

STUDY ON THE POLITICAL ECONOMY IN BUSOGA AND LANGO SUB-REGIONS

MAY 2025

INSPIRE PROJECT



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List of Acronyms

CC	Community Conversation
CSA	Climate Smart Agriculture
CSO	Civil Society Organisation
CBO	Community-Based Organisation
EKN	Embassy of the Kingdom of the Netherlands
FO	Farmer Organisation
FMNR	Farmer Managed Natural Regeneration
GAP	Good Agricultural Practices
GESI	Gender Equality and Social Inclusion Analyses
GoU	Government of Uganda
HH	Households
INSPIRE	Integrated & Sustainable Production for Inclusive and Resilient Economies
ISFM	Integrated Soil Fertility Management
ISSD	Integrated Seed Sector
IWRM	Integrated Water Resource Management
LSB	Local Seed Businesses
MSD	Market Systems Development
NAP	National Agriculture Policy
PEA	Political Economy Analysis
PIP	Participatory Integrated Planning
PMEL	Planning, Monitoring, Evaluation & Learning
PHH	Post-Harvest Handling
PHL	Post-Harvest Losses
PSA	Private Sector Actor(s)
PWD	Person with Disabilities
SACCO	Savings & Credit Cooperative Organisation
SDGs	Sustainable Development Goals
SHF	Smallholder Farmers
SLU	Sustainable Land Use
SWR	Stichting Wageningen Research
ToC	Theory of Change
VSLA	Village Savings & Loan Association
WENR	Wageningen Environmental Research

1 Introduction

1.1 Background

The Integrated and Sustainable Production for Inclusive and Resilient Economies (INSPIRE) project, funded by the Embassy of the Kingdom of the Netherlands, is a five-year program implemented by GOAL Uganda with Wageningen University & Research, Resilienza Uganda and Agriterra that seeks to reach 200,000 smallholder farmers (SHFs) in the rural lowland communities of Busoga and Lango sub-regions. The consortium will implement the project in 9 districts in Busoga and Lango, working with and through local partners: VEDCO, FINASP, and A2N.

The overall aim of the project is to contribute to “increased income and livelihood resilience of SHF to climate change and market failures.” To achieve this goal and contribute to improved land conservation, food security and income for 200,000 SHF households, the project will be implemented through four pathways:

- **Pathway 1:** Inclusive Decision-Making and Action: Promoting household and community-level inclusivity in decision-making processes.
- **Pathway 2:** Sustainable Farming Systems: Enhancing the sustainability, productivity, and resilience of smallholder farming systems to withstand shocks.
- **Pathway 3:** Inclusive Market Participation: Empowering smallholder farmers to actively participate in and benefit from inclusive market systems.
- **Pathway 4:** Enhanced Voice and Influence: Strengthening smallholder farmers' ability to address market system challenges through advocacy and influence.

1.2 Objective

To improve the livelihoods of smallholder farmers (SHFs) and the overall performance of the agricultural sector in Lango and Busoga sub-regions, it is crucial to understand the relevant policies, institutions, relationships and interest that shape the overall enabling environment. This refers to a range of stakeholders operating in the agricultural sector, including government institutions, political parties, private sector enterprises and associations, civil society organisations, social movements, farmers, and informal groups, all of which have varying degrees of interest and influence.

This Political Economy Analysis (PEA) exercise generated the insights in bottlenecks and opportunities affecting the agribusiness sector in Busoga and Lango. The report utilised secondary literature and primary data gathered during the inception, including the Production & Technology Study, the Production & Sales Study, Company Profiling, the Household-level Baseline Survey, and the Market Diagnostic Exercise to understand:

- *What policies, regulations, and institutions hinder or promote an enabling environment?*
- *Who actors influence different parts of the value chain, and what role do they play?*
- *What constraints and opportunities exist within the various value chains prioritised by the INSPIRE project?*
- *What are the strengths, weaknesses, opportunities and threats within the value chain in terms of sustainability and land conservation, income and employment for all relevant social groups?*
- *What opportunities or challenges do women, men, youth, persons with disabilities and SHF households have to participate in this value chain and the agriculture sector in general?*

1.3 Political and Social Overview

Busoga and Lango have quite different histories in terms of political economy. South Busoga is characterised by a history of early capital expansion, as Indian investors established the first ginnery and sugar factory over a century ago. The area had ample land and water, as well as a robust infrastructure to facilitate sugar exports. Jinja developed into an industrial hub, and commercial farming was introduced in a rural context that was based on pre-capitalist modes of production.

While it is challenging to establish direct one-to-one cause-and-effect relationships between this historical context and the current situation, several critical dimensions have shaped the political economy. The region is characterised by a dualistic farming system, represented by a plantation economy (e.g., sugarcane, cotton) and small-holder subsistence farming. The former benefited from the latter in terms of cheap labour. The plantation economy undermined family values, resulting in a significant increase in family size, which also led to a quickly increasing pressure on land and natural resources (especially wetlands).

The early entry of the capitalist mode of production in rural areas undermined the development of a local elite based on indigenous and organic growth and wealth accumulation. While the Kingdom of Busoga still exists, it lacks political leadership and has limited political influence in Uganda. This further affected the development of local institutions that were representative of the population, such as coops. While coops are intended to serve local farmers, they often became incorporated into national socio-political processes; e.g., marketing boards channeling a large share of the benefits from crop exports, such as cotton and coffee, to urban elites. This has continued to affect the (lack of) popularity of cooperatives and general distrust of their leadership structures.

This contributed to the current weak social fabric in rural Busoga. The lack of social capital and collective participation contributed to high levels of poverty in the region, despite the area being endowed with good soil, an ideal climate, and market access. People (incl. many Wasoga) who not understand this context assume that Wasoga are lazy, and lack motivation to improve their livelihoods.

Lango shares a similar history when it comes to cotton cooperatives. Yet the overall socio-political system is different. Although the Lango did not have a very centralised political system, they wielded substantial political power at the national level during the colonial period as the backbone of the army. After independence, Milton Obote, a Lango, served as president from 1966 to 1971 and from 1979 to 1985. Following his ousting, Lango suffered from armed conflicts for 20 years, which suppressed economic development.

This means that the social fabric is still more intact than in Busoga, as can be seen in communities where people organise working groups (*Alulu*) for land preparation. Similar to Busoga, cooperatives in Lango are also weak and large companies tend to perform the traditional roles of a coop: input supply, training, and market access.

In both regions, the absence of effective political leadership with real power results in a lack of trust in formal institutions. This includes farmer-led organisations, such as coops and SACCOs. As people tend to those they know, small, informal groups like VSLAs have become increasingly popular.

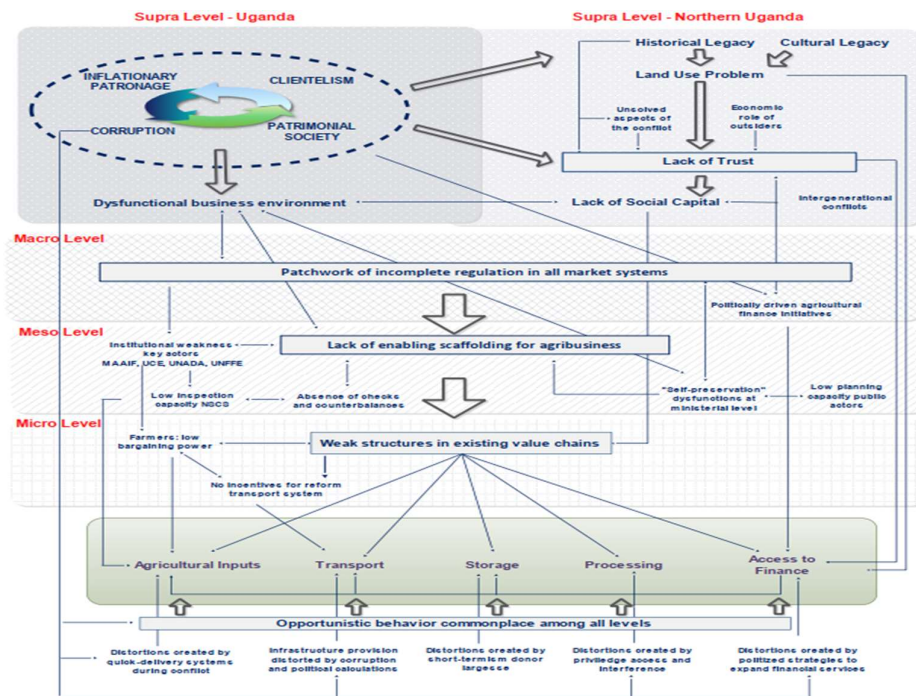
2 Methodology

2.1 Conceptual Framework

Political economy analysis (PEA) is an approach to situate development interventions within the political and economic contexts in which they operate. This requires an understanding of the issue(s) at hand to be addressed, who they impact (and are impacted by), the views of these actors, what influence they exert on the processes driving these issues, and the economic underpinnings of the existing and envisioned systems to support potential interventions.¹

PEA often adopt multi-level frameworks to identify and understand the overall dynamics within the system. These levels can be categorised accordingly:²

- Macro level: laws, regulations & policies resulting from the interaction between stakeholders and the institutional framework, in this case, within the agribusiness sector;
- Meso level: sometimes described as an 'enabling' level, this is a transitional space between the macro and micro levels; and
- Micro level: the linkages between producers, service providers, off-takers, buyers, and other stakeholders in the market system.



Graphic: The Political Economy in Uganda¹

¹ Menocal AR, Cassidy M, Swift S, Jacobstein D, Rothblum C, Tservil I. "Thinking and working politically through applied political economy analysis: a guide for practitioners," USAID, 2018.

² Oxford Policy Management, "Political Economy Analysis of the Agriculture and Agribusiness sectors in Northern Uganda," May 2014.

2.2 Geographic Scope

Various data sets were collected during the inception phase across all nine target districts, which were utilised for the PEA report. As part of the baseline data collection, a household-level survey (n = 1,100) was conducted in six of the nine districts: South Busoga (Kamuli and Luuka), North Busoga (Buyende and Kaliro), and Lango (Amolatar and Alebtong). The baseline survey employed a quasi-experimental research design, utilising both quantitative and qualitative data collection tools to gather information from household respondents (n=1,100). The survey covered the project's treatment group (n=846) as well as a control group (n=254).³ As there were no significant differences between the treatment group and the control, the data on the total sample are used here.

2.3 Thematic Issues

2.3.1 Wetlands

Wetlands are a vital natural resource for maintaining biodiversity and promoting sustainable water management. It is also highly productive as a source of water for grazing areas, fishing, and crop production. In the perennial cropping system (in South Busoga), virtually all wetlands have been replaced with sugarcane. In the northern part, there is a limited level of encroachment for growing rice or vegetables.

While sugarcane started as a plantation crop well before independence, it expanded a lot in the last 2-3 decades as new factories were built as (world market) sugar prices were relatively better than coffee. Over time, a structured supply chain evolved as a group of commercial farmers emerged as an intermediary between sugar factories and small-holders. In this process, out-growers became the major source of cane (e.g. 74% in 2015).

A recent study by Guloba et al. found that in 2021, families engaged in cane production had lower levels of food insecurity than those who did not.⁴ At the same time, sugarcane became linked to social conflicts. Local communities resent the influx and influence of external investors renting large tracts of wetlands, both from the state and from local farmers. There is a general feeling that these rental agreements, extended over 5 years or more, lead to conflicts within families, particularly when farmers quickly exhaust a large share of their down payment and then have insufficient land to grow food crops.

One interesting aspect of the sugarcane debate is that large companies often adopt more sustainable land practices. They plant trees and dig contour bunds to protect their land against soil erosion, fertilise their crops, apply cover crops in a rotation scheme, and make effective use of biomass (using byproducts like bagasse to molasses).

The presence of large sugarcane exporting factories remains politically sensitive, as some are (co-)owned by foreigners, and many labourers come from outside Busoga, often from the North, including Lango. Labour conditions are harsh, and salaries are low. Declining sugar prices on the world market translate into lower prices as well, especially as the costs price of Ugandan sugar is 20%-25% above the international benchmark set by Brazil. All in

³ The control group was drawn from sub-counties where the project had no intentions to expand to, and where no other EKN-funded initiatives are taking place.

⁴ Guloba, M.M., S. Mbowa, F. Nakazi, D. Mather, and E. Bryan (2023). Sugarcane Production and Food Security in Uganda. PRCI Research Papers #23. Feed the Future. USAID

all, sugarcane is perceived as a necessary evil, and as the price has come down, people (sp. larger farmers) start to move back to coffee, maize and even rice as a cash crop.

The production of rice and vegetables in the northern part of the project area is less contentious. It is more of an issue of who inside the community can benefit. Elders who need a larger grazing area for their cattle? Youngsters who like to grow vegetables or? The question that INSPIRE will explore in the contentious area of the wetlands is how some form of cultivation can be reconciled with the need to conserve the biodiversity and regulatory function of the water body.

2.3.2 Soil Mining

The largest transfer of resources from poor farmers to better-off urban consumers often goes virtually unnoticed: the transfer of valuable nutrients as a byproduct of crop sales. This can have a value of 60,000-100,000 UGX/acre per season. These nutrients accumulate in urban areas in the form of night soil and industrial by-products, which are transformed into compost and animal feed that is used to produce milk, meat, vegetables and ornamental seedlings for urban consumers.

While soil mining has not been widely discussed as a policy issue in Uganda, discussions are beginning to emerge. In a two-day workshop in March 2025 on soil health in Uganda, all stakeholders - government, private sector, NGOs and academics - concluded that the country failed to implement its commitment to the 2006 African Fertiliser Summit in Abuja, Nigeria, to increase the use of fertiliser to 50 kg/ha. The actual increase was only from 3 to 4 kg/ha, resulting in a decline in yields of nearly 10% over the last 25 years.

One reason is the high price of fertilisers, largely because only three companies dominate the East African fertiliser market.⁵ Poor distribution networks and market concentration, as seen with Yara and ETG, for example, result in fertilisers in Uganda being 100-150 USD/MT (15-20%) higher than in Kenya.⁶ In 2019, a fertiliser subsidy scheme was established, but it has failed due to corruption.

Another major challenge is the persistent myth that Ugandan soils are so fertile that they do not need fertilisers. This idea has been popular among politicians and the general public since independence. These days, it is also promoted by NGOs and companies who champion an organic narrative, arguing that using fertiliser damages soils and prevents them from reaching niche, high-value markets. The reality is that the soil fertility of SHF is dropping at a dramatic rate, and mineral fertilisers are the only realistic option forward. SHF needs access to affordable fertiliser and more extension services to ensure an understanding of proper application. However, in Uganda, a government extension worker supports an estimated 2,000 farmers. Compared to other regions, the extension services in Busoga is reported to be medium, while in Lango, it is considered poor.⁷

⁵ Robert, S., O. Shedi, I. Tausha, K. Kaonga, G. Nsomaba and N. Tshabalala. 2023. *Competition, concentration and market outcomes in fertiliser markets in East and Southern Africa*. CCRED African Market Observatory Working Paper 2023/15.

⁶ Indeed, there are substantial unofficial imports from Kenya (mostly urea). So fertiliser use in Uganda might be 5-6 kg/ha.

⁷ Nkonya E., N.A. Kwapongb, E. Katoa, P. Rwamigisac, B. Bashaashad, and M. Manghenid (2020). Uganda Agricultural Advisory Services. Performance and Challenges. International Food Policy Research Institute. https://massp.ifpri.info/files/2020/11/Presentation-Slides-Oct-28_East-Africa-Perspectives-on-the-Book-Ag-Extension-Global-Status-Performance-in-Selected-Countries-.pdf

The poor outreach of the extension system can also be observed in the baseline data where only 8% of the farmers said they get extension services. In FGD people explain that there are not only very few extension workers, even those that are available have very limited, or no means to work. Often they lack fuel and budgets for activities are also very low (if any). High level MAAIF staff expressed in (public) meetings that they do not expect much change in this in the near to medium future. Even the existing plan to increase the number of extension workers is not implemented. The main government policies to support smallholders is via direct support in the form of subsidies and assets (OWT, PDM and irrigation under UgIFT).

2.3.3 *Land titles*

Poor land rights are a significant challenge in Uganda, as most rural households lack the necessary documentation to prove that they legally own the land they cultivate. In general, Busoga has the characteristics of a plantation economy; farming communities have had little say in a development process dominated by external interests. In Lango, external factors have been less dominant. As an ethnic group, they played a larger role in national politics and more of the economic development was homegrown.

Land ownership in Uganda is a multifaceted issue, shaped by historical legacies, legal frameworks, and cultural practices. The 1995 Constitution and the Land Act provide a robust legal foundation for land tenure and dispute resolution. However, significant challenges remain, including land grabbing, weak administration, and gender inequality. The certificate of title provides a secure form of ownership, but bureaucratic inefficiencies often hinder the acquisition process. Disputes are common, but mechanisms such as mediation, courts, and ministerial intervention offer avenues for resolution.

Despite legal provisions under Article 33 of the Constitution and Section 40 of the Land Act, which guarantee women's rights to own and inherit land, women in Uganda often face cultural and societal barriers to land ownership. Customary practices frequently discriminate against women, denying them the right to own or inherit land.

Evictions, particularly on mailo and leasehold land, are a major concern. Tenants and lawful occupants are often displaced without adequate compensation or due process, leading to social unrest and legal battles. The Land Act provides safeguards for lawful and bona fide occupants, but implementation remains inconsistent.

Land grabbing by powerful individuals, corporations, or government entities is a significant issue. Vulnerable groups, such as women and rural communities, are particularly affected. Disputes often arise due to unclear boundaries, overlapping claims, and fraudulent land transactions. The Land Act and Article 26 of the Constitution provide protections against unlawful evictions and compulsory acquisition without fair compensation, but enforcement remains weak.

The land registry system in Uganda is often inefficient, corrupt, and underfunded. This results in delays in land registration, title issuance, and dispute resolution. Many land-owners, particularly in rural areas, lack formal documentation, which makes it difficult to prove ownership. The Land Act mandates the establishment of land committees and boards to enhance land administration; yet, resource constraints limit their effectiveness. The EKN funded AGRIP project operating in four INSPIRE districts, is supporting the local government to issue Certificates of Customary Ownership (CCO) that give smallholders more security on their land.

3 Agriculture Sector: from Macro to Micro Level

At a macro level, Uganda can be categorised as a political system based on patronage and the prevalence of corruption as a commonplace aspect of the culture. In this sense, many have defined Uganda as a patrimonial society, characterised by strong relationships between senior public officials and private actors that obscure authority structures and accountability mechanisms.

Within government, for example, the President appoints key government officials in the districts, notably the Resident District Commissioners (RDC), who play an active role in political mobilisation. Additionally, resources are often directed to prominent business groups based on regional affiliation, ethnicity or loyalty to the President (Transparency International, 2009).

At the meso-level, a range of barriers and regulatory issues negatively impact livelihoods, access to markets, and agricultural sector growth, ultimately contributing to rural development and resilience. The Ministry of Agriculture, Animal Industry, and Fisheries (MAAIF) has been challenged to create a conducive and enabling environment, and its performance, particularly in projects targeting the production and productivity of the overwhelming smallholder farmer population, is poor.

At the micro-level, there is a lack of social capital and trust within communities, resulting from historical armed conflict reinforced by a myriad of other factors, such as land tenure issues and even armed conflicts.

3.1 Macro-level: Supporting Policies and Institutions

A combination of government policies, development programs, and institutional support shapes the development of agricultural value chains in Uganda. These frameworks have played a crucial role in enhancing productivity, market access, and sustainability for smallholder farmers and agribusinesses.

A wide array of development programs, funded by both government and international partners, have been implemented to strengthen the value chains of maize, cassava, soy, beans, groundnuts, sunflowers, simsim, coffee, and vegetables in many parts of the country, including Busoga and Lango. These initiatives focused on improving productivity, reducing post-harvest loss, and strengthening market access.

3.1.1 Policies and Regulations

As part of this PEA, a detailed assessment of national and sub-national policy frameworks was conducted to evaluate their impact on the development, integration, and competitiveness of the maize, cassava, soybean, beans, groundnuts, sunflower, sesame, coffee, and vegetable value chains prioritised by INSPIRE. The review specifically analysed how these policies enable or constrain productivity, market access, value addition, and the inclusive participation of rural SHFs, particularly women and youth.

National Agriculture Policy (NAP)

The National Agriculture Policy (NAP) establishes the strategic direction for Uganda's agricultural transformation by targeting food and nutrition security, household income improvement, and sustainable productivity. The policy prioritises commercialisation, sustainable land and natural resource management, and the strengthening of farmer institutions. While NAP has catalysed interventions aimed at value chain development and industrialisation, its effectiveness is undermined by inconsistent implementation at the sub-national level and inadequate coordination among government agencies and non-

state actors. These gaps are significantly pronounced in districts of Lango and Busoga, where localised policy adaptation and resource allocation remain weak.⁸

Agro-Industrialisation Programme (AIP) Under NDP III

The Agro-Industrialisation Programme (AIP), a flagship of Uganda's Third National Development Plan (NDP III), is designed to drive export growth and value addition for strategic agricultural commodities, including maize, cassava, and oilseeds (e.g., sunflower, simsim, soybean). AIP interventions focus on establishing agro-processing zones, upgrading storage infrastructure, and strengthening market linkages. However, the reach of these interventions is limited in rural production hubs where access to agro-industrial infrastructure remains a major bottleneck for smallholders and SMEs. This restricts their ability to compete in higher value markets and undermines the intended transformation of rural economies.⁹

Uganda National Oilseeds Policy (Draft) and National Oilseeds Project (NOSP)

The draft National Oilseeds Policy and the National Oilseeds Project (NOSP) articulate a strategic vision for developing oilseed value chains, notably sunflower, soy, groundnuts, and simsim. These initiatives propose incentives for private sector investment in seed systems, processing, and market development, with an explicit focus on inclusive value chains that promote gender and youth participation. This is particularly relevant in regions such as Lango and Busoga, where women play a central role in groundnut and simsim processing. However, the draft policy is yet to be fully operationalised, and its success will depend on robust stakeholder engagement and effective implementation mechanisms.¹⁰

Uganda Nutrition Action Plan II (UNAP II), 2020/21-2024/25

UNAP II aims to enhance nutrition outcomes by promoting the diversified production and consumption of nutrient-rich crops, including beans, groundnuts, and vegetables. The plan provides a framework for integrating nutrition-sensitive approaches into value chain development, particularly in districts with high rates of malnutrition. Despite this, the linkages between UNAP II and value chain programs remain limited, resulting in missed opportunities to leverage agribusiness to improve nutrition and rural livelihoods.¹¹

National Coffee Policy

The National Coffee Policy aims to boost coffee production, productivity, and quality, focusing on both Arabica and Robusta systems. Expansion of Robusta coffee in Busoga and northern Lango aligns with these policy objectives. However, persistent challenges such as weak farmer organisation, limited extension services, and inadequate post-harvest handling continue to impede progress. Policy instruments have yet to fully address these systemic weaknesses, constraining the sector's potential for inclusive growth.¹²

⁸ [uga160265.pdf](#); National Agriculture Policy, 2013; UNEP Law and Environment Assistance Platform

⁹ [Accelerating SDGs through Agro-Industrialisation in Uganda](#); [THE AGRICULTURAL VALUE CHAIN DEVELOPMENT STRATEGY, 2021-2026](#)

¹⁰ [National Oilseeds Project Supervision Report](#)

¹¹ [National Nutrition Plan](#)

¹² [National Coffee Policy](#)

National Seed Policy

The National Seed Policy establishes a regulatory framework to ensure the availability and accessibility of high-quality seeds, which are foundational for all value chains. The policy aims to promote a competitive, profitable, and sustainable seed sector. Nonetheless, enforcement of quality assurance is weak, and informal seed systems dominate in remote areas, particularly in Lango, undermining productivity gains. Strengthening linkages with local seed entrepreneurs and coops remains critical for realising the policy's objectives.¹³

3.1.2 Regional and District Development Plans

Agriculture-led economic growth strategies are integrated into district development plans in both Busoga and Lango. However, limited financial allocations and weak institutional capacity frequently hinder the translation of these strategies into actionable interventions. District-level programs tend to prioritise staple and commercial crops but often lack cross-sectoral coordination, particularly with the trade, environment, and rural infrastructure sectors, which are essential for robust value chain development.

3.1.3 Policy and Regulatory Bodies

Government agencies set and enforce standards, provide quality assurance, and create an environment that enables value chain actors to operate effectively. Regulatory oversight is particularly important for export-oriented crops, particularly given strict phytosanitary standards. Policy interventions such as subsidies, tax incentives, and trade agreements also play a crucial role in shaping the competitiveness and sustainability of agricultural value chains.

3.1.4 Review of Select Government Programs

Agriculture Cluster Development Project (ACDP) - MAAIF/World Bank (2018-2024)

The Agriculture Cluster Development Project (ACDP), implemented by MAAIF in partnership with the World Bank, aims to transform subsistence farming into commercial agriculture across 57 districts grouped into 12 geographic clusters.¹⁴ With a total investment of \$150 million from the WB-International Development Association (IDA), supplemented by nearly \$98 million in contributions from participating farmers and organizations, the ACDP project was focused on raising on-farm productivity, production, and marketable volumes of key crops including maize, beans, and coffee.

The project introduced an e-voucher system to subsidise access to quality seeds, fertilisers, and other essential inputs. Additionally, significant investments were made in post-harvest and value-added infrastructure through matching grants, allowing farmer organisations to acquire equipment such as maize mills, coffee hullers, and storage units. The project strengthened farmer groups and cooperatives, enhancing their capacity for collective marketing and enabling farmers to aggregate and engage in bulk sales, negotiate better prices, and access wider markets.

¹³ [Ministry-of-Agriculture-Animal-Industry-and-Fisheries-National-Seed-Policy.pdf](#)

¹⁴ <https://www.agriculture.go.ug/the-agriculture-cluster-development-project-acdp/>

National Oil Seeds Project (NOSP) - MAAIF/IFAD & World Bank (2021-2028)

The National Oil Seeds Project (NOSP), jointly implemented by MAAIF and the Ministry of Local Government (MoLG), is a seven-year initiative with a total funding of \$160.8 million, primarily financed by IFAD, the OPEC Fund for International Development, and other partners.¹⁵ The project builds on the successes of the Vegetable Oil Development Project (VODPII) and targets 81 districts across six regional hubs, focusing on the sustainable development and commercialisation of the oilseed sector, particularly for sunflower, soya bean, and groundnuts.

NOSP prioritises the distribution of high-quality, certified seeds and the dissemination of improved agronomic practices through farmer training and extension services. The project supports the entire oilseed value chain, encompassing input supply, production, post-harvest handling, and agro-processing. Investments include the construction of 60 post-harvest bulking centres, establishment of high-quality animal feed processing facilities, and provision of small- and medium-scale irrigation schemes (targeting 200 irrigation sites). NOSP is also investing in rural infrastructure to facilitate market linkages, with plans to upgrade and rehabilitate up to 2,500 km of community access roads to climate-resilient standards, directly supporting the efficient movement of produce from farms to markets.

By clustering and targeting 120,000 SHF households and encouraging private sector participation, NOSP aims to accelerate commercialisation and improve the livelihoods and resilience of oilseed producers. The project also seeks to reduce Uganda's annual vegetable oil import deficit of 90,000 MT, valued at approximately \$70 million, by increasing domestic oilseed production.

Vegetable Oil Development Project (VODP II - MAAIF) (2010-2020)

The Vegetable Oil Development Project (VODP II), implemented by MAAIF with support from IFAD, was designed to increase Uganda's domestic production of edible vegetable oils and reduce reliance on imports. The project focused on two main components of oilseed development (including sunflower and soya bean) across 51 districts in Eastern, Northern, and West Nile regions, and oil palm development through public-private partnerships in Kalangala and Buvuma districts.¹⁶

VODP prioritised the distribution of improved sunflower and soya bean seeds, coupled with agronomic training and extension. This expanded smallholder access to certified seeds and modern cultivation practices, resulting in increased productivity and higher-quality oilseed crops. The project supported the establishment and upgrading of small and medium-sized oil processing enterprises. By facilitating access to processing equipment and providing technical training, VODP enabled processors to enhance extraction efficiency and improve product quality. In Lango, sunflower oil extraction rates increased by 15%, directly enhancing profitability for small-scale processors and contributing to higher household incomes.

VODP fostered public-private partnerships, notably through the establishment of Oil Palm Uganda Limited (OPUL), which provided a secure market and technical support for

¹⁵ <https://www.agriculture.go.ug/nosp/>

¹⁶ <https://www.agriculture.go.ug/vegetable-oil-development-project-vodp2/>

smallholder farmers. This model was extended to oilseed value chains, encouraging private investment and market-driven production.

The project strengthened national research institutions, particularly in sunflower breeding and agronomy, and introduced food safety standards for village-level oil processing in collaboration with the Uganda National Bureau of Standards. This improved both the productivity and safety of locally produced vegetable oil.¹⁷

3.2 Enabling Environment: Meso-level

The section profiles key development projects, support organisations, and research institutions that influence the value chain, particularly in terms of productivity, product quality, and market access.

3.2.1 Review of selected development partner programs

Farmer Organisations for Rural Transformation Project (FORT - AGRITERRA/WUR)

The FORT initiative is a comprehensive five-year project led by Agriterra in collaboration with Wageningen Social & Economic Research and the Uganda Cooperative Alliance. FORT aims to strengthen 300 farmer organisations and improve the livelihoods of 200,000 smallholder farmers across 27 districts in Uganda. The project operates in Busoga and Lango and already cooperates with INSPIRE.

Agricultural Governance Results Improvement Project (A-GRIP CordAid)

A-GRIP is a five-year initiative (2023-2028), funded by the Embassy of the Kingdom of the Netherlands. It aims to improve the production and income of smallholder farmers by enhancing public service delivery (access and quality) in agricultural services. A-GRIP utilises the results-based financing (RBF) principle - a system approach aimed at strengthening existing government systems and structures through the payment of financial rewards based on the performance of contracted parties against agreed-upon indicators with clear, pre-defined results or outputs.

The results of the project will lead to (1) increased formal and equitable land ownership under customary law (Certificate of Customary Ownership - CCOs) especially for the most vulnerable; (2) increased sustainable agricultural smallholder farmers production by enhanced take-up of effective, quality and equitable agricultural food production and natural resources management services; (3) strengthened regulation and enabling policies for better agricultural and food security sector performance to match SHFs' and communities' needs; and finally (4) general good governance and management at district level in support of improved performance by the DPM, ENR. The project works in Busoga and Lango and efforts to coordinate with INSPIRE are ongoing.

Inclusive Livestock Development for Smallholder Farmers (INCLUDE - SNV)

The INCLUDE project is a five-year initiative funded by the Royal Netherlands Embassy in Uganda. It aims to increase living income and resilient livestock-based livelihoods for smallholders in Busoga, Rwenzori, Greater Ankole, and Kigezi. The project targets 75,000 Smallholder Farmers (SHFs). INCLUDE adopted a farming systems approach, integrating livestock and crops, with livestock serving as their entry point. Using the Participatory Integrated Planning (PIP) approach, the project aims to transform subsistence farms into

¹⁷ <https://www.ifad.org/en/w/projects/1100001021>

sustainable enterprises, involving all family members in strategic planning and execution. Coordination and mutual learning is ongoing with INSPIRE.

Development Initiative for Northern Uganda (DINU - EU)

The Development Initiative for Northern Uganda (DINU), funded by the European Union under the 11th European Development Fund, is a multi-sectoral program designed to consolidate stability, eradicate poverty, and promote inclusive socio-economic development across 33 districts with a population exceeding 7 million.¹⁸ DINU's interventions were structured around three pillars of nutrition and food security, road infrastructure, and good governance, with a strong emphasis on market-oriented agriculture and value chain development.

DINU introduced advanced post-harvest handling technologies and capacity building for SHFs, particularly on simsim and groundnut. This included the dissemination of improved drying, shelling, and storage techniques, which are critical for minimising aflatoxin levels, a major constraint in groundnut value chains.¹⁹ The program provided affordable finance and business development services to SMEs engaged in value addition through its Support to Agricultural Revitalisation and Transformation (START) facility. This enabled the establishment and upgrading of local agro-processing enterprises, improving the quality and competitiveness of simsim and vegetable products in local and regional markets.²⁰

The project partnered with the International Institute of Tropical Agriculture (IITA), National Agricultural Research Organisation (NARO), and various NGOs to implement innovations and best practices across the value chain. The project also invested in rural road rehabilitation to improve physical access to markets, further supporting the commercialisation and profitability of simsim and vegetable value chains.

Horti MAP (TechnoServe/EKN)

The Horticulture Market Acceleration Project (Horti MAP) is a four-year initiative (2021-2024) funded by EKN and implemented by TechnoServe in collaboration with PUM Netherlands, Wageningen University, and the Research Centre for Development Innovation (WCID), as well as other partners. Horti MAP targets regions including Busoga, focusing on catalysing the competitiveness of Uganda's horticulture sector by addressing constraints across the value chain.²¹

Horti MAP promoted high-yielding hybrid tomato and onion varieties, addressing the challenge that less than 20% of seeds in Uganda are certified, with a significant portion of the market dominated by counterfeit seeds. This intervention has led to more consistent quality and higher productivity for participating farmers. The project established strong market linkages by supporting SMEs, producer organisations, and coops in piloting and scaling inclusive business models. These models prioritise opportunities for women and youth and support the adoption of climate-smart technologies. Horti MAP also facilitated access to affordable credit through the Horticulture Credit Line (HCL), enabling farmers to invest in quality inputs, mini-irrigation, and post-harvest technologies.²² Partnering with the Uganda National Bureau of Standards (UNBS), Horti MAP promoted the certification of

¹⁸ [EU provides EUR 27 million in grants to implement projects in northern Uganda | EEAS](#)

¹⁹ [EU provides EUR 27 million in grants to implement projects in northern Uganda | EEAS](#)

²⁰ <https://www.uncdf.org/development-initiative-for-northern-uganda-dinu>

²¹ [Horticulture Market Acceleration Platform \(HortiMAP\) Project | Ongoing Projects - ISSD Uganda](#)

²² [Ebibala Bugagga ne TechnoServe - TechnoServe](#)

horticultural products, ensuring compliance with national quality standards. This enhances the marketability of produce in both domestic and export markets, assuring buyers of product safety and quality. The project also provided training on food safety, post-harvest handling, and best practices for on-farm management, thereby reducing contamination risks and enhancing the nutritional value of vegetables supplied to markets.

Climate Resilient Agribusiness for Tomorrow (CRAFT - SNV/DGIS)

The Climate Resilient Agribusiness for Tomorrow (CRAFT) project, led by SNV and funded by the Netherlands Ministry of Foreign Affairs (DGIS), is a regional initiative operating in Kenya, Tanzania, and Uganda. It aims to enhance food security and climate resilience by promoting the adoption of climate-smart agricultural (CSA) practices and technologies across key food value chains to help SHFs adapt to rising temperatures, erratic rainfall, and extreme weather events.²³

CRAFT has facilitated the introduction and scaling of climate-smart innovations, including water-efficient irrigation methods, drought-tolerant crop varieties, and solar-powered post-harvest drying technologies. The project has trained over 173,000 smallholder farmers in climate-smart agriculture practices, including climate risk assessment, improved soil and water management, and sustainable input use.

CRAFT supports agribusiness SMEs and cooperatives by providing matching grants and technical assistance to implement climate-resilient business models. To date, over 56 agribusinesses have accessed co-investment funds, leveraged private sector participation and strengthened value chains for cereals, pulses and Potatoes.

3.2.2 Value Chain Support Organisation and Research Institutions

A critical component of value chain development in Busoga and Lango is the role played by support organisations and research institutions. These entities contribute to sector growth through the provision of improved technologies, market linkages, extension services, capacity building, and knowledge generation. Their support is pivotal in enhancing productivity, value addition, and competitiveness across different value chains. These entities are critical in addressing production constraints, facilitating market access, supporting innovation, and driving value chain upgrading. The integration of these support systems ensures resilience and sustainability within the agricultural sector, promoting economic growth and enhancing the livelihoods of stakeholders.

These institutions play a pivotal role in developing new varieties, IPM solutions, and agronomic practices tailored to local agro-ecological conditions. For example, research on cassava has led to the development of high-quality cassava flour (HQCF) and the creation of improved varieties resistant to diseases, directly impacting productivity and market potential. These institutions often collaborate with international partners and NGOs to pilot innovations and scale successful interventions. These collaborations often involve sharing germplasm, conducting joint field trials, and co-authoring scientific publications, thereby broadening the impact and reach of research outcomes.

National and regional research institutes, under the National Agricultural Research Organisation (NARO), are composed of sub-institutions and satellite stations, including:

²³ <https://www.crafteastafrica.org/>

- **National Crops Resources Research Institute (NaCRRI):** Focuses on developing improved varieties of maize, cassava, and beans, employing techniques such as marker-assisted selection and genetic modification to enhance yields and resistance to biotic and abiotic stresses.
- **National Semi-Arid Resources Research Institute (NaSARRI):** Specialises in drought-resistant varieties of simsim, groundnuts, and sunflower, utilising advanced breeding technologies to ensure climate resilience and productivity in water-scarce environments.
- **Mukono Zonal Agricultural Research and Development Institute (MUZARDI):** Concentrates on vegetable and coffee agronomy, implementing research on optimal planting densities, integrated nutrient management, and pest control strategies to improve crop quality and yield.
- **Ngetta Zonal Agricultural Research and Development Institute (Ngetta ZARDI):** Located in Lira, it focuses on agricultural research and development of crops and livestock specific to the agro-ecological zone of the Lango sub-region.

3.3 Value Chain Actors Micro-level

3.3.1 Overview

This section presents an assessment of the institutional linkages shaping the performance of the selected commodities in Busoga and Lango. The analysis focuses on understanding how institutional actors and service systems interact to facilitate or hinder the efficiency, inclusiveness, and overall competitiveness of value chains.

The first area of focus is the access and utilisation of support services, which examines the availability and use of critical services, including agricultural extension, research, input supply, mechanisation, post-harvest handling, and market information. It highlights service delivery gaps and disparities that impact the participation of value chain actors.

Trust and collaboration among value chain actors are also analysed, emphasising the importance of relationships between producers, traders, processors, service providers, and regulators. The study examines how trust levels and information exchange influence coordination, reduce transaction costs, and facilitate inclusive value chain development.

The type of contractual arrangements in place, such as out-grower schemes, contract farming, and vertical integration models, sheds light on the power dynamics of these agreements and how these impact pricing, risk-sharing, and the empowerment of producers, particularly concerning stability and fairness in trading relationships.

Lastly, the analysis considers access to financing and business development services (BDS), assessing the degree to which smallholders and SMEs can obtain credit, insurance, training, market information and market linkage support. It identifies gaps in literacy, as well as financing barriers and opportunities for expanding inclusive access to financial products and business capacity services.

3.3.2 Trust and Relationships Between Actors

Trust remains a cornerstone for efficient value chain coordination, yet it varies across commodities and actor categories. In low-value chains, such as maize and cassava, transactional relationships dominate, leading to quality disputes and side-selling. Conversely, more structured and high-value chains such as coffee and sunflower show improved trust due to formal contracting, group marketing, and quality assurance frameworks. It is noted that producer-processor trust can be improved through structured supply agreements and shared investments in quality standards and extension services.

According to the baseline, cooperative participation in the project area is low, primarily due to a lack of trust. Coops have largely been politicised, which generally means farmers have less trust in them. This, along with poor engagement and weak governance structure of cooperatives, was validated by the findings of scoping and assessment work. Of the initial 36 coops scoped, 19 were selected for a detailed assessment on governance, management and administration. Overall, coops have poor governance capacity and are limited, with districts in Busoga and Lango having only 1 or 2 cooperatives per district, and are not utilised by many farmers. Only three of the 36 cooperatives (8%) attained a score of 'good' on governance, which largely explains the data from that baseline survey that shows that only 1% of the smallholders were members, and only 2% of the produce is marketed via coops.

According to the baseline, a major reason why farmers are not more active in coops or in collectively sales is a lack of trust in leadership, with 68% of respondents stating that they are not well organized, 52% stating they do not have sufficient quantity to sell, and 54% saying that the timing of collective sales is a challenge (some farmers want to sell immediately after the harvest; others later).

One has to add that the two commodities that stimulate the formation of coops most, are not widely produced in Busoga and Lango. The need for Arabica coffee to be processed immediately after harvesting in a (wet) processing unit that is too expensive for individual families, gives a natural incentive for village level processing and marketing coops in other parts of Uganda. As the Robusta coffee grown in Busoga can be dried at home, there is no incentive to set up such coops. Milk is another commodity that creates a natural incentive to set a coop as marketing of milk (to urban area) is too complicated for individual households. Only in the perennial farming system we find substantial dairy production and, thus, some sold dairy cooperatives.

Most coops in the project area focus on marketing cereals and pulses. Yet, the margins in value chains with bulky, storable commodities are generally very small. The net margin (after deducting all costs for sourcing, loading/unloading, storage, working capital, losses, risks, overheads, etc.) is often limited to 3-4%. This is insufficient to attract smallholders to invest money, time and social capital in coops. For example the biggest coop in Busoga offers farmers 20 UGX/kg more for maize. With an annual subscription fee (next to a share of 100.000 UGX) of 50.000 UGX one has to sell at least 250 kg before getting any net profit. This is beyond the means and interest of most HHs.

3.3.3 Access and Use of Support Services

Access to agricultural support services across the Busoga and Lango regions remains uneven and commodity-specific. Most crops suffer from limited and inconsistent access to and application of improved inputs, timely extension, mechanisation, and climate-smart advisory services. Government-led programs have tried to close these service gaps, but their reach remains limited, especially for high-value crops like simsim and groundnuts. Support services for marketable commodities like sunflower, soya beans, and maize have been significantly driven by the private sector, which is interested in managing the inputs and output marketing due to the increasing demand for the tradable commodity. It is also noted that crops such as coffee, oil seeds and vegetables are better supported through private-led extension models, donor interventions, and NGO programs.

3.3.4 Types of Support Services

The institutional ecosystem in both subregions is composed of public institutions (e.g. District Agricultural offices and NARO), private sector actors (input suppliers, processors, aggregators), and development partners (NGOs). Development projects have brought renewed focus to integrated service delivery, targeting key nodes in the value chains,

such as input provision, agronomic training, and market access facilitation. However, weak coordination and fragmented implementation persist. Parallel interventions by NGOs and government programs have often led to market distortions, as well as duplication, especially where oversight and integration are limited.

Service Type	Key Providers	Gaps Identified
Inputs	Private sector (Agro input dealers, local/National and International); NARO (Seed breeding programs)	Limited reach in remote areas, service providers are concentrated in major towns. Poor marketing and engagement strategies
Extension and Advisory	MAAIF, District Local Government (District Agriculture Extension Officers); Private extension service (Crop/product-specific extension)	High farmer-to-extensionist ratios (>1:2000)
Aggregation and Transport	Farmer groups and Cooperatives; Private sector (Aggregators, Transport service providers)	Low awareness, absence of aggregation centres
Processing & Marketing	Private sector	The quality of processing technologies greatly varies
Financial and Business Development	VSLAs, SACCOs, MFIs, commercial banks	Inflexible loan products, high collateral requirements, and insufficient loan size

3.3.5 Agriculture Inputs

Numerous studies over the past two decades in Uganda cite the lack of access to and adoption of quality, higher-yielding, drought-resistant and disease-free seeds, as well as other inputs, such as fertiliser. This has been further validated by the INSPRIRE project's baseline and the number of households that pay for seeds.

Key institutional players include the Uganda Seed Trade Association (USTA), a membership lobby formed "to coordinate and oversee the development of the seed industry," and MAAIF. The National Seed Certification Service, under the Department of Crop Inspection and Certification (DCIC), is mandated to play a key role in seed quality assurance, including licensing seed dealers, conducting field crop inspections, sampling and laboratory testing, issuing official certifications, and sealing seed bags.

A contributing factor that prevented the realisation of a healthy, market-based agriculture input sector in Uganda has been smallholder farmers' reliance on handouts from NGOs and the government. While some NGOs justify their intervention in response to food insecurity and poverty reduction, the government, whether through programs such as NAADs or Operation Wealth Creation (OWC), has distributed free inputs to strengthen its party's political standing with rural populations. These free distributions have distorted the market, deterring market actors from entering and expanding their operations, as well as fuelling a culture of dependency.

Agricultural Inputs Issues ²⁴	
Market failures	• Low yields require application of improved technologies, but usage of quality seed and ag-inputs remains very low. • The input companies find it difficult to turn a profit given import-related costs, poor distribution systems, and smallholder dynamics. • The regulatory environment is dysfunctional. • Counterfeiting and product adulteration undermine the market. • Combine the belief that the soils do not require ag-inputs.
Main “technical” issues	• Returns to the use of improved seed varieties are poor because SHF do not combine with complementary inputs. • Lack of advice and extension contributes to poor application, both over- and underuse. • Inadequate credit markets and significant household cash constraints present added barriers to access for SHFs, particularly in advance of the planting season.
Main issues	• Farmers do not act with a collective voice or interest. • Market Distortions: Companies and market associations have achieved their position through donor largesse and/or support from within the ruling elite and have little pressure to offer a (better) service or any value for money. • Weak regulatory bodies with no incentive to change, particularly regarding inspection services. • Lack of trust, exacerbated by widespread counterfeiting

Informal Seed market: Many households save seeds, exchange seeds with neighbours or grow their own seeds. While there can be benefits to local seeds, often local seeds are highly unproductive and vulnerable to changing environmental conditions.

Counterfeit and Low Quality: From seeds to fertilisers and agro-chemicals, a range of counterfeit, low-cost, and tampered products is available on the market. This is largely due to a weak regulatory regime that lacks the political will to confront these nefarious actors. Several in the industry suggest that this is well organised and that some in the trade must be aware of the source.

Formal seed companies and high-quality inputs: Our research identified a diverse range of formal seed actors with varying degrees of presence in the region. Farm Inputs Care Centre (FICA), Nalweyo Seed Company (NASECO), Advanta, Victoria Seeds, East African Seed Company, Mt. Elgon Seed Company, and Equator are among the major actors.²⁵ There is also a range of agrochemical companies, such as Balton, Bukoola Chemical Industries, Uganda Crop Care Limited (UCCL), and Twiga Chemical Industries Ltd.

There are high-quality inputs on the market, but in many instances, they are overpriced, largely because they are imported in limited quantities due to a lack of demand, and their marketing strategy does not target smallholders. The greatest profitability for private sector seed companies is largely around:

²⁴ Adapted from: Oxford Policy Management, "Political Economy Analysis of the Agriculture and Agribusiness sectors in Northern Uganda," May 2014.

²⁵ NARO, Licensed Seed Companies, 2023, <https://naro.go.ug/wp-content/uploads/2023/04/LICENSED-SEED-COMPANIES.pdf>

- producing and marketing seeds for hybrids of maize and sunflower;
- producing OPVs of maize, beans, soya bean, and sorghum; and
- importing seeds (hybrid maize and exotic vegetables) and fertiliser

Fertiliser Supply and Demand: The challenges for the fertiliser industry are similar to those of the seed industry. The following are the main fertiliser companies:

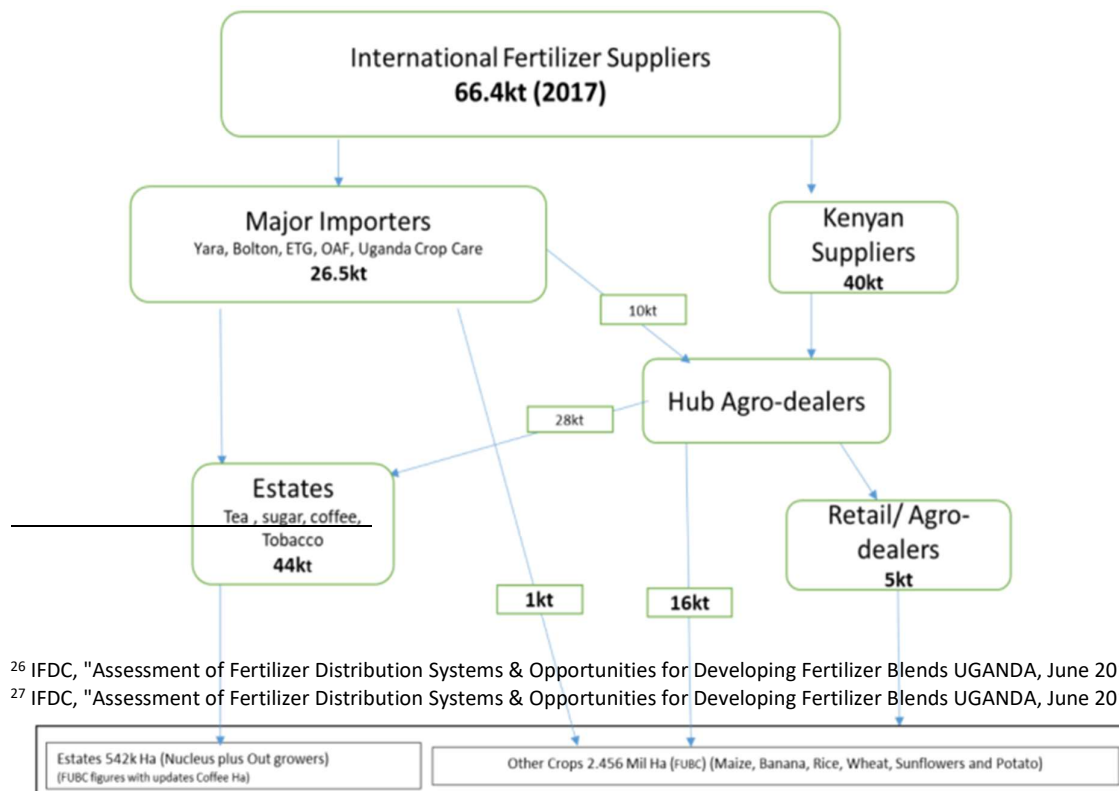
- Grainpulse (Kampala) is the only in-country blender
- ETG has been blending in Mombasa
- Yara supplies several multi-nutrient compounds capable of addressing various soil and crop requirements, once deficiencies are identified.
- Toyota Tsusho Fertiliser Africa Limited (TTFA), based in Eldoret, Kenya, is also interested in the Uganda market.

There is a low demand among SHF, as 66% of the fertilisers used in Uganda are utilised by the estates on an estimated 542,000 ha (81 kg/ha). Smallholders use the remaining on 2,456,000 ha of crops (ca. 40% of the total cropped area) at a rate of 11 kg/ ha.²⁶ Part of this low demand, besides high costs, is due to the commonly held belief by SHFs that Uganda soils are the most fertile in the world and don't require fertiliser.

Another part is due to poor fertiliser distribution capacity, which contributes to high costs largely due to importation. For example, ETG, Yara, Grainpulse and Uganda Crop Care import 26 kt direct from the international market into Uganda. Independent hub dealers bring a further 47 kt from a range of Kenyan suppliers. See the graph²⁷.

An additional challenge is that agro-dealers are repacking fertilisers in smaller units which easily leads to contamination and high moisture levels. The same challenges are found at village level as farmers buy very small amounts of fertilisers; e.g. five kg per batch.

Graphic: Uganda Fertiliser Distribution System



²⁶ IFDC, "Assessment of Fertilizer Distribution Systems & Opportunities for Developing Fertilizer Blends UGANDA, June 2018

²⁷ IFDC, "Assessment of Fertilizer Distribution Systems & Opportunities for Developing Fertilizer Blends UGANDA, June 2018

3.3.6 Extension and Advisory

Public and private extension services bridge the gap between research and farmers, ensuring the dissemination and adoption of best practices. These services include training on input use, post-harvest handling, and business management. Extension increasingly uses digital tools, such as mobile apps and online platforms, to offer real-time information and support to farmers. NGOs and development projects often supplement government efforts by providing targeted support and capacity building. Unfortunately the extension service is severely understaffed and underfunded. This is a long terms challenge and there are no signs that things will improve in the coming years.

3.3.7 Aggregation and Transport

Cooperatives, farmer groups, and agribusinesses, in theory, can facilitate collective marketing, aggregation, and negotiation with buyers, improving market access and bargaining power for smallholders. These organisations often work with processors and exporters to ensure quality standards and traceability. Digital platforms and e-commerce solutions are also emerging as key tools for connecting farmers to markets, reducing reliance on middlemen and transaction costs, and improving price transparency.

Due to a lack of collective aggregation or processing by farmers, and limited access to transportation farmers sell their commodities at the farm gate. Small traders or middlemen, using bicycles or motorcycles, aggregate produce from dispersed farmers, impacting costs and overall profitability. Additionally, farmers lack collective bargaining power and therefore are vulnerable to opportunistic behaviour of transporters, particularly those who own trucks.

Transport costs are also high because transporters are limited in number and often unreliable. Moreover, because of both small production areas and a lack of collective aggregation, SHFs typically do not benefit from volume pricing with trucks that can offer larger payloads and lower fees per metric ton.

Type of Contracts: Across the value chains contracts remain underdeveloped, with most transactions still occurring through informal and verbal agreements. Even with formal agreements, there are numerous cases of farmers and cooperatives ignoring contractual responsibilities and often engaging in side selling when it is economically in their best interest. There remains an effective legal recourse in Uganda to uphold contracts.

Structured and more formal models are gaining traction in the coffee, maize, sunflower, simsim, and soya bean chains, particularly where donor and private-sector partnerships have incentivised out-grower schemes and pre-financing models.

Contract Type	Common Value Chains	Key Terms	Challenges
Forward Contracts	Coffee, sunflower, soya beans, maize, simsim	Price and volume commitments	Price volatility, enforcement issues
Out-grower Schemes	Vegetables (Fresh produce exporters)	Input support, tied sales	Risk of exploitative pricing
Warehouse Receipts	Maize, beans	Storage as collateral for loans	Poor access to certified warehouses
Agriculture Input Finance	Coffee	Supply of fertiliser on credit during the production period	Risk of side-selling, large management costs
Verbal Agreements	All value chains	No formal terms	High default, legal ambiguity

Many development programs supporting agriculture value chain development have piloted inclusive contracting mechanisms with SMEs and cooperatives, including pre-production financing of ag-puts, aggregation models tied to processing infrastructure, and facilitating the uptake of forward contracts and warehouse receipt systems. However, the adoption and scaling of these agreements have been significantly low.

3.3.8 Processing and Marketing

The issues surrounding crop processing are varied and differ according to the crop and the scale of operation. Low levels of production furthermore do not incentivise farmers in many cases to process, which impacts their participation in value addition.

3.3.9 Financial and Business Development

Overview: Financial institutions are vital for value chain finance, enabling farmers and other actors to access credit, quality seeds, fertilisers, and agrochemicals. Value chain finance models can help secure sales, improve efficiency, and reduce risks across the chain, especially for smallholders. Innovative financial products, such as crop insurance and warehouse receipt financing, are also becoming increasingly important in mitigating risks and enhancing access to finance for agricultural stakeholders.

Access to finance and BDS remains a structural constraint for value chain development in Uganda's rural economies. The financial risks associated with agricultural activity are perceived by financial institutions as being very high. Agricultural lending is a risky activity, but this perception is amplified by the fact that most financial institutions operating in the country have limited knowledge of the agribusiness sector.

Innovative finance mechanisms, however, are being piloted by financial service providers and development programs to address these gaps, and are piloting more tailored and inclusive products, such as youth enterprise incubation, blended finance, and revolving loan schemes managed through producer groups and SMEs.

SACCOs: The SACCOs that exist are largely a function of the 2006 Rural Financial Services (RFS) Strategy "Achieving Prosperity for All through SACCOs", where the government set targets of establishing at least one SACCO per sub-county. It was a politicised strategy, largely resulting in SACCOs that became highly politicised and mismanaged (IFAD, 2011).

There are few SACCOs in Busoga, while they are virtually absent in Lango, which maintains limited reach, with our baseline estimating that only 2% of the farmers are a member. SACCOs do not have the administrative capacity to issue a large number of small loans in a short period (start of the rainy season), and given their location in district capitals, they are inaccessible to many SHFs.

While SACCOs and microfinance institutions are expanding their rural presence, most of their products are not tailored to the agricultural production cycle. Smallholder producers face high collateral demands, short repayment windows, and interest rates that make capital access prohibitive.

VSLAs: Because there are a few MFIs and banks in rural areas (with rather complex loan products and loan application procedures), VSLAs are utilised more by SHFs. In total, over 7,700 VSLAs were identified in the project area, or one VSLA for every 62 Households. Despite their popularity, there are a range of challenges and limitations with VSLAs:

- People generally do not use loans for productive investments
- Loans are small (50,000 – 100,000 UGX) and generally not for productive use
- The interest rate of 5% is substantial (and reflects a lack of capital in the community)

- As savings are divided at the end of the cycle, they do not grow over time
- No external money is attracted; only one's own savings are circulated.

For further information, refer to the INSPIRE project's Financial Analysis report.

3.3.10 Digital and ICT Services

The increasing digitisation of agriculture is supported by organisations offering digital financial services, market information systems, and mobile-based extension platforms. These interventions are especially relevant for last-mile delivery and can enhance transparency, efficiency, and inclusion within value chains. The use of big data analytics and remote sensing technologies is also enabling more precise and targeted agricultural interventions, optimising resource use and improving productivity.

4 Annexes

Annexe 1: Regional Value-Chain Actors Identified

Region of Operation	Name of actor	Value chain role	Value chains (Commodities)	Contact
Busoga	Agroways	Processor	Soya bean, maize, cassava	+256 782 391354
Busoga and Lango	Grain Pules	Input and Off-taker	Fertiliser and off-taker of Coffee	Gloria Asimwe 0780499778 projects@grainpulse.co.ug
Busoga and Lango	Balton	Inputs	Fertiliser, Seeds, Agrochemicals, Irrigation	balton@baltoncp.com +256 200 502 300 + 256 312 502 300
Lango	Mukwano Industries Limited	Processor	Sunflower, soya beans, sesame, maize	Okello Joseph Extension Service Advisor +256777770734
Lango	Mount Meru Millers (U) Ltd	Processor	Soya beans	+256750706616 +255272544221
Busoga	De Hues		Cassava, maize, and soya beans	
Nakasongoloa	Pura Organic	Processor	Cassava	
Busoga and Lango	Maganjo Grain Millers	Processor	Grains (Maize, Soya beans, finger millet, etc.)	Mr. Alex Sejjuta 0772502316/ 0772695713 asejjuta@yahoo.com
Busoga	SMART FOODS Ltd	Processor	Soya beans, Maize	

Annexe 2: District Value-Chain Actors Identified

District	Value chain category	Actor Name	Type of input	Location	Telephone
Dokolo	Input suppliers	Mukwano	Hybrid sunflower seeds (Panar)	Lira city	777770734
Dokolo	Input suppliers	Agrisol	Maize seeds (DK varieties), pesticides, fertilisers.	Lira city	772626203
Dokolo	Input suppliers	Dokolo Young Oilseed Cooperative Limited	Soya bean seeds	Awiri - Dokolo sub-county	789755490
Dokolo	Input suppliers	Kwera Youth Oil Seed Cooperative	Maize seeds, agrochemicals, fertilisers	Kwera sub-county, Obapodero village	778399462
Dokolo	Input suppliers	Bakara Agro inputs	Maize seeds, agrochemicals, fertilisers	Dokolo town council	772355447
Dokolo	Input suppliers	Niye Farmers Home	Maize seeds, agrochemicals, fertilisers	Dokolo town council	777807076
Dokolo	Producers	Dokolo Young Oilseed Cooperative Limited	Soya bean seeds	Awiri - Dokolo sub-county	789755490
Dokolo	Producers	Individual farmers	Maize seeds, soya beans, and sunflower seeds.	Dokolo district	
Dokolo	Aggregators	Mukwano	Sunflower	Lira city	777770734
Dokolo	Aggregators	Mount Meru	Soya bean and sunflower	Lira city	750706616
Dokolo	Aggregators	Tom Bora's produce store	Maize, soya beans, simsim and sunflower.	Dokolo town council	772094947
Dokolo	Aggregators	Ray produce	Maize, soya beans, simsim and sunflower.	Dokolo town council	770989299
Dokolo	Processors	Mukwano	sunflower	Lira city	777770734
Dokolo	Processors	Mount Meru	Sunflower and soya beans	Lira city	750706616
Dokolo	Processors	Dokolo Young Oilseed Cooperative Limited	Sunflower and maize	Dokolo sub-county	789755490
Luuka	Input suppliers	Kwagalakwe agro inputs	Agro input dealer		772344735
Luuka	Input suppliers	Ibrahim Kakaire	Agro input dealer		759562340
Luuka	Processors	Batwala Godfrey	Coffee processor		782319053
Luuka	Processors	Isabirye Grace	Coffee processor		786483542
Luuka	Processors	Nakabugu factory	Coffee processor		779347112
Luuka	Processors	Bubaale Godfrey	Maize processor		770523540
Luuka	Processors	Nakabugu factory	Maize processor		779347112
Luuka	Processors	Kitawulwa Dickson	Maize processor		773861030

Luuka	Financial service providers	Bukanga SACCO	Finance		775144275
Luuka	Financial service providers	BRAC bank	Finance		753633834
Luuka	Financial service providers	Bugadde SACCO	Finance		706253121
Luuka	Financial service providers	Power micro finance	Finance		777573808
Luuka	Aggregators	Matende Charles	Soya bean bulking		773854889
Luuka	Aggregators	Nawampiti cooperative	Maize bulking		785035768
Luuka	Input suppliers	Asaaba farmers point	Tractor services and agro inputs		741762330
Luuka	Input suppliers	Mercury animal feeds	Animal feed factory		770675401
Buyende	Input suppliers	Greater Kamuli Cooperative Agro-input Shop		Buyende Town-council	777463671
Buyende	Input suppliers	Nabbi Daudi		Buyende Town-council	745547929
Buyende	Input suppliers	Sosi Agro-input shop		Buyende Town-council	753075596
Buyende	Input suppliers	Mugweri & Sons agro-input shop		Mukuma Trading center-Buyende s/c	785555491
Buyende	Input suppliers	Maka Wilson		Mukuma Trading center-Buyende s/c	–
Buyende	Input suppliers	East African seed		Nairobi	722207747
Buyende	Input suppliers	NASECO		Kampala	751618003
Buyende	Input suppliers	SYOVA		Kampala	756620100
Buyende	Input suppliers	Simlaw		Industrial area-Kampala	392176170
Buyende	Input suppliers	Equator Seeds		Kampala	392568937
Buyende	Financial service providers	Greater Kamuli Cooperative	Lending to members	Kamuli, Buyende Town Council	776311524
Buyende	Financial service providers	BRAC	Lending to individual women and Women in	Buyende Town Council	752904336

			groups who own SME's		
Buyende	Aggregators	Mr. Saleh Kapala		Kampala	783065552
Buyende	Aggregators	TRAFORD Ltd		Kamuli	764901606
Buyende	Processors	Ms. Kizige Betty		Kamuli	772577061
Buyende	Processors	Greater Kamuli Cooperative	milling and packaging maize, cassava, and rice	Buyende Town-council	776311524
Lira	Aggregator and Processor	ERYMAT ENTERPRISES LTD	Aggregators and exporters of produce (soya bean, maize, sesame, sunflower)		777277569
Lira	Aggregator and Processor	Mukwano Industries Ltd	Oil millers, aggregators (Sunflower, soya bean, maize, simsim)		777770734
Lira	Aggregator and Processor	Mount Meru Millers	Oil processors (Buy soya beans and sunflower for processing)		750706616
Lira	Input suppliers	Pacu Opor Agro - Inputs	Agro Input supplies		781133613
Lira	Aggregator and Processor	Ngetta Tropical Holdings	Supply of sunflower seeds, an aggregator, and a processor		777440226
Lira	Processors	CPN Maize Grain Millers	Maize grain millers		779408736
Lira	Input suppliers	Niye farmers Home	Agro Input supply		777807076