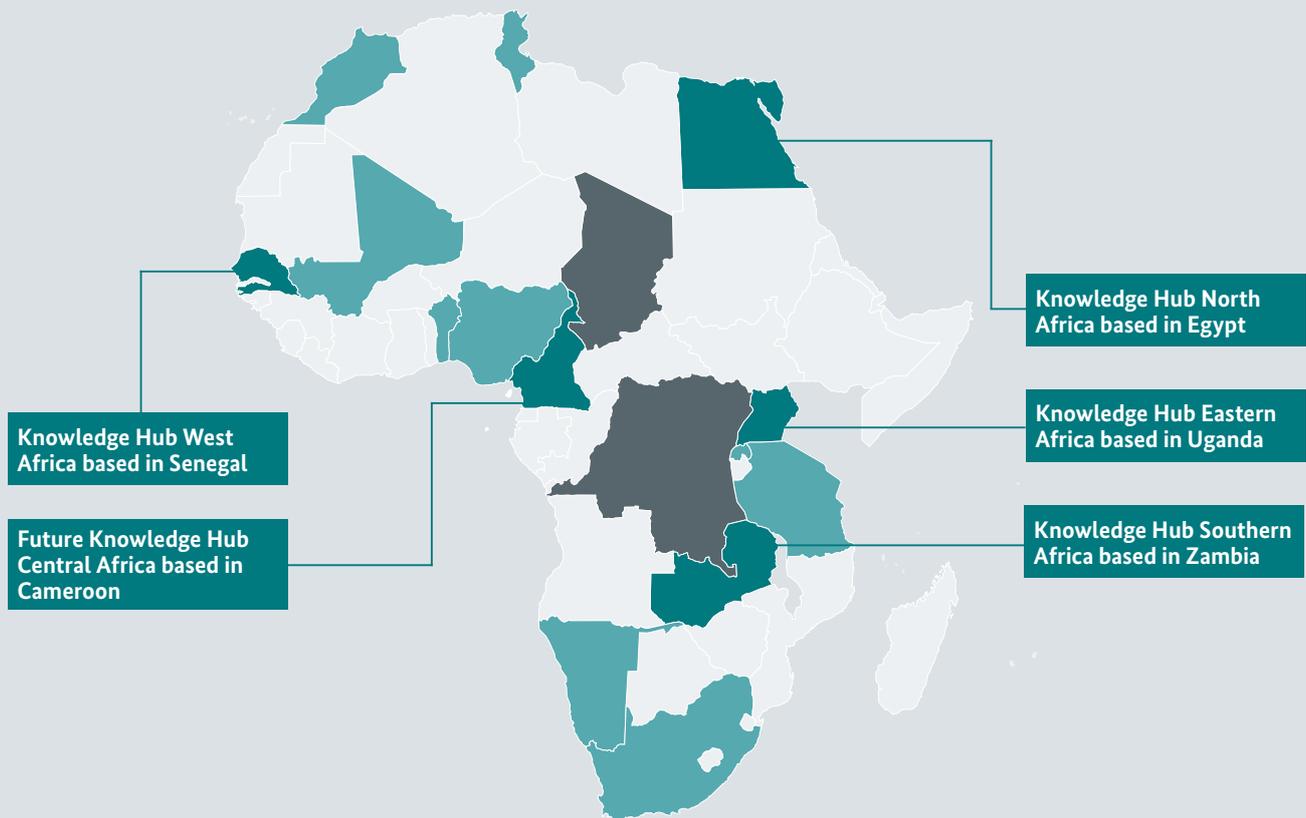
Many farmers do not have all the knowledge they need to produce, process and market organic products. The global project “Knowledge Centre for Organic Agriculture in Africa (KCOA)” implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH wants to close this knowledge gap. Therefore, GIZ works with African non-governmental organisations to establish five Knowledge Hubs for Organic Agriculture – one for each region in Africa. The Knowledge Hub for Organic Agriculture (KHEA) in Eastern Africa is based in Uganda and set up in cooperation with the non-governmental organisation Biovision Africa Trust. Activities are currently carried out in Uganda, Kenya, Tanzania and Rwanda.

Each Knowledge Hub collects, validates and disseminates both traditional and modern practices of organic production,



processing and marketing. These practices are then processed into suitable so-called knowledge products such as videos, flyers, training modules, radio and TV programmes. Through training courses, village cinemas and online platforms, the organic practices reach actors in agriculture, who pass it on to their families and (small) farms. Thanks to the exchange between the different Knowledge Hubs knowledge is shared throughout the regions and the stakeholders of the organic sector shape a continental network.

The global project is mandated by the German Ministry for Economic Cooperation and Development (BMZ).



Map of intervention area of KCOA

YOUR PARTNER FOR DEVELOPMENT COOPERATION

Business Scouts for Development work as development policy experts in around 40 countries across the globe. On behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), they advise German, European and local companies on development policy matters and promote responsible business engagement through cooperation projects. The Business Scouts for Development work closely with partners from business associations and institutions and from TVET organisations both in Germany and in each country.

www.bmz.de/bsfd

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NEW MARKETS – NEW OPPORTUNITIES

In order to support the sustainable engagement of German companies in emerging and developing countries, Germany Trade & Invest (GTAI), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and the German Chambers of Commerce Abroad (AHKs) as well as other partners combined their expertise in the German publication series “New Markets – New Opportunities”. The booklets show companies the economic potential of future markets as well as the funding and consulting opportunities offered by the German development cooperation.

“New Markets – New Opportunities: A Guide for German Companies” is supported by the Federal Ministry for Economic Cooperation and Development (BMZ). All issues are published on the websites of GTAI and GIZ. You can find selected issues also at

www.bmz.de/bsfd



Published by



Published by

Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH

Registered offices
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Layout

EYES-OPEN, Berlin

Photo credit

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As at

Eschborn, August 2021

URL-links

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German Federal Ministry for Economic
Cooperation and Development (BMZ)

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Cooperation with the private sector, sustainable
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