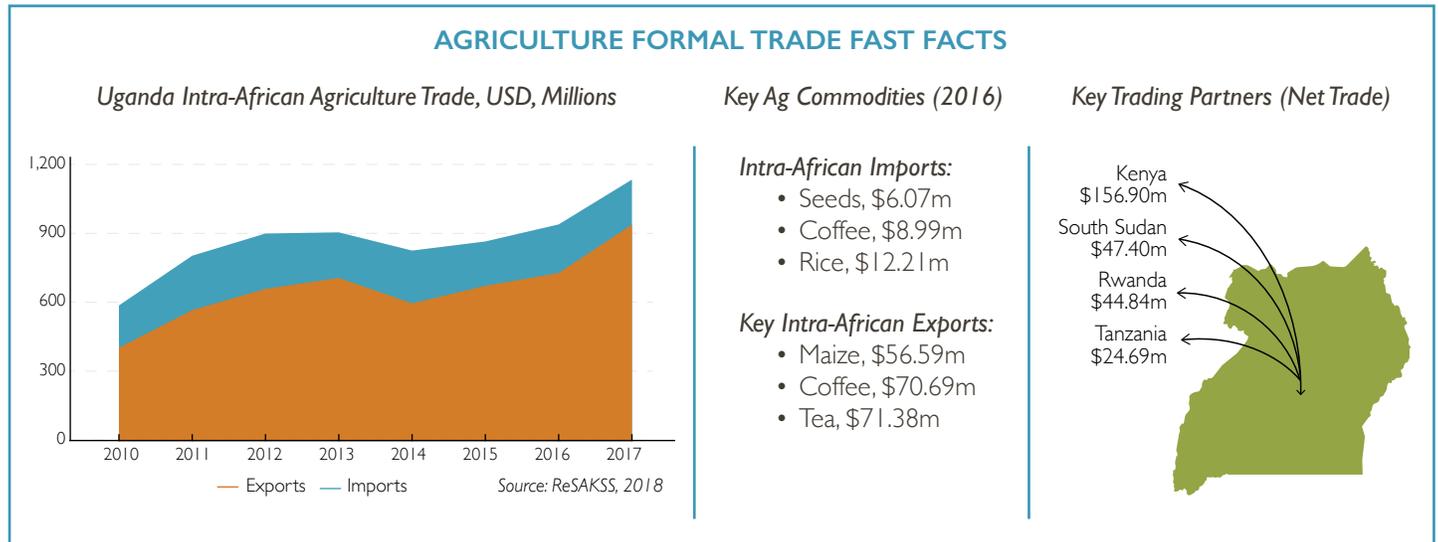




FEED THE FUTURE ENABLING ENVIRONMENT FOR FOOD SECURITY PROJECT Intra-African Agriculture Trade Improvement Scorecard: Uganda

In June 2014, African Union member states committed to a set of goals in the Malabo Declaration that included tripling intra-African agricultural trade by 2025. Uganda has serious needs: 25.5 percent of the population is undernourished, and there is a 29 percent prevalence of stunting among children under 5 years of age, according to the African Union's 2018 Inaugural Biennial Review Report. Data show that Uganda is making progress in establishing intra-African trade policies to meet the Malabo Declaration targets.



This scorecard compiles publicly available data related to four key trade determinants from the Regional Strategic Analysis and Knowledge Support System's (ReSAKSS) Africa Agriculture Trade Monitor 2018 report, including (1) production capacity, (2) the cost of trade, (3) institutional efficiency, and (4) trade policies. The basis of comparison for these indicators is Feed the Future or sub-Saharan African (SSA) countries, as indicated. The coloring of the indicators below indicates the country's performance in this area relative to its peers. A green score designates higher-than-average performance; a yellow score indicates average performance, with room for improvement; and a red score indicates below average performance, with a serious need for improvement. For more on indicators, see [here](#).

PRODUCTION CAPACITY

- Fertilizer use
- Improved seed varieties
- Machinery standards

- Mobile phone penetration
- Digital payments
- Rural electrification

PRODUCTION CAPACITY (factors that affect the level of supplies) is determined by resource endowments and other technological and institutional factors that enhance productivity. Uganda's harvests are hindered by a very low rate of fertilizer use, ranking 29th among 33 SSA countries in the amount of fertilizer per hectare of arable land. Uganda has approved 68 improved seed varieties, nearly half that of Kenya, with 124 approved. Uganda imposes quality and safety standards on tractors, requires tractor type approvals and recognizes tractor test reports issued by manufacturers, resulting in a relatively high score of 5 (of 8) possible points from the World Bank's Enabling the Business of Agriculture (EBA) tractor testing and standards indicator. Uganda has low rates of mobile phone penetration, 0.55 mobile lines per person. Digital payment systems are being widely used, however, with 55 percent of adults having sent or received digital payments in the past year — well above the SSA average of 34 percent. Access to power is limited, as only 18 percent of the rural population has access to electricity to power lights, pumps, and farm equipment.

COST OF TRADE

- Road connectivity
- Quality of roads
- Perceptions about infrastructure

- Truck licensing
- Cross-border transport licensing
- Domestic transport costs

COST OF TRADE. Good roads and an efficient trucking system make it easier and cheaper to import and export food. Uganda gets average but decent scores under the World Economic Forum's (WEF) Road Connectivity Index (scoring 60.6 out of 100) and in the WEF quality of roads indicator (scoring 42.1 out of 100). Uganda scores a 2.58 (out of 5) in users' perceptions about infrastructure in the World Bank's Logistics Performance Index, slightly above the SSA mean of 2.49. Poor scoring against EBA truck licensing indicators (4.5 out of 11) and in EBA cross-border transport license indicators (6 out of 9) indicate that Uganda could make further strides to avoid onerous licensing requirements that limit competition (and possibly spur prices) in transport services. The World Bank's Doing Business Trading Across Borders (2018) standardized domestic transport costs for Uganda were moderately low compared with other SSA Feed the Future countries: \$391 for both exports and imports.

INSTITUTIONAL EFFICIENCY

- | | |
|---|---|
| <ul style="list-style-type: none"> ● Competitive business environment ● Agricultural finance ● Secured lending ● Private international legal instruments ● Export border regulations | <ul style="list-style-type: none"> ● Export document compliance ● Import border regulations ● Import document compliance ● WTO Trade Facilitation Agreement |
|---|---|

INSTITUTIONAL EFFICIENCY refers to the ease of doing business in relation to agricultural trade. Uganda has a competitive domestic market, scoring a moderate 48.7 (out of 100) per the WEF's product market indicator. Uganda ranks 11th among SSA countries examined by the EBA finance indicator, with high marks given for access to warehouse receipts and microfinance institutions. Uganda's secured lending regime could use improvement, receiving only 6 (out of 12) points derived from the World Bank's Strength of Legal Rights Index indicators. Uganda has only ratified three of seven important private international legal instruments, indicating a need for greater harmonization with international commercial norms.

The Ugandan trade regime could be streamlined to be less cumbersome for traders, especially importers. Doing Business Trading Across Borders indicators calculate that importers spend 154 hours to comply with import regulations at the border (SSA median of 97 hours) and 138 hours to complete documentation (SSA median of 76.5 hours). Exporters are slightly better off, spending 64 hours to comply with export regulations at the border (SSA median of 78 hours) and spend 51 hours to complete documentation (SSA median of 69 hours). With respect to the World Trade Organization's (WTO) Trade Facilitation Agreement, Ugandan authorities took what appears to be an overly cautious approach by only fully notifying one commitment (out of 16) important for agricultural trade.

TRADE POLICIES

- | | |
|---|--|
| <ul style="list-style-type: none"> ● Average weighted agricultural tariff ● Import and export bans recently enacted | <ul style="list-style-type: none"> ● Trade facilitation performance ● Export licensing |
|---|--|

TRADE POLICIES include measures aimed at protecting trade. Uganda's average weighted agricultural tariff comes out very high at 20.3 percent, which is the eighth highest among 35 SSA countries. Uganda has threatened to impose retaliatory import and export bans but has not followed through. The OECD Trade Facilitation Index, which measures the performance of border procedures and policies, shows Uganda making improvements in the areas of fees, documents, and automation. It scores a 0.87, putting it above the SSA mean of 0.70. EBA export licensing indicators give Uganda 3 out of 5 points for moderately strict controls over one of its main exports, coffee.

THE AFRICAN UNION'S 2018 BIENNIAL REVIEW REPORT

- | | |
|--|--|
| <ul style="list-style-type: none"> ● Tripling intra-African trade | <ul style="list-style-type: none"> ● Establishing intra-African trade policies and institutions |
|--|--|

BIENNIAL REVIEW REPORT 2018. The African Union's 2018 Inaugural Biennial Review Report measured member countries' progress toward achieving the Malabo Declaration's goals. To be considered on track for tripling intra-African trade, countries should have reached the minimum of 20 percent in growth rate increase. Uganda did not meet this threshold. To be considered on track for establishing intra-African trade policies and institutions, countries are rated by the OECD Trade Facilitation Index. To be considered on track, countries need to reach a cumulative score of 10 points when adding together points given for each of the 10 sub-indicators comprising trade facilitation performance. Uganda has met this threshold.

Developed in 2018.

The Feed the Future Enabling Environment for Food Security project is a global mechanism designed to assist Feed the Future focused and aligned Missions as they address legal, institutional, and market constraints affecting food security. For more information, contact Lourdes Martinez Romero (COR) at lmartinezromero@usaid.gov or Nate Kline (COP) at nkline@fintrac.com.