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The U.S. Government's Global Hunger & Food Security Initiative

LANDSCAPE ASSESSMENT OF AGRO-INDUSTRIAL PARKS – PUBLIC REPORT

Developed for USAID/Uganda

By Feed the Future Market Systems and Partnerships Activity

July 20, 2022

USAID
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ASSESSMENT REPORT OBJECTIVES

1. Provide an overview of the GoU's agro-industrialization (AGI) program, with a focus on the institutional framework and key actors
2. Review the current status of the AGI park implementation strategy including key implementation constraints
3. Summarize opportunities for a funder to address those challenges and constraints within the AGI agenda
4. Discuss actionable next steps for a funder to take in the near term

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CONTENT

MSP was asked to develop a landscape analysis of the GoU's agro-industrial program, a key priority in its latest national development plan

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Our Role and Objectives

Context: USAID/Uganda asked MSP to conduct a landscape assessment to identify opportunities for donor investment in agro-processing tied to agro-industrial parks

Goal: Develop a broader landscape analysis of the agro-industrial park program, specifically focusing on up to five individual parks

Key objectives:

Identify potential opportunities for donors to:

i. Better align market dynamics of agro-industrial parks with their goals
ii. Support the GoU in implementing their NDP III with respect to agro-industrialization
iii. Engage further with agro-industrial parks development

The landscape assessment is informed by an extensive literature review, key stakeholder interviews, and site visits to prioritized locations

A

75+ sources consulted

*Leveraged **75+ key sources to inform this assessment**, including academic articles, working papers, public policy documents, and journalistic articles*

B

30+ stakeholders engaged

***Consulted 30+ stakeholders** across the GoU, local authorities, private sector, and external experts were consulted*

C

4 agro-industrial parks visited

*Visited **4 agro-industrial park sites (chosen based on criteria including diverse agro-ecological zones, development status, and local buy-in) to view in-person and to consult with local stakeholders** (Kasese Industrial Park, Masaka Industrial Park, Moroto (Karamoja) Industrial Park, and Soroti Industrial Park)*

Note: further detail on specific stakeholders consulted and works referenced can be found in the appendix

CONTENT

Note: Executive Summary provides a high-level overview of the GoU's AGI program and potential donor engagement opportunities; supporting detail, rationale, and context is included in the main body of the report and appendix

Agro-industrialization is the logical choice to serve as the top development priority for the GoU's long term transformational agenda

Recap / context: Background on GoU's agro-industrialization (AGI) program

Agro-industrialization is a key priority for the GoU

- Achieving agro-industrialization is a **crucial step in enabling the economic transformation** envisioned by the GoU in Vision 2040
- The NDPIII prioritizes **AGI as the top development priority over the next five years**

AGI is a viable development approach for Uganda

- Sustainable AGI development can achieve **multiple positive development outcomes**:
  - Promote **equitable growth** across regions (e.g., job creation, food security)
  - Support **import substitution** as well as expand **regional/global export opportunities**
  - Develop **market linkages** in existing agro-value chains
  - Directly **stimulate agricultural production / productivity** in target value chains
- AGI is a **natural extension of Uganda's current competitiveness in agricultural** production

Stakeholders are aligned on the importance of AGI

- Feedback from GoU actors, local authorities, and private sector entities indicate a **willingness to execute on the strategic focus of AGI**
- In particular, stakeholders **emphasize the importance of a nationally sustainable development model in the agro-manufacturing** segment of the program, with particular focus on developing historically unindustrialized areas (e.g., Karamoja, West Nile)

Note: AGI- *Agro-industrialization*; GoU- *Government of Uganda*; NDPIII- *Third National Development Plan 2020/21-2024/25*;

Challenges remain across the broader agenda despite the GoU's focus on AGI development

Recap / context: Policy and AGI park-level issues and root causes

Policy-level issues	➢ Several policies are driv**en by political considerations / pronouncements rather than strategic considerations** ➢ This has resulted in **inexplicit priorities and instances of overlapping mandates** within GoU
Implementation failures at park-level	➢ **Beyond policy issues, various development issues are seen across the park program**: ❖ Implementation delays throughout the entire program ❖ Land speculation *(e.g., Soroti)* ❖ Legal / land ownership disputes *(e.g., Moroto)* ❖ Lack of promised infrastructure and services *(e.g., Kasese)* ❖ Poor site selection *(e.g., Masaka)*
Drivers of issues: delivery / implementation failure	➢ **Root cause is lack of an effective mechanism to coordinate policy delivery –** e.g., to coordinate cross-functional input from key GoU actors, lead local engagement, etc. ➢ **Successful implementation requires an apex GoU implementing organization** – the agenda needs an empowered actor with high levels of technical capacity and political power ➢ **Current implementing entities lack key capacity / capabilities** – mandated institutions are often under-resourced and lack technical capabilities to fulfill this role

Donors have an opportunity to address some of these challenges by further empowering a GoU implementing partner to be a key coordinating actor

Opportunity for donors to further support AGI program

Engagement opportunity and rationale	➢ Donors have an opportunity **to empower a GoU entity to become the key implementing actor for the AGI program** ❖ This proposed approach addresses the primary drivers of failures within the AGI program based on both direct GoU feedback and external assessment ❖ Any support should adopt a facilitative and co-designed approach intended to support the GoU and to ensure donors are not entangled in potentially risky business outcomes ➢ Engagement could focus on two **synergistic** and **concurrent support areas**: ❖ Support GoU partner to facilitate communication and coordinated action across **the GoU to effectively advance the AGI agenda.** ❖ Support the GoU partner with targeted TA, project management / financing, and investment facilitation to **develop a commercially viable AGI park that provides a model for future development processes** (ideally driven by Public-Private-Partnerships)
GoU partner and model park	➢ **Selecting the potential GoU engagement partner is a crucial step –** UIA and MTIC are the primary options within the existing policy framework ❖ **UIA's positioning within the institutional framework** (e.g., AGI park implementer) means it **is the optimal GoU partner**; however, **further evaluation is needed to confirm this** ➢ Support for a **'model park' development could focus on Busia TLC** (to leverage existing support) **and either Kasese IBP / Gulu IBP** (depending on desired engagement timeline) ❖ These options have been selected based on criteria including geography, impact potential, commercial viability, and GoU feedback

Note: TA- *technical assistance*; UIA- *Uganda Investment Authority;* MTIC- *Ministry of Trade, Industry, and Cooperatives*; Busia TLC- *Busia Trade and Logistics Cluster*; IBP- *Industrial Business Park*

CONTENT

The GoU's active leadership role in agro-industrialization development is examined through a review of the broader policy framework and key actors

Overview of the GoU's agro-industrialization program

A Agro-industrial Context and Background

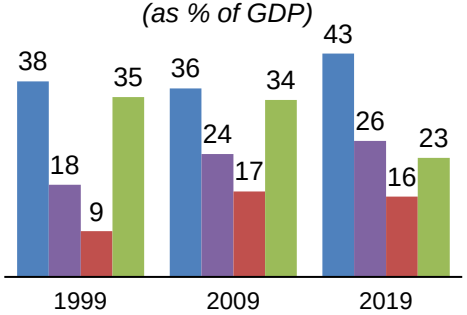
B Policy and Institutional Framework / Key GoU Actors

C Overview of Key Issues Impacting AGI Program

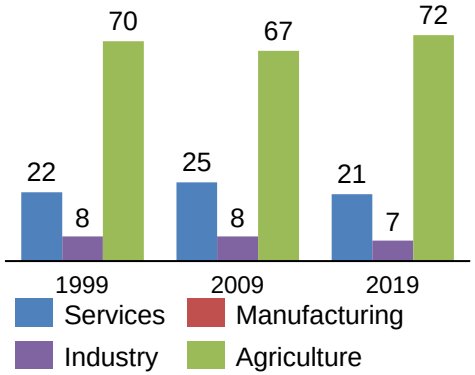
A Agriculture is a key economic activity that presents significant opportunities for development

Context – Uganda's agriculture sector

Ag & fisheries' contribution to GDP, comparison to other sectors
(as % of GDP)



Employment in ag & fisheries, comparison to other sectors
(% of total employment)



Summary of key themes:*

Agriculture is key sector for employment

- The agriculture industry **accounts for 23% of GDP, 50% of all exports, and 72% of employment**, overwhelmingly on small farms under 2 hectares; the vast majority of rural households rely on agriculture as the main source of income
- The agriculture industry **grew at 3.8% p.a. between 2015 and 2020, below the overall average growth of 5.4% p.a.,** due primarily to stagnating agricultural productivity while other sectors (e.g., services, industry) grew

Production is highly fragmented

- **Majority of agricultural activity (~82%) takes place on small farms** which are often poorly (or not at all) connected to markets, and/or are subject to power imbalances vis-a-vis other sector stakeholders; this is particularly true for the poorest Ugandan households

Uganda has grown to be a surplus regional food exporter

- Uganda's position as a **surplus agricultural exporter is driven by growth in regionally exported food crops (e.g., maize, dairy)** rather than global-focused exported cash crops
- Contributes **more than 70% of the intra-East African Community grain trade**

Informal enterprises are prevalent across agri-value chains

- Roughly 70% of agricultural producing land is operated without legal documentation and **~15% of all exports are believed to be informal**

There is a lack of domestic value addition activities

- While the contribution of agro-processing to total manufacturing has increased from 21% to 39% over the past decade, most **agro-processing industries are operating below capacity** due to inconsistent supply of raw material and poor transport/storage infrastructure

Notes: * Further details on key themes and context of the broader agriculture sector provided in appendix.
Employment estimations do not distinguish between industry and manufacturing according to ILO calculation methodologies
Sources: World Bank, 2021; Third National Development Plan, 2020; GFSS; ISF analysis

A Given the sector's importance, the GoU emphasizes agro-industrialization as a key foundation of its long-term transformational goals

Context – GoU's long-term development agenda

THE REPUBLIC OF UGANDA

Uganda Vision 2040

- **Vision:** *"A Transformed Ugandan Society from a Peasant to a Modern and Prosperous Country within 30 years"*
- **Theme:** *"Sustainable Industrialization for inclusive growth, employment and wealth creation"*

Agriculture sector foundational to development

- Given the dominance of agriculture as a source of livelihood and primary economic driver, **industrializing this sector is a crucial early step in enabling this transformation**
- The GoU views agro-industrialization as a crucial sector in the broader national economy, **creating backward and forward linkages between the agricultural, industrial, and service sectors**

GoU seeks a comprehensive and transformative AGI agenda

- Through Vision 2040 and the Third National Development Plan (2020), GoU emphasizes that **the state seeks an active role in supporting the development of the agro-industrialization** in Uganda
- This support results in a **wide ranging institutional and policy framework that addresses the entire system** (from production through to market) through various mechanisms and actors

Sources: NDPIII, 2020; EPRS, 2018; UIA Strategic Plan; IGC 2020; Fowler, 2019; ISF Analysis

A Prioritizing AGI within the broader development context can lead to a variety of positive outcomes; the GoU focus on the sector is well founded

Context – Supporting AGI development is a positive goal

The foundational **importance of the agriculture sector to livelihoods and the broader economy** makes it the essential priority sector to begin an agenda of transformative industrialization

*Research and case studies also point to **additional clear advantages that come with AGI development:***

Inclusive development

- Sustainable AGI development can **promote inclusive and equitable growth**, especially in rural areas, as well as close the existing regional income disparities

Trade implications

- AGI can address the growing domestic market via **import substitution**
- Developing value additive activities can open significant opportunities in **export markets on both a global and especially regional level (e.g., within the EAC)**

Value chain impact

- The backwards and forward linkages between agricultural markets will help **upgrade existing agricultural value chains, generate job creation, and increase food security**
- **AGI development can address many of the key issues in the broader sector** (e.g., post-harvest handling, limited enabling services, limited market linkages to smallholders, etc.)

Leverages comparative advantages

- Focusing on AGI as the core of the broader industrialization agenda leverages **Uganda's regional (and potentially global) competitive advantages in agricultural** production (e.g., attractive climate, extensive labor base, appealing geographic location, etc.)

Sources: ISF analysis and interviews with stakeholders; GoU policy / strategy documents; UIA; African Development Bank; CASA; Economic Policy Research Centre; International Growth Centre

B Sustainable AGI development requires extensive coordination and buy-in from a range of stakeholders; this report focuses primarily on the GoU

Key stakeholders in AGI development

Government of Uganda

- Drives the **national institutional framework**: Policies, Programs, Legal, Regulations, Political agenda
- Plays a key role **in enabling functions**: infrastructure, insurance, R&D, etc.

Primary focus of this report

Private sector

- A key function in ensuring AGI development is **commercially sustainable and viable**

External support ecosystem

- Donors and NGOs play a large role in both **funding** and **assisting implementation**

Farmers / rural communities

- Ensuring **market linkages to rural farmers** drives success and creates significant **impact in rural communities**

Sources: NDPIII, 2020; EPRS, 2018; UIA Strategic Plan; IGC 2020; ISF Analysis

B

GoU's long-term goal is to industrialize and transform the structure of the economy by 2040; it has set a number of major policies to achieve this

Key GoU policies on industrialization and sector priorities (non-exhaustive)

Policy *(GoU owner)*	Strategic Objectives / Themes	Sectors & priorities
Vision 2040 ***(OP / Cabinet / NPA)***	❑ Transform Uganda from a low income to a competitive upper middle-income country within 30 years ❑ Accelerate industrialization through upgrade and diversification ❑ Effectively harness the local resources, offshoring industries and developing industrial clusters along the VC	❖ ***Agriculture*** ❖ Oil and gas ❖ Tourism ❖ Minerals ❖ ICT business ❖ Industrialization
National Development Plan III ***(NPA)***	❑ Sustainable industrialization for inclusive growth, employment and wealth creation ❑ Enhance value addition in key growth opportunities ❑ Strengthen the private sector to create jobs	❖ Mineral development, oil, tourism ❖ Light manufacturing: textiles/ apparels; paper products; electronic items; chemicals; ***cereal crops and cereal products*** ❖ Heavy manufacturing: iron and steel; cement; tiles; sanitary ware, plumbing, fixtures and fittings and automobile assembly
National Industrial Policy ***(MTIC)***	❑ Facilitate domestic value addition to benefit from regional and global value chains ❑ Establish and promote industries that create employment, inclusive growth and sustainable development in other sectors of the economy or industrial sub-sectors ❑ Establish strategic industries to reduce importation of products that can be locally produced from raw materials	❖ ***Agro-industrialization***: *fruit processing, coffee processing, cotton, textiles & apparels, tea processing, livestock (incl. meat, dairy & leather products)* ❖ Extractive: iron & steel, oil & gas, fertilizers ❖ Knowledge based industries: assembly of automobiles, other vehicles, and electronics

Note: Presidential Directives and Addresses (such as the 2019 State of the Nation Address) often play an important role in this policy environment; however, these are often unpredictable

B Within the specific agro-industrialization context, the institutional and policy framework operates at 3 broad levels

Institutional, regulatory, and policy framework for agro-industrialization (non-exhaustive)*

National Institutional Framework
(Policies, Programs, Legal, Regulations, Political agenda)

Production Segment

Example legal/regulatory frameworks:
- Animal Breeding Act 2011
- National Agricultural Research Act 2005

Example policies:
- National Fertilizer Policy 2016
- Commodity specific policies

Example plans and strategies:
- Plan for Modernization of Agriculture
- Agricultural Sector Strategic Plan
- Commodity/sub-sector strategies

Agro-manufacturing Segment

Example legal/regulatory frameworks:
- Weights and Measures Act 1965
- National Industrial Act 2013

Example policies:
- National Trade Policy 2007
- National Industrial Policy 2021

Example plans and strategies:
- National Industrial Parks Development Strategy
- Presidential Directive on Industrial Parks

Main focus of this landscape report

Market Segment

Example legal/regulatory frameworks:
- External Trade Act 1953
- EAC Customs Management Act 2004

Example policies:
- National Competition Policy 2015
- National Cooperative Policy 2016

Example plans and strategies:
- National Export Strategy
- National Policy and Quality Implementation Plan

While agro-industrialization efforts inherently cut across entire value chains, creating backward and forward linkages, the focus of this landscape assessment is on the opportunities to support **the GoU's efforts developing the agro-manufacturing sector**; refer to the appendix for further analysis of other key policies

Note: * Adapted from Economic Policy Research Centre, "Fostering a Sustainable Agro-Industrial Agenda in Uganda", 2018
Sources: NDPIII, 2020; EPRS, 2018; UIA Strategic Plan; IGC 2020; ISF Analysis

B The AGI program is situated in and supported by an institutional framework created and implemented by a complex ecosystem of GoU actors

Overview of GoU institutional framework ecosystem for agro-industrialization

Overall Leadership and National Strategic Direction Setting
Office of the President, Office of Prime Minister, The Cabinet

Key Ministries
Policy / strategy / coordination

Ministry of Trade, Industry, and Cooperatives	***Ministry of Agriculture, Animal Industry, and Fisheries***	***Ministry of Finance, Planning and Economic Development***
Formally authorized to create overall industrial policy and coordinate implementation; also responsible for promoting and developing trade	*Primarily responsible for production and productivity policy as well as implementation coordination of the NDPIII's AGI program*	*Plays role in development planning, mobilizing public resources, and coordinating development efforts across the entire development agenda*

Key agencies / parastatals:
Implementation / Enabling Functions / Support Services

UCDA ***UNBS*** ***UCCI*** ***UEPB*** ***UWRSA***	***NAADS*** ***NARO*** ***CDO*** ***NAGR&DB*** ***UCDA*** ***DDA***	***UIA*** ***UFZA***

Mandated by Presidential Directive in 2020 to implement the industrial park program by establishing 25 parks (5 a year) by 2025

Supporting MDAs

Engage with crucial enabling services, primarily infrastructure development:
Key supporting MDAs include: Lands, Works, Water, Energy, ICT, Sc & Tech

Note: Economic Policy Research Centre, "Fostering a Sustainable Agro-Industrial Agenda in Uganda", 2018
Sources: NDPIII, 2020; EPRS, 2018; UIA Strategic Plan; IGC 2020; Fowler, 2019; ISF Analysis

B UIA's role in the agro-industrial park program

Official mission (established in the Investment Code of 1991 and revised in 2019): *Promote, attract and retain value-adding domestic and foreign direct investments through targeted marketing and aftercare services*

Key activities: *market investment opportunities; promote packaged investment projects; ensure local and foreign investors have access to; offer business support, advisory and advocacy services*

Role in AGI Agenda:

- Directed by a 2020 Presidential Directive to establish **25 industrial parks by 2025** (5 per year), which has subsequently become one of the five key goals in UIA's strategic plan
- Based on this presidential mandate, **acts as the lead coordinator** across the institutional framework as well as the private sector to develop these parks
- While this role as lead coordinator of AGI parks sits slightly outside of its official mandate established in 1991 and revised in 2019 (see official mission in box above), most stakeholders consulted (across GoU, private sector, and local authorities), as well as UIA itself, **acknowledge its authority as key implementing entity** for AGI parks

Overview of UIA's agro-industrial park development plan:

- Put in place **integrated industrial infrastructure and services in one location** with all the required utilities
- **Provided services / infrastructure such as**: land, electricity, industrial water, waste disposal and management facility, ICT infrastructure, roads and modern lighting systems, parking facilities, etc.
- Establishing '**ready-to-go' industrial parks serves to facilitate investors** to quickly implement operations
- Each **industrial park is planned to sit on a minimum of 500 acres of land**, with special provision for small and medium enterprises and innovators

Sources: ISF analysis, interviews with stakeholders, and site visits; UIA; Economic Policy Research Centre; International Growth Centre

C Key GoU constraints affecting AGI park development

Policy Design Issues

- The GoU's ambitious program-approach to AGI development has a **broad set of priorities that seeks comprehensive AGI growth** across market sectors / segments
- However, different sector-level strategies (e.g., NIP from MTIC, PMA and ASSP from MAAIF) often **have conflicting priorities (e.g., of value chains) and objectives, clouding the ultimate goal**
- These policy variances are often **addressed through the creation of new policies rather than intra-MDA coordination and adjustment**, due largely to the siloed goals GoU entities often pursue
- Despite these issues, the various **stand-alone policies that make up the AGI program are ambitious and show effective foundational work**; there is a clear opportunity to build from these foundations by rationalizing / coordinating across existing policies

Conflicts of Mandates

- Wide-ranging priorities and insufficient coordination across the program often results in a **complex web of overlapping and conflicting mandates between MDAs**
- For example: MTIC is mandated to design and implement the industrial policy, of which agriculture is a priority sector, while MAAIF is also tasked with developing agro-processing initiatives; **coordination between the two is limited**

Sources: ISF analysis and interviews with stakeholders; GoU policy / strategy documents; UIA; African Development Bank; CASA; Economic Policy Research Centre; International Growth Centre

C Key GoU constraints affecting AGI park development

Institutional Capacity

- Key GoU institutions in the AGI program also face **challenges driven by under-resourcing and lack of internal capacity.** For example:
  - UIA's ability to implement essential processes at parks (e.g., MoU enforcement, investor diligence, investor aftercare support) is hampered by insufficient internal capacity (e.g., one investment officer working across five different park locations)
- Conflicting mandates and dynamics between MDAs can also often result in **certain GoU entities performing roles that may be outside of its expertise**. For example:
  - While MAAIF is mandated to coordinate the production / productivity (i.e., upstream) segment of the NPIII's AGI program, the delayed publication of the National Industrial Policy from MTIC forced the MAAIF to act as the primary implementer in the midstream segment, stretching its internal capacity
  - Similarly, UIA had to quickly adapt to its new role as AGI park coordinator following the 2020 Presidential Directive given the incremental responsibilities this entails relative to acting strictly as an investment promotion agency

Lack of Coordination

- Overall, the fundamental issues of the AGI program can be traced back **to a lack of coordination between actors across the institutional framework**
- Implementing **actors often act independently and within a narrow set of objectives**, limiting impact potential in a development area that requires cross-functional support
- There is additional need for **further coordination between Presidential Directives** and goal setting (e.g., 2020 Presidential Directive on AGI parks) **and existing strategic policies** that focus on similar areas (e.g., National Industrial Policy)

Sources: ISF analysis and interviews with stakeholders; GoU policy / strategy documents; UIA; African Development Bank; CASA; Economic Policy Research Centre; International Growth Centre

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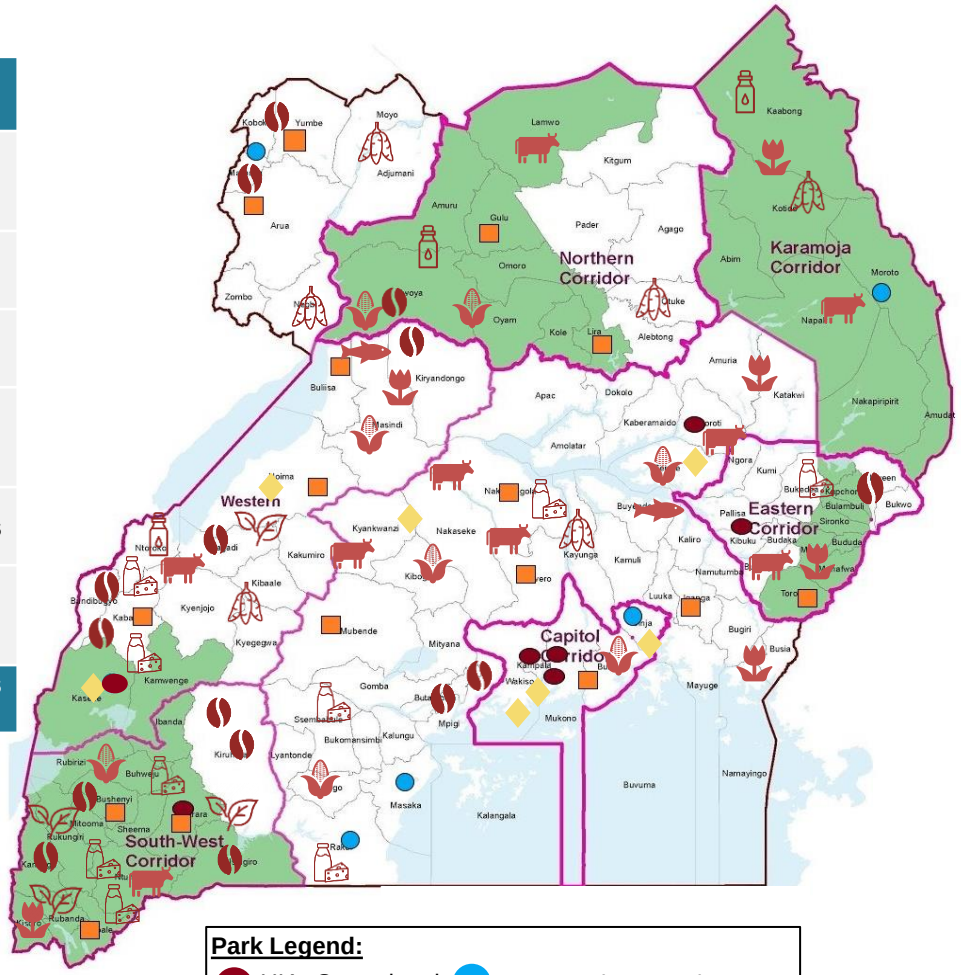
Development of the AGI park program is currently behind its ambitious schedule; 8 parks are partially operational with ongoing development

Current status of industrial parks within the UIA program

Park Status	Description	# of parks
Partially Operational / In Development	Despite listed as 'operational', all parks (except for Namanve) only have 1-3 companies operating	**8 parks**
Land Secured – No Major Issues	Land is legally owned by GoU with no major impediments to next steps	**1 park**
Land Secured – Major Issues	Land is owned by GoU, but major legal and/or physical planning issues exist	**3 parks**
Land Available via Land Mobilization Engagement	Land made available by districts via MTIC's land mobilization exercise, however no ownership transfer yet	**5 parks**
Land not Secured	Specific land has not been identified or pursued for the park	**11 parks**
Public / Private Parks (operational)	*Parks run by private entities after receiving some level of public support for development*	***3 parks***
Total		**31 parks *(28 UIA)***

Does not include Busia TLC as this is a stand-alone development project currently under MTIC mandate



NDPIII prioritized value chains:

- Maize
- Tea
- Cassava
- Cocoa
- Dairy
- Vegetable oil
- Fish
- Beef
- Coffee
- Horticulture

Park Legend:

- UIA- Operational
- UIA- Land Secured
- UIA- Land Not Yet Secured
- UFZA – Planned

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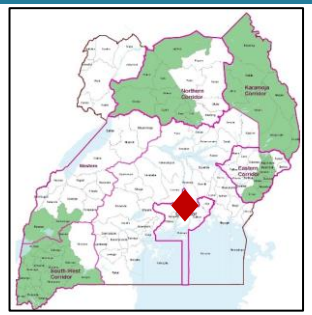
Despite being considered by the GoU as 'operational', the 8 existing park sites should be viewed as in-development due to major needs (1/2)

Summary of operational / in development industrial parks

Namanve IBP



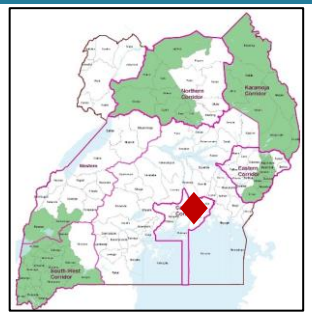
Status / challenges:

All plots allocated to 328 investors, 71 of whom are already operating; claimed impact of 30k jobs; lacks paved roads

Main agri-value chains:

- Dairy
- Coffee
- Maize

Luzira IBP



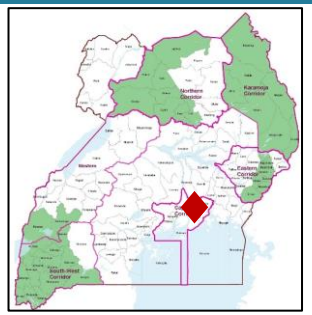
Status / challenges:

Fully allocated with 12 investors, 10 of whom are operational; base infrastructure in place, but lacks sewage system

Main agri-value chains:

- Dairy
- Coffee
- Maize

Bweyogerere



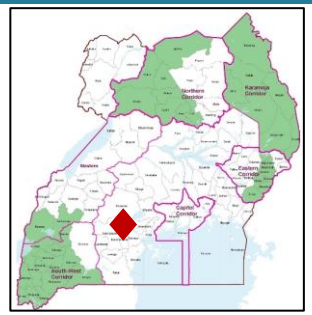
Status / challenges:

Fully allocated with 10 investors, 8 operational; Roads and other utilities are functional but lacks a sewerage treatment plant

Main agri-value chains:

- Fruit
- Dairy
- Coffee
- Maize

Mbarara SME park



Status / challenges:

Access roads, water, and power supply for 42 workspace units; 35 units are so far occupied by 23 SMEs

Main agri-value chains:

- Dairy

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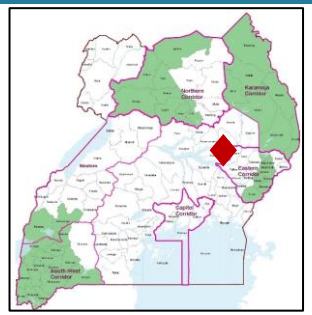
Despite being considered by the GoU as 'operational', the 8 existing park sites should be viewed as in-development due to major needs (2/2)

Summary of operational / in development industrial parks

Soroti



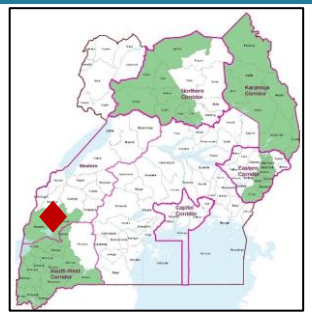
Status / challenges:

Of 20 investors, only 2 operational. Master plan and EIA completed; major issues with land speculation

Main agri-value chains:

- Fruit
- Dairy
- Grain

Kasese



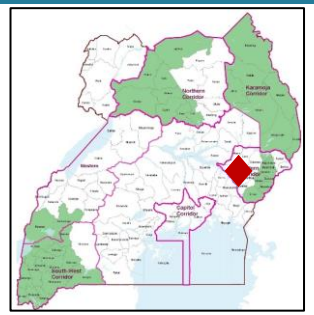
Status / challenges:

17 investors allocated land, but only 2 operational; roads, power, water available; apparent issue w/ speculators

Main agri-value chains:

- Dairy
- Coffee
- Cocoa
- Fish

Mbale



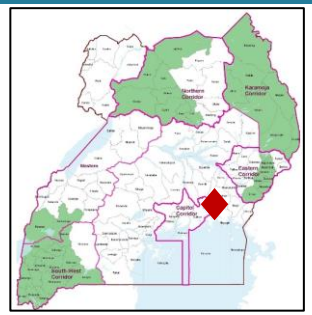
Status / challenges:

Park is part owned by Chinese investor. GoU has agreed to provide base infrastructure; 16 investors operating

Main agri-value chains:

- Dairy
- Coffee
- Maize

Jinja



Status / challenges:

Master plan and EIA study completed. MoU with Kira Motors to develop the infrastructure of ~60% of the park

Main agri-value chains:

- Grains

AGI parks that are either operational or in development face significant issues, including unused land and legal disputes (1/4)

Major issues at agro-industrial parks (1/4)

Brokers / Speculators

- Multiple 'operational' parks with land allocated to investors have very little physical development due in part to potential investors trying to sell the government-provided land for personal gain rather than invest in development
- While this violates the MoU with investors, UIA often lacks the necessary resources to successfully enforce these legal statutes

Example park: Soroti

- Soroti park is fully allocated to investors on paper, but a **majority of plots have no signs of development**
- Primary feedback **indicates they were not included in the allocation process**, despite a high degree of commercial interest from local agri-businesses

Undeveloped plot of land that has been allocated to an investor for 3 years – Soroti

UIA-provided road ending in an undeveloped but allocated lot – Soroti

Sources: ISF analysis, interviews with stakeholders, and site visits; UIA; Economic Policy Research Centre; International Growth Centre

AGI parks that are either operational or in development face significant issues, including unused land and legal disputes (2/4)

Major issues at agro-industrial parks (2/4)

Legal Disputes

- A core principle of the AGI parks program is **UIA acquiring ownership of the entire land prior to developing base infrastructure and allocating** to eligible investors
- However, **multiple disputes with both local authorities and private owners** have caused significant delays and could lead to the inability to develop locations

Example park: Moroto

- Land for the Moroto IBP (now Karamoja IBP) **was allocated to UIA prior to redistricting, resulting in a portion of the land split between two districts** (Moroto and Napak districts)
- The ensuing conflict with local authorities faces an ongoing **lengthy legal battle between** UIA and Napak district authorities

Marker stones are the only sign of the proposed Moroto (Karamoja) IBP; tensions have risen to the point that a police checkpoint has been stationed across the main road from the park to prevent any violence

Sources: ISF analysis, interviews with stakeholders, and site visits; UIA; Economic Policy Research Centre; International Growth Centre

AGI parks that are either operational or in development face significant issues, including unused land and legal disputes (3/4)

Major issues at agro-industrial parks (3/4)

Lack of Infrastructure and Services

- Feedback across parks indicate a **consistent lack of promised base infrastructure and services**, even if viewed as fully 'operational' by authorities
- Infrastructure issues range in severity, however key pieces are typically in place (roads, drainage) **while smaller but still important pieces often remain absent (sewage, security)**

Example park: Kasese

- While the site is well located and has impressive roads and drainage, the **promised waste treatment facilities have not been developed**
- Additionally, both **firms operating currently in the park express concern about security** and indicate that UIA (or other authorities) have not done enough to address these concerns

A drainage system and road in Kasese

Existing facilities for Latitude Trading Company

Sources: ISF analysis, interviews with stakeholders, and site visits; UIA; Economic Policy Research Centre; International Growth Centre

AGI parks that are either operational or in development face significant issues, including unused land and legal disputes (4/4)

Major issues at agro-industrial parks (4/4)

Poor Site Selection

- **Rushed and inadequate site selection** can be seen across a number of locations in the parks program
- This can be **due to a variety of reasons**: local authorities trying to get the park in their district provide poor land, UIA does not conduct a proper diligence of the site, political settlements drive land allocation without due process

Example park: Masaka

- Masaka district provided ~250 acres for a park to UIA in 2015, with the foundation stone laid in 2016
- According to the District Environmental Officer, the land is unusable as it is almost entirely a swamp; this was anecdotally confirmed by visiting the site and seeing that it is almost entirely wetland
- While local authorities and UIA stakeholders openly acknowledge this, there is still no official recognition at higher levels; the park is still viewed as a priority site currently in-development

Standing water and swamp at proposed Masaka site

Corner stone of Masaka site, with rest of swamp in the background (wetlands)

Sources: ISF analysis, interviews with stakeholders, and site visits; UIA; Economic Policy Research Centre; International Growth Centre

Many of these issues can be attributed to UIA's capacity/capability challenges it faces while acting as the de facto coordinator of the park program

Drivers of challenges / issues

Implementation failures…

The park-level issues can be attributed to key failures throughout the implementation process.

Key examples of these failures at crucial steps include:

- **Lack of local coordination / buy in:** very little engagement with local authorities and the private sector
- **Weak MoU enforcement:** GoU is unable to evict speculators from land based on MoUs
- **Key steps not followed:** key steps in processes are often ignored (e.g., proper investor diligence)

… driven by weak coordinating actor

UIA fails to address issues due to:

- *Lack of capacity / resources*
- *Lack of technical capabilities*
- *Lack of political leverage*
- *Lack of institutional 'respect'*

Importantly, these are not necessarily the fault of UIA. Rather, they are thrust into this position without the required resources and the lack of a clearly mandated coordinating GoU body

Primary feedback and research indicate that the root cause of these implementation breakdowns is the lack of a central actor or effective mechanism that can coordinate the implementation of policy

Sources: ISF analysis and interviews with experts and stakeholders; African Development Bank; CASA; International Growth Centre; Centre for Development Alternatives; Ggoobi

CONTENT

This section provides a summary of potential engagement opportunities for donors to further support the GoU's AGI agenda

Opportunities to engage with GoU's AGI agenda

A — Summary of engagement opportunities

- Overview of key options to address challenges / issues in the AGI agenda
- Engagement principles / themes
- Prioritized engagement opportunity rationale
- GoU partner selection context / considerations

B — Details on key objectives and support modalities

- Potential outcomes and supporting goals for identified support
- Illustrative support activities, modalities, and outcomes
- Key considerations for each intervention area

C — Potential actionable next steps for donors

- Summary of key next steps that donors can take to begin potentially implementing engagement opportunities

A Donors can address the AGI program's root causes by empowering a GoU partner to become the key implementing actor

Primary Engagement Opportunity

There is an opportunity to support a GoU entity* via **TA and targeted project management / finance** with the goal of **empowering the partner to become the key implementing actor** for the AGI program

*Focus on two key **synergistic** and **concurrent intervention areas**:*

Provide TA to empower GoU partner as the key implementing actor

- Primary outcome: GoU entity has the capacity / capabilities and political leverage to successfully serve as the key implementing actor for the AGI program
- Potential support modalities: direct capacity resourcing (e.g., secondments), TA

Develop 'model park(s)' with the GoU implementing partner

- Primary outcome: commercially viable AGI park that provides a model for world class development process
- Potential support modalities: project management, project financing (e.g., feasibility studies), benchmarking analysis, investment facilitation

Note: * Selecting GoU partner which will be primary intervention entry point is key first step; further information on potential options and decision framework is provided in this section

A This approach prioritizes key principles and themes that can maximize the success of a donor's engagement

Key engagement principles / themes

Support GoU strategic objectives	Objectives should **support the GoU's strategic goals and needs**
Aligned impact objectives	Engagements should be both impactful in addressing the key challenges of AGI program while also **achieving the donor's own impact objectives**
Commercial sustainability / market systems approach	Focus on **commercially viable goals** that sustainably engages the entire private sector ecosystem (e.g., agro-processing firms, farmers supplying products, "agro-allied" firms, etc.) through a **market systems development lens**
Avoid donor dependence	Objectives pursued by a donor should be co-designed / structured alongside a GoU partner and delivered through **modalities that encourage self sufficiency and avoid donor dependence** from recipients
Additive to broader support landscape*	Engagements should **consider the broader support/donor landscape**, with a goal of not just being incremental to existing support but **also potentially acting as a catalyst**

Note: * See supporting materials for further mapping of existing development actors in this space
Sources: ISF analysis and interviews

A The prioritized engagement opportunities directly address the root causes of failure in the AGI program and reflect key GoU stakeholder feedback

Supporting rationale for prioritized engagement opportunities

Directed at root causes of failures	✓ The lack of a single empowered coordinating entity working within the existing GoU support framework drives the majority of issues apparent in the AGI program ✓ Research and historical case studies indicate that an empowered actor can address or mitigate existing policy issues
Responsive to primary GoU feedback	✓ Primary feedback from GoU stakeholders (across various MDAs) indicate a need and desire for support at the implementation level ✓ Stakeholders welcomed the option of further empowering a single entity
Uses targeted yet multifaceted approach	✓ The suite of engagement opportunities aims to increase the chance of tangible impact by supporting specific outcomes in a relatively small segment of the broader AGI system ✓ In addition, the multifaceted approach (e.g., TA and model parks development) ensures a systemic and sustainable impact
Maximizes finite resources	✓ The proposed approach maximizes the finite resources available to donors and the GoU by engaging primarily with a single GoU entity and pursuing focused key outcomes (e.g., narrow focus on just two model parks)

Sources: ISF analysis and interviews

A Selecting the GoU engagement partner is a crucial step; UIA and MTIC are the primary options within the existing policy framework

Ministry Of Trade, Industry and Cooperatives

Rationale for partnership: MTIC is mandated as the lead GoU actor for trade and industrialization policy and implementation across all sectors; however, its influence and impact beyond a policy level has been limited

Potential Benefits of Partnership

- ✓ Partnering at the **Ministry level could have a higher potential for political leverage** given the GoU's institutional framework
- ✓ MTIC is the most logical choice based on the **existing conceptual regulatory / policy framework**
- ✓ **Potential for synergies** across industrial implementation and trade policy / implementation

UIA Uganda Investment Authority

Rationale for partnership: despite its relatively narrow mandate, UIA is the implementing coordinator for the AGI park program, due largely to a 2019 presidential directive

Potential Benefits of Partnership

- ✓ Feedback indicates it has **existing legitimacy as current coordinator of park program** across GoU actors and private sector
- ✓ Key GoU (e.g., MoFPED) and local stakeholders (e.g., district councils) **view it as the most logical choice**
- ✓ UIA is well positioned to **leverage the political power of its parent organization**, MoFPED
- ✓ Many **existing challenges could potentially be addressed by proposed support** (e.g., lack of capacity and capabilities)

UIA is the optimal GoU implementing partner due to its *current* institutional positioning

*However, further **engagement with key stakeholders** (especially MTIC) is **needed prior to finalizing this decision***

Note: MTIC – Ministry of Trade, Industry, and Cooperatives; UIA – Uganda Investment Authority; MoFPED – Ministry of Finance, Planning, and Economic Development

Sources: ISF analysis and interviews with experts; Centre for Development Alternatives; Ggoobi; MTIC materials

B Donors can focus on a number of key intervention areas that will help the GoU partner develop the requisite capacity and capabilities

Provide Technical Assistance to Partner – Intervention Areas

Key outcome	GoU partner has the **capacity and capabilities to effectively serve as the key coordinating actor** for the AGI program

Potential Supporting Intervention Areas

Knowledge products development
- Capacity and TA support for GoU partner to effectively produce key reports (e.g., feasibility studies)

Monitoring and evaluation
- Technical and capacity development of GoU partner's M&E framework and learning mechanisms

Management standards
- Capacity and technical capability support for updated internal performance standards and assessments

Institutional rationalization
- Support internal rationalization for partner organization through capacity and TA engagement

Market systems approach
- Capability development and influence to ensure GoU partner integrates market systems outcomes into goals

ESG standards implementation
- Technical assistance and political influence used to ensure ESG standards are adhered to throughout implementation

*Any **interventions are dependent on which GoU actor a donor partners** with and should be **codesigned between the two entities***

Sources: ISF analysis and interviews with experts and stakeholders; African Development Bank; CASA; International Growth Centre; Centre for Development Alternatives; Ggoobi

B Key modalities for a successful donor engagement include a mix of capacity support, capability development, and coordination support

Provide TA to GoU Partner – Primary Engagement Modalities

Technical Assistance: Capacity Support

Illustrative activities:

- Long-term embedded technical support experts within GoU partner to provide additional capacity and 'on-the-job' training
- Rotational secondments placed with GoU partner
- Ad-hoc funding / personnel resourcing for key products and steps in the process

Technical Assistance: Capability Development

Illustrative activities:

- Program implementation and management guidelines and frameworks
- Scholarships and on-the-job training programs
- Best practice guides
- Exposure placements in well-functioning industrial parks abroad

Political Coordination Support

Illustrative activities:

- Build alignment across different policy spheres and actors towards an implementing consensus

Sources: ISF analysis and interviews with experts and stakeholders; African Development Bank; CASA; International Growth Centre; Centre for Development Alternatives; Ggoobi

B

Context: the following slides provide an overview and prioritization of potential activities that donors could pursue to address existing gaps

Provide TA to GoU Partner – Potential Activities / Tasks

GoU actor determines specific actions

- Specific donor interventions are dependent on which GoU actor it partners with
- Following this decision, a more comprehensive capabilities analysis should be completed to establish key support interventions; the two entities should co-design the interventions

For the sake of this exercise, ***illustrative interventions and outcomes are presented in the context of the GoU's existing AGI implementation framework***

Preliminary Prioritization Assessment

- The following slides present a preliminary **prioritization assessment of the proposed activities on a high / medium scale** (see below) to provide a degree of structure for the long list of potential interventions
- This assessment reflects a **preliminary view of key gaps and opportunities for support** of the GoU's institutional implementation framework
- The view is informed by direct stakeholder feedback, site visits, literature review, and review of successful international case studies
- A further prioritization assessment is a key next step in the process

Preliminary Prioritization Assessment

High Priority	*Medium Priority*

Sources: ISF analysis and interviews with experts and stakeholders

B Donors can provide TA and capacity support to address key gaps in the knowledge product development process

Provide TA to GoU Partner – Potential Activities / Tasks

Intervention Area	Illustrative activity / task	Illustrative deliverable / outcome
Knowledge Products Development	Identify capacity and capability gaps in GoU partner's existing knowledge products processes	*Internal analysis and design document*
	Create a framework for pre-development reports / studies based on analysis of successful case studies	*Framework and checklist for pre-development knowledge products*
	Develop scope of work and key tasks for consultants / experts to execute on knowledge products	*Draft scope of engagement / MOU with technical consultants*
	Embed resources into GoU partner with experience of managing complex report processes	*Embedded resources*

Preliminary Prioritization Assessment

High Priority | *Medium Priority*

Sources: ISF analysis and interviews with experts and stakeholders; African Development Bank; CASA; International Growth Centre; Centre for Development Alternatives; Ggoobi

B Donor-led TA and co-development support activities can achieve positive impact in the monitoring & evaluation intervention areas

Provide TA to GoU Partner – Potential Activities / Tasks

Intervention Area	Illustrative activity / task	Illustrative deliverable / outcome
Monitoring & Evaluation	Co-develop with partner baseline / target for key indicators	*Baseline / target metrics that take into account local / regional context*
	Develop data collection and resources	*Data collection and analysis tool and dedicated resources (both centrally and locally)*
	Support creation of regional monitoring mechanism that connects central apparatus to local authorities and management	*Regional monitoring mechanism across focus regions in Uganda*
	Train GoU partner to use analytics dashboard with specific outcomes to preserve learnings moving forward	*GoU partner able to operate M&E learning tools independently*
	Conduct regular (quarterly) data quality audits on GoU partner's M&E data	*Audited M&E data*

Sources: Ibid

Preliminary Prioritization Assessment

High Priority | *Medium Priority*

B Offering TA support for developing management standards / processes, addresses key internal issues within the implementing entity

Provide TA to GoU Partner – Potential Activities / Tasks

Intervention Area	Illustrative activity / task	Illustrative deliverable / outcome
Internal management standards and processes	Identify gaps and challenges in GoU partner's existing management standards via stakeholder consultation	*Internal analysis and design document*
	Create an outline of successful internal performance standards, assessment mechanisms, and incentives structure	*Internal framework for GoU partner*
	Embed resources into GoU partner to support implementation of new standards	*Embedded resources*
	Organize and resource exposure placements and exchanges with well functioning AGI parks abroad	*GoU partner employees placed in AGI parks abroad for set time*

Sources: Ibid

Preliminary Prioritization Assessment

High Priority | *Medium Priority*

B Stakeholder facilitation for other GoU actors could help address some of the AGI program's institutional challenges

Provide TA to GoU Partner – Potential Activities / Tasks

Intervention Area	Illustrative activity / task	Illustrative deliverable / outcome
External institutional rationalization	Use this report and existing relationships with GoU MDAs (e.g., from other programs, etc.) to further map GoU stakeholders	*Detailed mapping of GoU stakeholders and political settlements*
	Pursue informal engagement with key GoU stakeholders (across MDAs) in effort to rationalize institutional framework	*Informal engagements with GoU MDAs and individuals (e.g., ad-hoc meetings to help set and carry out priorities that support the AGI program), with particular focus on Office of President and The Cabinet*
	Help identify and analyze the priority paths for GoU partner to support further policy-level rationalization	*Analysis identifying key ways to externally empower partner*

Preliminary Prioritization Assessment

High Priority | *Medium Priority*

B Donor-led TA and embedded resource support could empower the GoU partner to further implement a market systems approach

Provide TA to GoU Partner – Potential Activities / Tasks

Intervention	Illustrative activity / task	Illustrative deliverable
Market systems approach	Co-develop a scope and design document with GoU partner that prioritizes a market systems development approach	*Design document*
	Provide technical assistance to GoU partner to develop capabilities and approach defined by MSD	*Improved internal capabilities for GoU partner*
	Provide long-term embedded technical advisor to act as lead for the MSD approach and to provide 'on-the-job' training	*Long-term embedded technical advisor*
	Design partnering strategy with private sector, based on stakeholder feedback and analysis, that prioritizes MSD	*Private sector stakeholder partnering strategy*

Sources: Ibid

Preliminary Prioritization Assessment

High Priority | *Medium Priority*

B Embedded advisors and TA support could help the GoU partner with implementing and maintaining environmental and social (ESG) standards

Provide TA to GoU Partner – Potential Activities / Tasks

Intervention Area	Illustrative activity / task	Illustrative deliverable / outcome
Environmental, Social, and Governance (ESG) standards implementation	Provide technical assistance and training to GoU partner on specific ESG standards and goals within AGI park development process	*Increased capability for GoU partner*
	Develop framework and technical best practice guides for ensuring ESG standards in AGI development	*Best practice guide and framework*
	Exert political pressure, both internal to GoU partner as well as external, to ensure ESG goals are prioritized	*Informal discussions with GoU MDAs, redesigned ESG goals*

Sources: Ibid

Preliminary Prioritization Assessment

High Priority | *Medium Priority*

B Donors should consider a number of key topics and themes prior to pursuing these interventions and support

Provide TA / Influence to GoU Partner – Key Considerations

- **Selecting the GoU partner entity** is the most crucial step in the process and could determine the overall success of the engagement
- Due to the political atmosphere involved with the broader AGI program (and GoU more broadly), it is important to emphasize that **while a donor is supporting a specific partner, it will do so in a collaborative process with other key GoU stakeholders**
- All support should be with the goal of empowering the partner actor to become **self sufficient and able to successfully operate on its own**
- While support is aimed at a GoU partner, donors must **ensure alignment and coordination with all key stakeholders involved in successful AGI development**, such as: financiers, private sector actors, civil society, and other external supporters

Sources: ISF analysis and interviews with experts and stakeholders; African Development Bank; CASA; International Growth Centre; Centre for Development Alternatives; Ggoobi

B Donors could also provide technical assistance and financial resourcing to support the GoU partner with developing a smaller set of 'model parks'

Develop 'model parks' – Intervention Areas

Key outcome	**Commercially viable agro-industrial parks** that serve as a **model of best-in-class development processes** moving forward for the GoU partner

Potential Supporting Intervention Areas

Park design and pre-development
- TA, capacity support, and project financing to support GoU partner with key planning and design steps

Park development
- Project financing, capacity, and TA provided for direct outcome of physical park development

Park management and operations
- TA and capacity resourcing to properly embed governance and operations into parks as well as efficient services provision

Private sector engagement
- TA support to ensure GoU partner engages with private sector in a commercially sustainable way using a market systems development approach

Any interventions donors pursue should be codesigned with the primary GoU partner it engages with

Sources: ISF analysis and interviews with experts and stakeholders; African Development Bank; CASA; International Growth Centre; Centre for Development Alternatives; Ggoobi

B These objectives can be achieved by primarily offering a combination of TA and capacity resources alongside targeted project financing

Develop 'model parks' – Primary Engagement Modalities

Technical Assistance:
Capacity support and capability development

Potential activities:

- Embedded technical support experts focused on model park development goals
- Project management and production of frameworks to achieve success
- Training and resources for pre-development planning
- Diligence suppliers and partners
- Stakeholder facilitation and management
- Governance and operations support
- Ownership and financial structuring support
- Investment facilitation, diligence, and incentive design

Project Financing

Potential activities:

- Financing for project needs that are often unaddressed by external funding (e.g., feasibility studies, master planning)
- This modality could be used to positively influence GoU decision making (e.g., convince GoU to focus on just two 'model parks')

Sources: ISF analysis and interviews with experts and stakeholders; African Development Bank; CASA; International Growth Centre; Centre for Development Alternatives; Ggoobi

B Supporting key steps in the park design and pre-development process addresses a wide variety of crucial gaps in the existing program (1/2)

Develop 'model parks' – Potential Activities / Tasks

Intervention Area	Illustrative activity / task	Illustrative deliverable / outcome
Park design and pre-development	Use influence as primary donor to direct GoU partner towards focusing resources on development of 1-2 model parks	*GoU partner focuses on model parks with buy-in of other MDAs and Office of President*
	Provide detailed economic modelling and impact projections	*Economic model; impact projections*
	Meet with GoU partner to confirm park prioritization process	*2 prioritized parks*
	Provide benchmarking for successful implementation (e.g., int'l parks)	*Benchmarking assessment report*
	Organize and resource exposure placements within well functioning AGI parks abroad to develop partner capabilities	*Placement in AGI parks abroad*
	Create local engagement framework; provide capacity support to ensure in-depth local engagement	*Engagement framework, capacity support (e.g., dedicated local liaison)*
	Provide TA and resourcing to develop business / economic case	*Business / economic case report*

Sources: ISF analysis and interviews with experts and stakeholders; African Development Bank; CASA; International Growth Centre; Centre for Development Alternatives; Ggoobi

Preliminary Prioritization Assessment	
High Priority	*Lower Priority*

B Supporting key steps in the park design and pre-development process addresses a wide variety of crucial gaps in the existing program (2/2)

Develop 'model parks' – Potential Activities / Tasks

Intervention Area	Illustrative activity / task	Illustrative deliverable / outcome
Park design and pre-development	Provide technical support and resourcing for pre-feasibility and feasibility studies; create framework for consultant selection	*Process for consultant selection; completed feasibility studies*
	Provide technical support and resourcing for creation of masterplans; diligence consultants used for this	*Process for consultant selection; completed master plans*
	Provide capacity resourcing (e.g., secondments) to support in legal processes for land acquisition (as needed)	*Dedicated legal resources*
	Provide TA to ensure integrative planning and market linkages	*Linkages with agri-firms in key value chains*
	Resourcing for external review of environmental / social impact	*ESG impact assessment*
	Provide TA to ensure risk planning and mitigation	*Risk mitigation strategy in place*
	Facilitate local stakeholder consultation (private and public sector)	*Ongoing stakeholder engagements*

Sources: ISF analysis and interviews with experts and stakeholders; African Development Bank; CASA; International Growth Centre; Centre for Development Alternatives; Ggoobi

Preliminary Prioritization Assessment	
High Priority	*Lower Priority*

B Donors could support physical development of a park through technical training, political influence, and targeted funding

Develop 'model parks' – Potential Activities / Tasks

Intervention Area	Illustrative activity / task	Illustrative deliverable / outcome
Park development	Create model for onsite and offsite infrastructure demand and risk assessments / mitigation	*Infrastructure demand / need model* *Risk assessment / mitigation report*
	Facilitate stakeholder engagement with private sector investors to understand key infrastructure needs	*Engagement sessions with agri-firms* *Ongoing private sector input*
	Facilitate engagement with external experts and successful existing AGI park developers to understand innovative physical development goals	*Engagement sessions with externa experts; benchmarking reports*
	Provide political influence and capacity resourcing for GoU to coordinate across implementing MDAs (e.g., Ministry of Water, Ministry of Energy)	*Regular steering committee meetings between key support MDAs*
	Provide TA to support selection of physical planning consultants	*Framework for consultant selection*

Sources: ISF analysis and interviews with experts and stakeholders; African Development Bank; CASA; International Growth Centre; Centre for Development Alternatives; Ggoobi

Preliminary Prioritization Assessment

High Priority	*Lower Priority*

B Facilitating infrastructure funding and providing project management training / capacity potentially addresses significant gaps

Develop 'model parks' – Potential Activities / Tasks

Intervention Area	Illustrative activity / task	Illustrative deliverable / outcome
Park development	Provide capacity support in the form of transaction advisory to help catalyze financing for infrastructure from public or private sources	*Appropriate infrastructure financing*
	Provide targeted financing to ensure key 'secondary' infrastructure (e.g., waste mgmt) that may not be primary funding priority is in place	*Financing for specific development needs*
	Provide project management support for GoU partner during construction process through embedded resources and TA	*Embedded project management advisor*
	Use influence and TA to ensure ESG goals are being met throughout development	*ESG goals are met and standards adhered to*
	Provide TA to ensure that all infrastructure development is made with commercial outcomes as goal (e.g., 'plug and play' infra. for firms)	*Commercially sustainable infrastructure (e.g., factory shells, warehouses)*

Sources: ISF analysis and interviews with experts and stakeholders; African Development Bank; CASA; International Growth Centre; Centre for Development Alternatives; Ggoobi

Preliminary Prioritization Assessment

High Priority | *Lower Priority*

B TA, capacity resourcing, and stakeholder facilitation support could help the GoU partner create an efficient and tailored park management system (1/2)

Develop 'model parks' – Potential Activities / Tasks

Intervention Area	Illustrative activity / task	Illustrative deliverable / outcome
Park management and operations	Pre-development: use TA and influence to support setup of ownership and management structures (engaging broadly with GoU AGI actors)	*New park-specific decentralized management structure*
	Pre-development: provide technical direction on design of optimal MoU for partners (both private and public sector partners)	*Model MoU agreements w/ partners*
	Provide TA and resources for creation of AGI park management and accountability mechanisms	*New park accountability mechanism with capacity to enforce MoUs etc.*
	Develop special regulations and incentives within the park and provide capacity resourcing for implementation	*Policy for park-specific regulations and incentives; implementing mechanism*

Sources: ISF analysis and interviews with experts and stakeholders; African Development Bank; CASA; International Growth Centre; Centre for Development Alternatives; Ggoobi

Preliminary Prioritization Assessment	
High Priority	*Lower Priority*

B TA, capacity resourcing, and stakeholder facilitation support could help the GoU partner create an efficient and tailored park management system (2/2)

Develop 'model parks' – Potential Activities / Tasks

Intervention Area	Illustrative activity / task	Illustrative deliverable / outcome
Park management and operations	Embed specific resources to support park management	*Embedded technical advisor dedicated to park management team*
	Facilitate stakeholder management, including private sector engagement and investor aftercare	*Ongoing meetings and dialogue between park mgmt and investors; formalized reporting mechanism*
	Provide TA and capacity support to ensure successful implementation of key basic services (e.g., security, emergency services, etc.)	*Basic services are implemented successfully*
	Provide TA and resourcing for specific mechanism to ensure integration and collaboration with local farmers and agri-SMEs	*Mechanism / implementing team to support ongoing engagement*

Sources: ISF analysis and interviews with experts and stakeholders; African Development Bank; CASA; International Growth Centre; Centre for Development Alternatives; Ggoobi

Preliminary Prioritization Assessment	
High Priority	*Lower Priority*

B Donors can ensure its GoU partner pursues sustainable and commercially viable private sector engagement through embedded TA and influence (1/2)

Develop 'model parks' – Potential Activities / Tasks

Intervention Area	Illustrative activity / task	Illustrative deliverable / outcome
Private sector engagement	Support investment promotion, facilitation, and aftercare management throughout pre and post-development via TA and capacity resourcing	*Embedded investment advisor; framework for investment promotion*
	Facilitate private sector engagement pre and post-development	*Regular private sector roundtables*
	Provide TA and resources for diligence and investor selection process	*Standardized investor requirements; support from embedded advisor*
	Provide TA to GoU partner as it develops framework for firm performance requirements within park	*Standardized performance requirement document available to all investors*
	Provide capacity support and influence to address non-performing investors in park	*MoU and other legal processes are properly followed and addressed*

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Sources: ISF analysis and interviews with experts and stakeholders; African Development Bank; CASA; International Growth Centre; Centre for Development Alternatives; Ggoobi

Preliminary Prioritization Assessment	
High Priority	*Lower Priority*

B Donors can ensure its GoU partner pursues sustainable and commercially viable private sector engagement through embedded TA and influence (2/2)

Develop 'model parks' – Potential Activities / Tasks

Intervention Area	Illustrative activity / task	Illustrative deliverable / outcome
Private sector engagement	Provide TA support to GoU for ongoing relation management with firms in parks	*Training / framework for ongoing private sector support; informal meetings*
	Provide TA support to GoU partner for dynamic incentives development, responding to changing needs / goals of firms	*Incentives that respond to changing needs of private sector*
	Ensure firms are actively developing upstream and downstream market linkages with priority local value chains via TA for GoU partner	*Market linkages, partnerships between park investors and agri-firms in key value chains*
	Use influence and technical support to ensure firms are engaged in a favorable export market (e.g., through standards, trade negotiations)	*Regularized standards for export; political influence on trade negotiations*

Sources: ISF analysis and interviews with experts and stakeholders; African Development Bank; CASA; International Growth Centre; Centre for Development Alternatives; Ggoobi

Preliminary Prioritization Assessment	
High Priority	*Lower Priority*

B Focusing 'model park' development in Busia TLC (to leverage existing support) and either Kasese IBP / Gulu IBP appears attractive for a donor

Develop 'model parks' – Assessment of potential priority parks

Primary factors considered for prioritized park selection:

- ❑ Current status / stage
- ❑ Impact potential
- ❑ Existing external support
- ❑ Economic analysis
- ❑ Geography
- ❑ Feedback from GoU partners
- ❑ Commercial viability
- ❑ Local buy-in and support

*Donors could **leverage existing support in Busia** by prioritizing its development as a 'model park'*

1 **Busia Trade and Logistics Cluster**

*Due to the unique nature of the current Busia engagement, donors should **also support an additional park**; we offer two options with **similar profiles at different development stages:***

2a **Kasese Industrial Park**

In-development (two operating firms)

2b **Gulu Industrial Park**

Pre-development (prioritized by UIA / GoU)

*A decision between the two could be **dictated by desired timelines / costs***

Sources: ISF analysis and interviews with stakeholders; GoU policy / strategy documents; UIA; African Development Bank; CASA; Economic Policy Research Centre; International Growth Centre

B Despite having similar attractive profiles for engagement, each park has unique advantages and considerations

Develop 'model parks' – Assessment of potential priority parks

See appendix for further assessment details

Park Name	Status	Advantages	Considerations
Busia TLC	▪ Pre-development ▪ Land in process of being secured ▪ Experiencing funding delays	✓ Located at key Kenyan border crossing ✓ Could engage early in development process ✓ GoU / local authority focus on location	❖ Development is **under MTIC mandate** (only public park project not run by UIA) ❖ Unique ownership structure could **require additional coordination between GoU actors** (e.g., UIA, MTIC)
Kasese Industrial Park	▪ In development ▪ 2 operating firms ▪ Partial base infrastructure	✓ Attractive location close to DRC border (crucial, given DRC entry to EAC) ✓ Prioritized VCs in region and feedback indicates local commercial viability ✓ GoU (UIA) has prioritized the location ✓ Sizeable local buy-in and support	❖ Engaging with an already partially operational park requires **addressing steps skipped in earlier stages** of development (e.g., feasibility study) ❖ Faces common **issue of speculators**, which can only be solved legally
Gulu Industrial Park	▪ Pre-development ▪ Land secured ▪ Pre-development studies not done	✓ Attractive location adjacent to NW border with DRC and prioritized by GoU ✓ Commercially viable industries and VCs ✓ GoU has prioritized the broader industrialization of the region ✓ Greenfield status is potentially attractive	❖ Land has been acquired, but **physical assessment not yet conducted** ❖ Engaging with greenfield project **requires longer timeline** ❖ EU (via GGGI) **already partially engaged** in an adjacent project at site

Sources: ISF analysis and interviews with stakeholders; GoU policy / strategy documents; UIA; African Development Bank; CASA; Economic Policy Research Centre; International Growth Centre

B Donors should consider a number of key topics prior to directly supporting park development

Develop 'model parks' – Key Considerations

- Support should be **provided against a jointly agreed schedule of milestones**
- Intervention objectives should **empower the partner actor to become self sufficient** and able to successfully operate on its own
- Donors should ensure any potential support for 'model park' **development is co-designed** alongside the implementing GoU partner in a way that **maximizes its replicability**
- Donors should work to **mitigate any politically sensitive situations** arising from supporting an implementing / coordinating actor tasked with delivering on AGI policy
- The development process should **take a market systems approach to ensure long-term commercial viability** and sustainability

Sources: ISF analysis and interviews with experts and stakeholders; African Development Bank; CASA; International Growth Centre; Centre for Development Alternatives; Ggoobi

C To further assess these engagement opportunities, donors should prioritize engaging GoU stakeholders as the key next step

Actionable next steps – engagement with GoU

Engage GoU to establish primary partner entity	❑ Donors could engage with GoU stakeholders (including existing partners) to **evaluate which entity to target for direct support**; this is the **priority next step** ❑ Assessment could take into account **1) the potential for success/impact**, **2) the political settlements involved, and 3) the response from various GoU stakeholders** ❑ **MTIC and UIA are priority entities to engage** with and receive feedback from; MoFPED is also a priority stakeholder to engage
Conduct capacity assessment	❑ Following the selection of the GoU partner, donors could **commission a capability and gap assessment to identify the key leverage points to target** ❑ This study **could be done in partnership with the GoU entity** with the end goal of determining where direct support from donors could be most impactful
Co-design approach with partner	❑ Following capability / gap assessment, an **engagement approach** (e.g., areas to address with existing portfolio, opportunities for incremental support) **could be co-designed with its GoU partner** ❑ This co-design **process could aim to 'select' from the menu of options laid out in this landscape assessment** in order to address the most critical points of failure
Engage development partners	❑ Engage other development partners to **ensure any AGI support is additive** ❑ Explore **opportunity to potentially act as catalyst / leader** in this space, given interest in the space from development partners

APPENDIX

- **A** Stakeholders and sources consulted
- **B** Supporting materials – GoU's agro-industrialization context
- **C** Supporting materials – AGI program status, challenges, and opportunities
- **D** Supporting materials – AGI park prioritization and details

A This work used primary feedback from stakeholders across 19 organizations

Category	Organization
Government of Uganda	Ministry of Trade, Industry, and Cooperatives (MTIC)
	Ministry of Finance, Planning, and Economic Development (MoFPED)
	Uganda Investment Authority (UIA)
	Uganda Free Zones Authority (UFZA)
Local Authorities	Soroti District
	Moroto District
	Kasese District
	Masaka District
Development Partners / External experts	African Development Bank
	Centre for Development Alternatives
	European Union
	Global Green Growth Institute
	International Growth Centre Uganda
	Millennium Challenge Corporation
	World Bank
Private Sector	Pela Commodities
	Darley Investments (Coffee Exporter)
	Perry Engineering
	Latitude Trading Company

A Sources consulted (1/3)

1. Agricultural Productivity Growth, Resilience, and Economic Transformation in Sub-Saharan Africa, USAID, 2021
2. Agriculture in Uganda: performance and Policy Implementation, Economic growth Forum, 2019
3. "AGRO INDUSTRIALISATIONPROGRAMME ANNUALPERFORMANCE REPORT, MAAIF, 2021"
4. "Agro-industrial parks: success factors, incentive mechanisms and donor roles, Centre For Development Alternatives and CASA, 2021"
5. Agro-industrialization In Uganda Current Status, Future Prospects And Possible Solutions To Pressing Challenges, Fowler, 2019
6. Agro-industrialization in Uganda Working Paper, Fowler and Rauschendorfer, 2019
7. Annual Agricultural Survey Statistical Release, UBOS, 2020
8. Annual Agriculture Survey, UBOS, 2020
9. Closing the Potential-Performance Divide in Ugandan Agriculture, World Bank, 2018
10. Comtraces Trade Data, 2021
11. Country diagnostics for Special Agro-industrial Processing Zones (SAPZ) for competitiveness and job creation in Uganda, Mahindra Consulting Engineers, 2021
12. "DEVELOPMENT PERSPECTIVES ON SPECIALAGRO-INDUSTRIAL PROCESSING ZONES(SAPZ) IN AFRICA, African Development Bank, 2021"
13. East African Cross border Trade Bulletin, Food Security and Nutrition Working Group, 2018-2022
14. "Enabling inclusive growth through agro-industrialization and agricultural transformation, International Growth Centre, 2018"
15. Feed the Future Report, East Africa Regional Plan, 2019

A Sources consulted (2/3)

16. Feed the Future Report, Uganda Country Plan, 2018
17. Feed The Future, Uganda Enabling Environment For Agriculture Activity, 2021
18. Food insecurity as a supply chain problem. Evidence and lessons from the production and supply of bananas in Uganda, Ssennoga et al., 2019
19. Fostering A Sustainable Agro-industrialization Agenda In Uganda, Economic Policy research Centre, 2018
20. "From Paper to Practice - Implementation of Uganda's Industrialization Agenda, Ramathan Ggoobi, 2019"
21. Implementing the New Industrial Policy, International growth Centre, 2021
22. Industrial Policy for Economic Transformation in Uganda, Centre for Development Alternatives, 2020
23. Kampala IBP Namanve Feasibility Report, 2019
24. National Agricultural Extension survey, Ministry of Agriculture, Animal Industry, and Fisheries, 2016
25. National Industrial Policy, MTIC, 2020
26. National Strategy for Private Sector Development, MoFPED, 2017
27. "NDPIII AGRO-INDUSTRIALIZATION PROGRAMMEIMPLEMENTATION ACTION PLAN, National Planning Authority, 2020"
28. Skills for Industry, Ramathan Ggoobi, 2021
29. Small Family Farms Uganda Fact Sheet, UNFAO, 2019
30. Special Economic Zones - Policy Considerations for Uganda, International Growth Centre, 2020
31. Status Of Industrial & Business Parks And Agricultural Lands In Uganda, Uganda Investment Authority, 2021

A Sources consulted (3/3)

32. Tax Incentives/Exemptions Guide, Uganda Revenue Authority, 2021
33. The portrait of Uganda's informal sector, Mugoda et al., 2020
34. "Transforming secondary cities for job creation, International Growth Centre, 2019"
35. Transforming Uganda's agricultural sector for sustained economic growth, International Growth Centre, 2017
36. U.S. Government Global Food Security Strategy 2022-2026, Feed the Future, 2021
37. Uganda Business Survey, UN Capital Development Fund, 2020
38. Uganda Food Balance Sheet Report, 2020
39. Uganda Third National Development Plan, 2020
40. Uganda Value Added Maize Alliance Project, USAID, 2017
41. UIA Agricultural Sector Investment Profiles, 2018-2022
42. UIA Strategic Plan 2020/21-2024/25, Uganda Investment Authority
43. USAID Uganda Country Development Cooperation Strategy 2016-2021, USAID Uganda, 2016
44. Value Chain Development in Uganda: Lessons Learned from the Application of the Participatory Market Chain Approach, Mayanja et al., 2013
45. Various news and journalistic articles
46. World Bank Private Sector Diagnostic, Uganda, World Bank, 2022
47. World Bank, Uganda Databank, 2021

B *For reference*: agricultural production in Uganda is highly fragmented

Average Household Farm Size[1]

	Net Land Operated*	
	2005/06	2015/2016
Share of HH farmland < 2 ha (%)	**74.7%**	**82.8%**
Mean Operated Farm Size < 2 ha (ha)	**0.80**	**0.73**
Mean Operated Farm Size > 2 ha (ha)	**4.5**	**3.3**
National Mean Farm Size all HH (ha)	**1.7**	**1.2**
Central Region Mean Farm Size (ha)	*1.5*	*1.1*
Eastern Region Mean Farm Size (ha)	*1.8*	*1.0*
Northern Region Mean Farm Size (ha)	*2.4*	*1.9*
Western Region Mean Farm Size (ha)	*1.5*	*1.0*

While more recent data is unavailable, market feedback indicates that this fragmentation trend has continued over the past 5 years at a similar pace

Discussion

- Ugandan agricultural production has **become increasingly fragmented over the past two decades, diverging from a consolidation trend seen in some neighboring countries,** due in large part to rural population pressure, complex land tenure laws, and inheritance customs
- While the GoU has made efforts to further professionalize the farming sector and encourage larger commercial farming, the broad consensus is these **small scale farmers will continue to dominate production across most key crops (a few rare exceptions, such as tea, exist)**
- Upstream fragmentation impacts productivity and efficiency, as input usage is often low; **only 16% of Ugandan farmers used purchased inputs of fertilizer or pesticides** in 2017[1]

Notes: * Net land is actual farm size, counted only once even if cropped more than once a year
Sources: 1. World Bank, 2018; UBOS, 2019; ISF analysis

B *For reference*: upstream food value chains face various structural challenges that creates a relatively inefficient system of production

Challenges	Description
Land tenure insecurity	• **Tenure security is hard to achieve given traditional legacies and weak governance**; the share of total arable land used for farming is high, most of which being undocumented and often with overlapping land rights
Predominance of smallholdings	• Over the decade from 2006 to 2016, **the share of all household farms that were less than two ha in size rose from 75% to 83%**
Exposure to climate change shocks	• Uganda is among the most vulnerable and simultaneously least adapted countries to climate change, and **frequent climatic shocks pose a heavy toll on rural livelihoods and the economy**
Limited enabling services	• Agricultural production is **weakly supported by services such entrepreneurial training, R&D, regulation of agricultural inputs, and reliable weather information**. Only 4% of all Ugandan farmers use a full package of production enhancing technologies
Lack of quality storage	• Uganda has a shortage of standard and modern storage facilities which leads to use of poor-quality storage. **Uganda's post-harvest losses range from 30 to 40 percent for grains and other staples, and 30 to 80 percent for fresh-fruits and vegetables**
Limited access to finance	• **Agricultural production is constrained by limited access to agricultural financial services**, with inefficiencies and lack of coordination from public funding sources, development partners, and financial institutions

Discussion

- Given the challenges of land tenure insecurity, the predominance of smallholdings, and the exposure to climate shocks, **farmers are generally difficult business partners for more formal parts of the economy** such as processors and traders. This is a typical situation for food systems in the traditional and early transitioning stages
- There is a **resulting need to:**
  - **Connect farmers to markets**, bringing benefits to farmers (e.g., better market access, demand security, ability to invest, etc.) as well as to the economy (e.g., generating trade revenues, boosting food security, and creating off-farm employment opportunities)
  - **Improve farm productivity**, increasing volumes and creating more products for domestic food security and foreign trade. There is a **need for a more vibrant market for goods and services provided to farmers**, which will have a large impact on former production and efficiency once properly supported

Sources: World Bank, 2018; Third National Development Plan, 2020; GFSS; ISF analysis

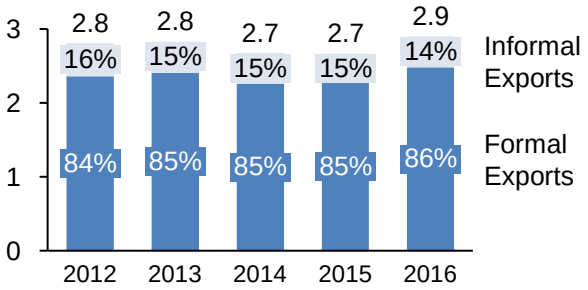
B *For reference*: informal production is widely prevalent in the Ugandan food system

Percentage of agricultural land operated without legal documentation, 2018[1]
(as % total agricultural land used)

% of total parcels with no legal document	% of total parcels with legal documents
70.3%	**29.7%**

The Ugandan government acknowledges the following documents as proving formal ownership of land: title deed, customary certificate of ownership, a certificate of occupancy, a certificate of hereditary acquisition, and a rental or lease contract

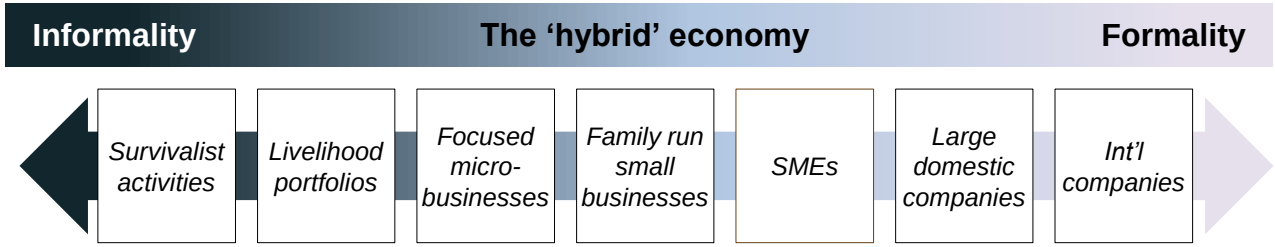
Total exports (sector agnostic)[1]
(USD billions, % of total)



*The Ugandan Bureau of Statistics estimates that **informal agricultural exports account for 30-40% of total informal exports***

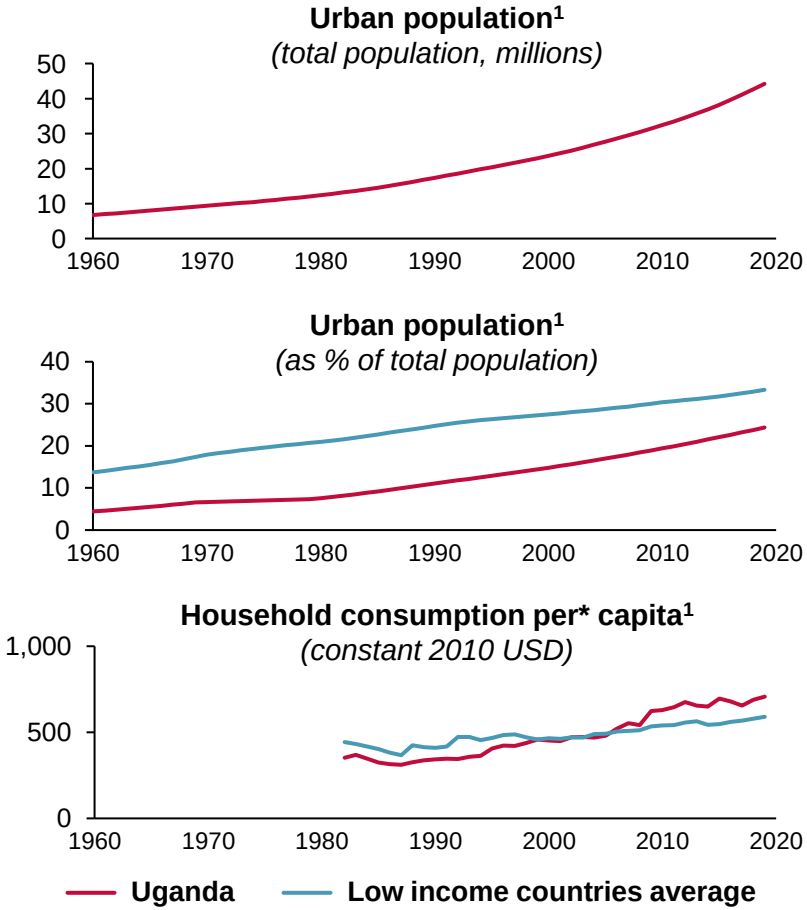
Discussion

- Definitions of 'informal' activities vary depending on value-chain segments and sector; for instance **informal producers can be viewed as those without legal documentation of land ownership** while **informal trade is defined as exports not recorded by official government record keeping**
- Most farms are **small and lack formal land ownership, resulting in difficulty accessing credit** due to limited/no collateral as well as a **disincentive to invest in their farms**



Sources: 1. Uganda Bureau of Statistics (UBOS), 2020; City Alliance, 2020; ISF analysis

B *For reference*: population growth, urbanization, and growing wealth is expected to drive transformation of food value chains



Discussion

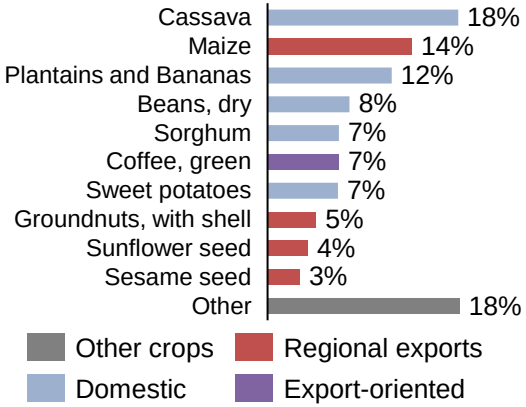
- Uganda has one of the highest birth rates in Sub-Saharan Africa (SSA), and one of the fastest population growth rates (3.3%), which puts **enormous pressure on already strained natural resources**; **by 2050, Uganda's population is expected to rise to 102 million people** (more than double the current population)
- According to the World Bank, Uganda's annual urban growth rate of **5.2% is among the highest in the world and is expected to grow to 22 million people by 2040**, from 6.4 million in 2014. Nonetheless, Uganda's rate of urbanization is low, also when compared to other low income countries, showing rural development to be an important priority for the country
- Rising population, urbanization, and wealth indicate that **local demand for food products will rise significantly**, creating opportunities for **further developing domestic FVCs and transforming them from traditional to transitioning**
  - Food value chains **transforming from traditional to transitioning stage creates opportunities in the midstream sector**, as lengthening value chains (from rural production to urban consumption) creates demand for processed goods

Notes: *No data for household consumption available for Uganda prior to 1982
Sources: World Bank Indicators, 2021; ISF analysis

B *For reference*: while the upstream food system remains fragmented, mid and downstream are slowly transitioning to a more modern state

Upstream

Proportion of agricultural land dedicated to food crops[1]



- Almost all major crops grown in Uganda, regardless of export destination or domestic consumption, are grown by geographically disparate smallholder farmers
- Within Sub-Saharan Africa, Uganda has one of the lowest adoption levels of improved seeds, inputs, or mechanized traction; in 2014 only 16% of farmers purchased fertilizer or pesticide

Midstream

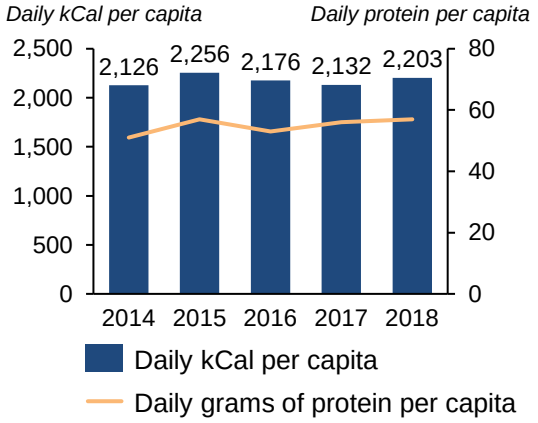
Changes in manufacturing value add by food and drink processing[2]

	% of total mfgt. value add	2011 – 2016 CAGR (%)
All food / drink processing	**57%**	**5.5%**
Sugar	**14%**	**14.9%**
Beer	**10%**	**-6.5%**
Coffee	**9%**	**7.5%**
Tea	**7%**	**1.8%**
Edible oils	**4%**	**6.1%**
Others (e.g., maize, meat)	**13%**	**N/A**

- Growth in food processing reflects more regional and domestic demand for value-additive food items and crops such as sugar, maize, and meat
- Food processing activities (5.5% CAGR) are growing faster than the overall manufacturing economy (4.8% CAGR), signaling a continued shift from traditional to transitioning value chains

Downstream

Shifts in daily kCal and protein per capita[3]



- While some macro trends indicate increasing demands for more processed and complex foods, the majority of the population remains rural-based and subsisting on traditional products such as starchy roots and cereals
- However, the daily intake of protein per capita is increasing, in line with feedback indicating a growing market for processed and animal products

Sources: 1. FAOStat, 2021; 2. NDPIII, 2020; 3. Uganda Bureau of Statistics; World Bank, 2018; ISF Analysis

C *For reference:* the GoU emphasizes agricultural development, most notably in the 2020/21 NDPIII's prioritization of agro-industrialization

THE REPUBLIC OF UGANDA

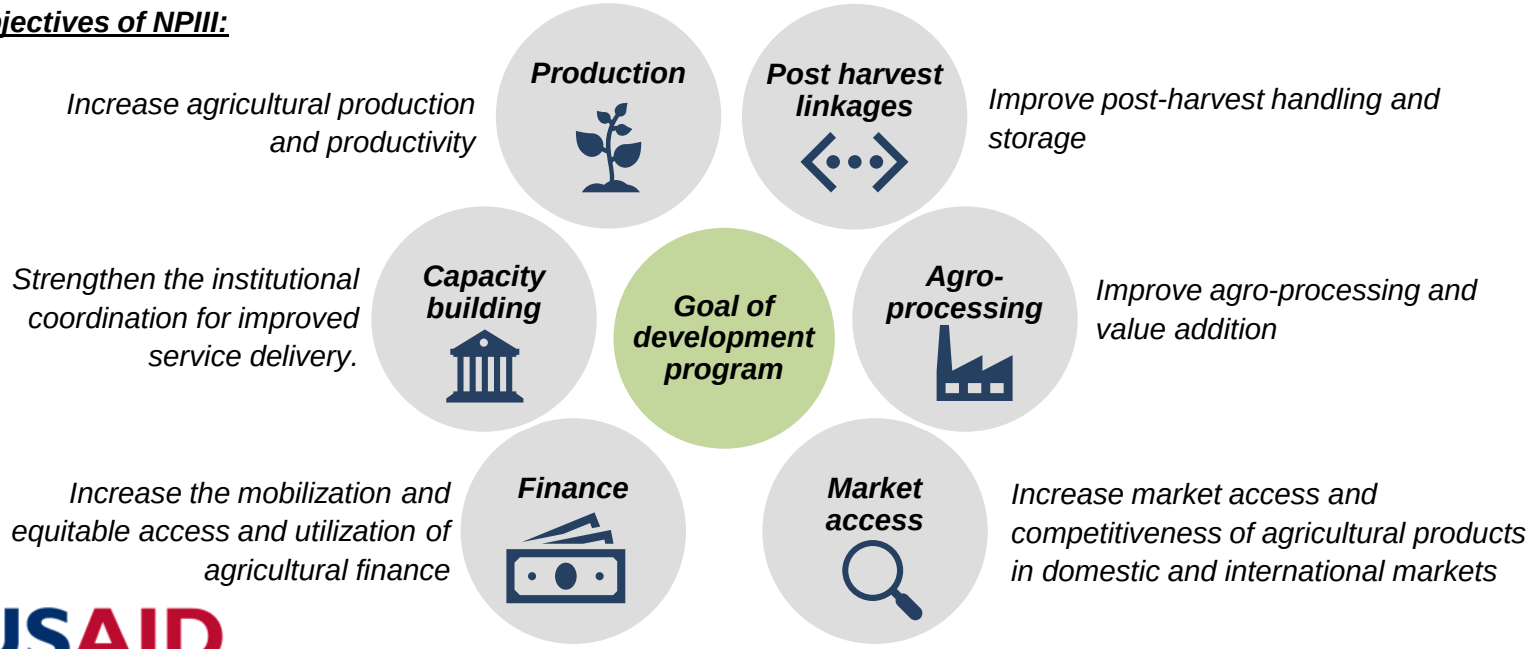
THIRD NATIONAL DEVELOPMENT PLAN (NDPIII) 2020/21-2024/25

Development Program #1: Agro-Industrialisation (AGI)

Context: Agro-processing as a crucial sector in the broader national economy, creating backward and forward linkages between the agricultural, industrial, and service sectors.

Goal: Increase commercialisation and competitiveness of agricultural production and processing

Key objectives of NPIII:



USAID FROM THE AMERICAN PEOPLE

Sources: NDPIII, 2020

C

For reference: the lack of strategic focus in policy creation can be seen in the various prioritized sectors and value chains across different policies

Prioritized commodities / value chains in various GoU policies

Commodities	MAAIF – ASSP	MoFPED - Budget	MTIC - NIP	NAADS – VC study	NPA – NDPIII	Office of President Budget
Coffee	✓	✓	✓		✓	✓
Tea	✓	✓	✓		✓	✓
Fish	✓	✓	✓	✓	✓	✓
Beef	✓	✓	✓		✓	✓
Cassava	✓	✓		✓	✓	✓
Maize	✓	✓	✓	✓	✓	✓
Dairy	✓	✓	✓	✓	✓	✓
Rice		✓				
Vegetable Oil	✓		✓		✓	
Cotton	✓		✓		✓	
Sorghum					✓	
Groundnuts				✓		
Livestock				✓	✓	
Citrus				✓	✓	
Poultry				✓		
Soya					✓	
Beans		✓		✓	✓	✓
Bananas				✓		✓
Sugar					✓	✓
Millet					✓	✓
Irish potato						✓
Sweet potato						✓
Cocoa	✓					✓

Sources: Adapted from IGC 2019 and MACE 2021; Specific policies can be found in works cited

C

For reference: the extent of major overlapping mandates within the GoU's AGI program is apparent when each area of intervention is examined

Areas of intervention in AGI sector for key institutions based on existing mandates / policies

Areas of intervention	Key institutions / ministries
Promotion and coordination of industrial development (owner of national industrial policy)	MTIC
Long term strategic planning	NPA, MTIC, MoFPED, OP, OPM
Agri-value chain prioritization	MAAIF, MTIC, NPA
Production and market linkages	MAAIF, MTIC
Resource mobilization	MoFPED, UDB, UDC
Long-term financing and credit guarantee instruments	UDB, BOU, MoFPED
Investment facilitation	UDC, UDB, UIA, UFZA
Tax incentives and other financial incentives	URA, MoFPED, UDB, UDC
Industrial skills development / technical capacity	MoES, MTAC, MTIC, MAAIF
R&D, innovation, and technology	MoSTI, MoES, UNCST, UIRI
Infrastructure development (Energy, ICT, Roads, Water, etc.)	MoWT, UNRA, MoICT, NITA, MoFPED, MoEMD, OWC, UEGCL, UETCL, REA
Local investors and foreign direct investors participation	UIA, UFZA, PSFU, MTIC, UMA, MoFPED
Establishment of free zones and industrial park clusters	MTIC, UIA, UFZA, UDB, UDC
Incentives for green industry	MTIC, UIA, UDB, UDC, UPMRA, NEMA
Quality assurance (standards) and export promotion	UNBS, UEPB, UPMRA, MTIC
Digital transformation of industry	MTIC, UIA, UDC, UDB, BOU, MoSTI, UNCST, UIRI, MoICT, NITA, MoFPED

C Major international donors have expressed interest in more explicitly supporting the AGI program, but there are very few specific engagements

Development Partner	*Key activities to date*
GGGI	❖ Funds program run by Global Green Growth Institute (GGGI): Greening Uganda's Urbanization and Industrialization Agenda ❖ Within this program GGGI has worked on creating an AGI park 'master plan' and is producing a proposal to conduct feasibility assessments for 4 prioritized parks
Foreign, Commonwealth & Development Office	❖ Previously provided support and funding for the GoU's agro-manufacturing ambitions (including commitments for individual AGI parks) ❖ This support has since been withdrawn, and level of interest remains unclear
THE WORLD BANK	❖ Has funded agro-manufacturing projects globally, including infrastructure funding ❖ Currently conducting macro study focused on AGI potential ❖ Next steps are unclear, although there is apparent interest in the space
AFRICAN DEVELOPMENT BANK GROUP	❖ Agro-industrial parks have been a focus in other African geographies ❖ Expects to receive a draft report of detailed landscape analysis of AGI parks by late 2022 ❖ Clear interest in funding AGI activities, with a potential focus on agro-industrial parks

There is an **opportunity to align and further catalyze the growing**, but as of yet unfulfilled, push from development partners to **explicitly support the AGI agenda**

Maintaining a **view of and dynamic response to the development partner landscape** / activities is crucial

D *For reference:* operational / in-development industrial parks run by UIA

Park Name	Region	Status	Sectors targeted	Agri-value chains	Jobs Created*	Estimated Budget*
Kampala Industrial and Business Park	Central	**Operational** – All land has been allocated to 328 investors, 71 of whom are already operating with an impact of 30k jobs. Only park with a full completed feasibility study	• Agro-processing • Mineral processing • Pharmaceutical • Logistics • Heavy Manufacturing	• Dairy • Coffee • Maize	216,000	~280M USD
Luzira IBP	Central	**Operational** – Fully allocated with 12 investors, 10 of whom are operational. The park is serviced with 3.7Km of tarmac road network, power and water but is still lacking a central sewerage treatment plant and street lighting	• Pharmaceuticals • Agro processing • Wood processing • Light Manufacturing	• Dairy • Coffee • Maize	12,000	~370k USD
Bweyogerere IBP	Central	**Operational** – Fully allocated with 10 investors, 8 of whom are operational. Roads and other utilities are functional but it still lacks a central sewerage treatment plant and street lighting	• Pharmaceuticals • Agro processing • warehousing and logistics • Light Manufacturing	• Fruit • Dairy • Coffee • Maize	11,000	~2M USD
Mbarara (SME Park)	Western	**Operational** – Access roads, water, and power supply for the 42 workspace units. 35 workspaces are so far occupied by 23 entities including UIA	• Agro-processing • SMEs development • Light manufacturing	• Dairy	1200	~4M USD

Note: * Estimate of direct jobs created and budget comes from UIA; budget is the estimated funding needed to complete the project
Sources: UIA; Interview with UIA; ISF Analysis

D

For reference: operational / in-development industrial parks run by UIA

Park Name	Region	Status	Sectors targeted	Agri-value chains	Jobs Created*	Estimated Budget*
Soroti	Western	**Operational** – Of 20 investors, Soroti Fruit Factory and Pela Commodities (grain processing) are operational. Master plan and EIA completed, survey of plots completed, water and power extended to park. No waste management or sewage system available.	• Agro-processing • Leather processing • SME workspace development • Export-oriented industries	• Fruit • Dairy	22,500	~6.5M USD
Kasese	Western	**Operational –** The park is serviced by 6.5 km of gravel road, power, and water. 17 investors have been allocated land, however only 5 have taken possession	• Agro-processing • Mineral processing • Tourism	• Fruit • Dairy • Fish	35,000	~8.2M USD
Tangshan Mbale Industrial Park	Eastern	**Operational** – Park is fully owned by M/S Tangshan, a Chinese investor. GoU has agreed to provide base infrastructure. 16 investors are operating in the park	• Agro-processing	• Wheat • Other grains • Dairy • Coffee	216,000	Budget in development
Jinja	Eastern	**Operational / In development –** Master plan and EIA study completed. UIA signed MoU with Kiira Motors Corporation to develop the infrastructure of ~60% of the park. They have extended water and power to park and have begun constructing their factory. TMEA is set to finalize feasibility study for the remainder of land, including 20 acres set aside for UFZA.	• Vehicle assembly • Agro-processing • Mineral processing • Textiles • Pharmaceuticals • Steel processing	• Grain • Vegetable oil	22,000	~9.3M USD

Note: * Estimate of direct jobs created and budget comes from UIA; budget is the estimated funding needed to complete the project
Sources: UIA; Interview with UIA; ISF Analysis

D *For reference:* land secured and owned by UIA (some with issues)

Park Name	Region	Status	Sectors targeted	Agri-value chains	Jobs Created*	Estimated Budget*
Masaka	Central	**Land owned, major physical issues –** Despite the President laying a corner stone in 2015 and preliminary master plan conducted in 2016, the land provided by the district is fundamentally unusable as it is essentially a swamp. While this is apparent when visiting the site and discussing with local stakeholders, the GoU have not officially acknowledged or offered mitigation tactics	• Agro-processing	• Fruit • Fish • Pork • Tea • Beef	116,000	~23M USD
Kabarole	Western	**Land owned, legal issues** – Despite being approved in 2018 as part of the agriLED initiative, no development of any type has occurred and the site sits abandoned. Local farmers and citizens have expressed major concerns. Part of the delay appears driven by the need to transfer the land from Uganda Land Commission to UIA.	• Agro-processing • Wood processing	• Dairy • Tea • Fruit • Cocoa • Vanilla • Grain	45,000	~15.3M USD
Moroto (Karamoja IBP)	Eastern	**Land owned, legal issues –** Master plan and EIA study have been finalized, but yet to be presented to National Planning Board due to land conflict. UIA had secured land from Moroto District, but due to a neighboring district's annexation, it now lies in 2 separate districts and is not fully approved in the second area	• Agro-processing • Cement manufacturing • Green marble polishing • Pharmaceuticals	• Dairy • Fruit	85,000	~15M USD
Koboko	North	**Land owned –** While land was secured in 2019, no development has appeared to take place	• Agro-processing • Logistics center	• Honey • Fruit	31,000	~8M USD

Note: * Estimate of direct jobs created and budget comes from UIA; budget is the estimated funding needed to complete the project
Sources: UIA; Interview with UIA; ISF Analysis

D *For reference:* land available to GoU via Land Bank Mobilization program, however, no ownership transfer has occurred

Park Name	Region	Status	Sectors targeted	Agri-value chains	Jobs Created*	Estimated Budget*
Nakasongola	Central	**Land Available in Land Bank –** ~650 acres of land identified by the district ready for transfer to UIA (as of March 2022); this is an addition to land owned by UPDF earmarked for UPDF-T6 Industrial Park. Discussions about this land ongoing	• Textiles, military industries, fish farming and dairy industries	• Fish • Dairy	45,000	~15M USD
Mbarara Main Industrial Park	Western	**Land Available in Land Bank (but too small of plot) –** 25 acres of Land in Rushozi next adjacent to skills training center and a water source. The land is 15 km from the main urban center. No further discussion on ownership transfer conducted to date. No clear opportunities for expanding land to fit requisite needs	• Dairy industry, beef industry, leather industry, banana processing, wood processing industries, fruit processing, and honey processing	• Dairy • Beef • Banana • Wood • Fruit • Honey	45,000	~12M USD
Lira	Central	**Land Available in Land Bank, legal issues –** 300 acres located 12 Km from Lira Town identified and earmarked for IBP park development. District Council Resolution allocated that land to UIA for development. However, there is an ongoing court case between locals farming on the land and the District Council.	• Textiles, cassava processing, oil seeds processing including Soya oil, fruit processing, fish processing	• Cassava • Oil seeds • Fruit • Fish	45,000	~15M USD
Gulu	North	**Land Available in Land Bank –** District identified 65 acres of land and has mobilized funding to compensate the private individuals that offered this land. A further 45 acres is also in process of being acquired	• Fruit processing, rice hurling, oil seeds processing and sugar processing	• Fruit • Rice • Oil seeds • Sugar	45,000	~15M USD
Yumbe	North	**Land Available in Land Bank –** Land measures ~1250 acres titled and located. Further ownership transfer is in process	• Honey, fruits, coffee processing, textiles and SME development	• Honey • Fruit • Coffee	31,500	~8M USD

Note: * Estimate of direct jobs created and budget comes from UIA; budget is the estimated funding needed to complete the project
Sources: UIA; Interview with UIA; ISF Analysis

D *For reference:* industrial park locations with land not identified

Park Name	FtF Focus District?	Status	Sectors targeted	Agri-value chains*	Jobs Created*	Estimated Budget*
Rakai	Adjacent	General location prioritized by UIA, no specific site identified	Sugar, fish processing, fruit processing, honey, dairy products processing	Sugar, Fish, Fruit. Honey, Dairy	45,000	~15M USD
Mubende	Adjacent		Tea processing, fruit processing, honey, dairy products processing	Tea, Fruit ,Honey, Dairy	45,000	~15M USD
Luwero	No		Tomato processing, fruit processing, dairy coolers, fish farming and processing, poultry farming, dairy farming and processing	Tomato, Fruit, Dairy, Fish, Poultry	45,000	~12M USD
Mukono Kyetume	No		Agro-processing, Light and Heavy Industries	Tomato, Fruit, Dairy	1,830,000	~11M USD
Hoima	No		Petroleum byproducts, tobacco factories, sugar processing, fish processing and rice hurling	Sugar, Fish, Rice	45,000	~15M USD
Kabale	Yes		Fish processing, dairy processing, flower processing, temperate fruit processing and pyrethrum	Fish, dairy, Flower, Fruit	45,000	~15M USD
Bushenyi	Yes		Dairy processing industries, tea processing (Kyamuhunga, Buhweju), wood processing industries, banana processing (Nyaruzinga), fish processing and beef processing industries	Dairy, Tea, Banana, Fish, Beef	45,000	~15M USD
Buliisa	Adjacent		Petroleum byproducts, tobacco factories, sugar processing, fish processing, SME development workspaces	Sugar, Fish	45,000	~15M USD
Tororo	Yes		Cement manufacturing, fertilizer manufacturing, steel manufacturing from the iron ore deposits in the area, gold processing, fish processing and fish processing industries	Fish	320,000	~25M USD
Iganga	Adjacent		Fruit processing, dairy processing, fish processing and fish processing industries.	Fruit, Dairy, Fish	45,000	~15M USD
Arua	Adjacent		Honey, fruits, coffee processing, textiles and SME work space development	Honey, Fruit, Coffee	55,000	~15M USD

Note: * Estimate of direct jobs created and budget comes from UIA; budget is the estimated funding needed to complete the project
Sources: UIA; Interview with UIA; ISF Analysis

D

For reference: AGI park prioritization followed two streams (for greenfield / brownfield sites) that relied on criteria such as current status geography

Summary of Park Prioritization Process

28 UIA-managed agro-industrial parks

Step 1: *eliminate locations with land not identified*

17 agro-industrial parks

Step 2: *split selection process between 'brownfield' and 'greenfield' sites*

8 operational / in development parks

Step 3a: eliminate parks that are *already operating at >50% occupancy*

4 parks: Soroti, Kasese, Mbale, Jinja

Step 4a: Eliminate parks that are *outside of ZOI, have ownership conflicts, do not focus on AGI*

Kasese IBP

9 land secured / available sites

Step 3a: eliminate parks that have *major legal / physical issues*

4 parks: Koboko, Nakasongola, Gulu, Yumbe

Step 4a: Eliminate parks based on high-level assessment of *location (e.g., ZOI), economic potential, local buy-in, impact potential, strategic fit*, etc.

Gulu IBP

D Kasese is an attractive choice to prioritize for model park development due to its location, existing infrastructure, and local buy-in (1/2)

Kasese: overview and key advantages / considerations

Region	Status	Sectors targeted	Agri-value chains	Potential Jobs Created*	Estimated Budget*
Western	**Operational / In-development** ❑ 2 operating firms, with 2 others under construction ❑ Serviced by gravel road, power, and water ❑ 17 investors have been allocated land	• Agro-processing • Mineral processing • Automobiles	• Cocoa • Coffee • Fruit • Dairy • Fish	35,000	~8.2M USD

Advantages

- ✓ Attractive location close to DRC (crucial, given DRC entry to EAC)
- ✓ Prioritized VCs in region and feedback indicates local commercial viability
- ✓ GoU (UIA) has prioritized the location
- ✓ Sizeable local buy-in and support from district and town government
- ✓ Potential for local market linkages with regional farmer – Latitude Trading already conducting activities with regional cocoa farmers
- ✓ Existing investors view location favorably to date
- ✓ Existing infrastructure (roads, water management) is well constructed and would attract further investors

Considerations

- ❖ Engaging with an already partially operational park requires **addressing steps skipped in earlier stages** of development (e.g., feasibility study)
- ❖ Faces common **issue of speculators**, which can only be solved legally

Sources: ISF analysis and interviews with stakeholders; GoU policy / strategy documents; UIA; News articles; African Development Bank; CASA; Economic Policy Research Centre; International Growth Centre

D Kasese is an attractive choice to prioritize for model park development due to its location, existing infrastructure, and local buy-in (2/2)

Kasese: summary of key data / assessment

	Summary / overview	*Qualitative Assessment*
Value Chain Opportunities	❑ Coffee ❑ Dairy ❑ Cocoa ❑ Fish ❑ Fruit	
Target Markets / Demand	❑ Export – DRC as priority due to location; favorable logistic routes, reduced trade barriers with DRC due to EAC agreement ❑ Domestic – could serve as regional AGI hub	
Regional Supply	❑ Local supply of key commodities slightly variable, development of linkages needed ❑ Broader regional view shows reduced volubility and opportunity for high quality supply (e.g., cocoa)	
Local Capacity and Capabilities	❑ Existing labor in operating park firms mainly sourced from local labor pool, with feedback indicating high levels of local demand for jobs ❑ Non-technical labor supply high availability; possible further upskilling needed ❑ Existing local agri-industry could be anchor tenants	
Impact potential	❑ Favorable impact potential on local farmers and VCs currently not connected to high-value markets ❑ Significant export and import substitution ❑ Job creation for youth - many youth leave due to lack of jobs	

Favorable *Mixed or neutral* *Unfavorable*

Sources: ISF analysis and interviews with stakeholders; GoU policy / strategy documents; UNBS; GoU sources; UIA; African Development Bank; CASA; Economic Policy Research Centre; International Growth Centre

D Gulu offers the potential for greenfield park development in a highly attractive location that has been prioritized by GoU for impact (1/2)

Gulu: overview and key advantages / considerations

Region	Status	Sectors targeted	Agri-value chains	Potential Jobs Created*	Estimated Budget*
North	**Pre-development** ❑ Land secured ❑ No pre-development studies or processes conducted to date	• Fruit processing • Rice hurling • Oil seeds processing • Sugar processing	• Fruit • Rice • Oil • Sugar	45,000	~15M USD

Advantages

- ✓ Attractive location close to NW border with DRC and South Sudan
- ✓ Site, and Gulu city, prioritized by GoU via various existing development programs (e.g., Greening of Urbanization agenda)
- ✓ Commercially viable industries and VCs
- ✓ Land has been identified and potentially already transferred to UIA
- ✓ GoU has prioritized the broader industrialization of the region
- ✓ Greenfield status is potentially attractive to establish park from start
- ✓ Feedback indicates that farmers would be eager to engage with a local AGI park, especially those under-served SHFs in far north of region

Considerations

- ❖ Land has been acquired, but **physical assessment not yet conducted**
- ❖ Engaging with greenfield project **requires longer timeline**
- ❖ EU (via GGGI) **already partially engaged** in an adjacent project at site

Sources: ISF analysis and interviews with stakeholders; GoU policy / strategy documents; UIA; News articles; African Development Bank; CASA; Economic Policy Research Centre; International Growth Centre

D Gulu offers the potential for greenfield park development in a highly attractive location that has been prioritized by GoU for impact (2/2)

Gulu: summary of key data / assessment

	Summary / overview	*Qualitative Assessment*
Value Chain Opportunities	❑ Fruits ❑ Sugar ❑ Rice ❑ Potatoes ❑ Oilseeds ❑ Cassava	
Target Markets / Demand	❑ Export – DRC and South Sudan as primary markets ❑ Domestic – could serve as regional AGI hub for a currently under-served Northern regional market	
Regional Supply	❑ Traditionally achieves high crop yields, due fertile soil ❑ FTF / GoU prioritized staple commodities are suitable for production in region; key processed crops (e.g., fruits, oilseeds) also available ❑ Climate conditions appear conducive for production ❑ Farming is attractive local proposition- 88% of district land arable	
Local Capacity and Capabilities	❑ Various GoU and dev. partner initiatives are existing within region ❑ Significant local buy-in; however limited local processing capabilities ❑ Agricultural activity is mainly subsistence and formal linkages to AGI actors must be created	
Impact potential	❑ Crop production employs ~95% of district population, offering high impact potential linking SHFs to commercial markets ❑ Opportunities for converting high rate of informal activity to formal ❑ Could provide access to jobs for women/youth	

Favorable *Mixed or neutral* *Unfavorable*

Sources: ISF analysis and interviews with stakeholders; GoU policy / strategy documents; UNBS; GoU sources; UIA; African Development Bank; CASA; Economic Policy Research Centre; International Growth Centre