



1.0. Introduction

Agro-industrialisation represents a transformative strategy for Uganda, aiming to boost wealth creation and inclusive economic growth by enhancing agricultural productivity and its integration with industry. Uganda's agribusiness sector remains a key economic driver.

In FY 2022/23, agriculture accounted for 24% of Uganda's GDP, reflecting shifts toward services and Industry and the highest in the EAC region (Source: World Bank, World Development Indicators 2024). The sector employs around 68% of the population, predominantly in rural areas. With an average annual growth of 2% over the past five years, agriculture holds a central role in Uganda's ambition to transition into a modern industrial economy.

Under the Third National Development Plan (NDPIII), Agro-industrialisation was designated a flagship program aligned with Agenda 2030 goals (SDGs 2 and 9), focusing on ending hunger, promoting food security, and advancing sustainable industrialisation. Uganda's agricultural potential is immense, capable of feeding 200 million people, thanks to a favourable climate and 80% arable land, of which only 35% is currently cultivated.

In 2018, Uganda had 267 companies involved in the manufacturing of food and beverages (Source: fdi Benchmark from Financial Times). This growth aligns with the sector's contribution to 60% of manufacturing output, with food processing alone accounting for 40%. The growth reflects government incentives like tax exemptions and infrastructure improvements, boosting the sector's capacity to meet domestic and export demand led by the European Union (EU), COMESA, and the Middle East.



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267

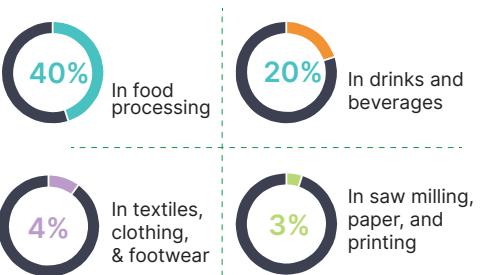
companies involved in
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2.0. Key Agro-Industrial Products

The Government of Uganda has prioritized a range of agricultural products, aiming to transition from subsistence farming to commercial production and value addition. Key products include:

Coffee, Cotton, Tea, Cocoa, Maize, Oilseeds, Dairy, Meat, and Sugar. Currently, agro-industrial activities contribute to 60% of Uganda's manufacturing output, broken down as:



By 2024, agro-based exports accounted for 53% of Uganda's total exports, rising from US\$2.16 billion in 2021 to an estimated US\$2.8 billion, reflecting an average annual growth rate of approximately 9% over the three-year period, driven by strong demand for coffee, maize, and horticultural products (Source: Uganda Bureau of Statistics, Statistical Abstract 2023; UNCTAD, Handbook of Statistics 2024).

3.0. Market Analysis

Uganda is an ideal production platform to serve the domestic and regional markets.

3.1. Domestic Market

With a GDP of US\$50 billion and a population of 45.9 million, Uganda is one of the fastest growing populations and economies in the world and presents a strong domestic market for agro-industrial products. The IMF forecasts that Uganda will achieve a GDP growth of 7.5 in 2025, much higher than Sub-Saharan Africa (4.2) and World average growth (3.3).

Rising urbanisation and per capita income (US\$1,146) are fuelling consumption growth, especially for under-consumed products:



→ Milk consumption stands at 63 litres per capita annually—below the WHO's recommended 200 litres and even the African average of 67 litres.



63 litres
per capita
annually

→ Uganda's agro-based product imports grew from US\$1.37 billion in 2017 to US\$1.87 billion in 2021, highlighting significant import substitution opportunities.



Agro-products
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→ The textile and footwear sectors show promise:

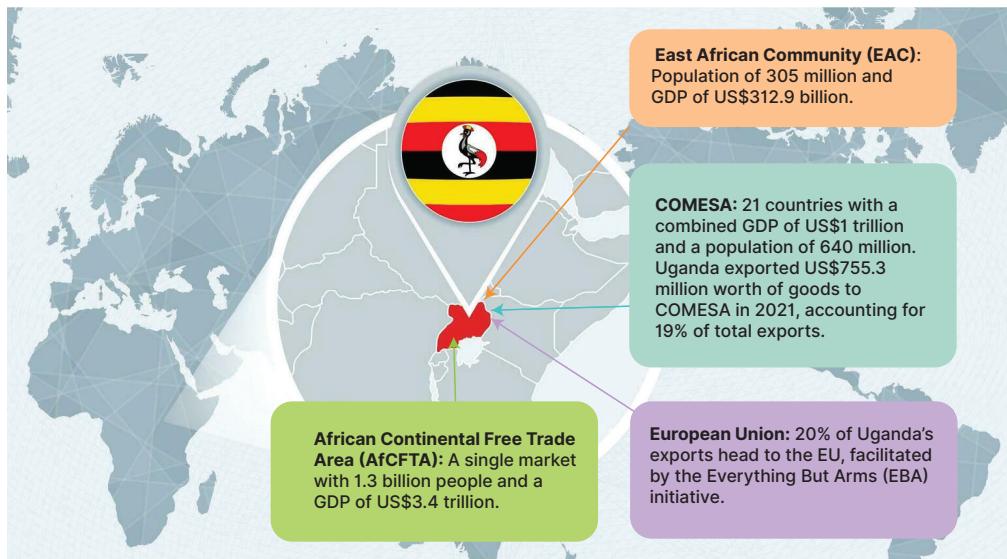


Demand is
Estimated at
19 million pairs
annually,

Footwear demand is estimated at 19 million pairs annually, while local production covers only 1 million pairs, leaving a gap of approximately 9.8 million pairs.

3.2 Regional and International Market

Uganda benefits from strategic membership in multiple regional and international trade blocs:



These platforms position Uganda as a regional trade hub for agro-industrial products.

4.0. Inputs and Raw Materials

Uganda's abundant agricultural resources support agro-industrialisation:



Cereals Production (2022):

5.7 million metric tonnes, up 3.5% from 2021.

Vegetable Oil Seeds:

Increased 9% from 1.4 million metric tonnes in 2021 to 1.5 million metric tonnes in 2022.



Coffee:

Uganda's coffee production is also expected to rise in 2024/25, forecasted at 6.9 million 60-kg bags (up from previous years).



Milk Production

Surged 43%, from 2.7 billion litres in 2019 to 3.85 billion litres in 2023.

Uganda also possesses vast untapped potential:

Only 3.3% of locally produced cotton is used domestically.



Hides and skins availability:

- 1.4 million Cattle hides, 3.1 million goat skins, and 0.68 million sheep skins annually.

- Current tanning capacity ranges between 1.08 to 2.0 million hides/skins, revealing investment gaps.

5.0. Trade Performance and Openness

Uganda's external trade is expanding, driven by liberal policies and trade agreements:



Agricultural Exports

Grew from **US\$1.543 billion** (2021) to **US\$1.763 billion** (2022).



Agricultural Imports

Exports to COMESA surged by **34.8%** from 2021 to 2022.

Rose 13.8%, from **US\$322.4 million** (2021) to **US\$366.9 million** (2022).

Uganda's trade policies emphasise private-sector led growth, regional integration, and bilateral ties with Europe, Britain, and China.

South and Central America accounted for **23.7%** of Uganda's agricultural imports in 2022.

6.0. Uganda's Investment Climate



6.1 Policies

Uganda upholds liberal economic policies promoting private sector participation and economic liberalisation.



6.2 Electricity costs

Competitive electricity costs in the region, averaging USD 9 cents per kWh (Source: UEDCL).



6.3 Property costs

Property costs are competitive with Industrial shed monthly rent averages USD 4 – 6 per square meter (Source: Knight Frank, Local property Agent)



6.4 Investment Incentives

01

Access to land for commercial agriculture and agro processing.

02

Agricultural equipment imported duty free

03

100% tax allowable on training costs and Research and Development

04

10 Year Income Tax holiday for exporters of at least 80% finished goods outside EAC region



Eligibility requirements



Investment License from Uganda Investment Authority.



Minimum capital thresholds:
-US\$50,000 for Domestic investors (EAC region); US\$250,000 for foreign investors.



Utilisation of 70% locally sourced raw materials.



Employment of 70% Ugandans.

7.0. Labour Availability

Uganda continues to lead the East African Community (EAC) in adult literacy, with a rate of 79% in 2022. The literacy rate for young people entering the workforce (ages 15–24) in Uganda has improved to 91.2% in 2022, up from nearly 90% in 2015, reflecting ongoing investments in education and universal primary education programs (Source: UNESCO Institute for Statistics, 2023; World Bank, World Development Indicators 2024)

Uganda's working-age population totals 23.5 million people, constituting 55% of the population:



8.9 million skilled workers available.



The Government invests 10.6% of the national budget in education annually, supporting 145 Technical and Vocational Training Centres (TVETs).



Median monthly wages (UBOS 2021):
-Overall: Ushs200,000 (US\$55)
-Agriculture: Ushs100,000 (US\$28)

This offers investors access to affordable, skilled labour

8.0. Investment Opportunities

Uganda's agro-industrial value chain presents diverse opportunities:



Commercial farming (crops, livestock, aquaculture).



Agro-processing industries.



Fertilizer and pesticide manufacturing.



Improved seed and animal breed multiplication.



Cold storage and logistics infrastructure.



Modern packaging industries.



Irrigation technology manufacturing and services.



Farm machinery manufacturing and assembly.

The combination of abundant resources, strategic trade alliances, liberal policies, and government support makes Uganda an attractive destination for agro-industrial

9.0. Government of Uganda Projects Supporting Agribusiness

A. Agricultural Cluster Development Project (ACDP)

Objectives: To boost on-farm productivity, production, and marketable volumes of selected agricultural commodities in specific clusters; improve access to markets and agribusiness services.

Implementation Period: 2017–2024

Project Value: USD 150 million (co-financed by the World Bank and Government of Uganda)

C. Project for the Restoration of Livelihoods in the Northern Region (PRELNOR)

Objectives: To increase sustainable agricultural production and productivity, promote agribusiness, and improve market access for smallholder farmers in Northern Uganda

Implementation Period: 2015–2023

Project Value: USD 89.4 million (funded by IFAD and Government of Uganda)

B. Uganda Intergovernmental Fiscal Transfers Program (UgIFT) – Agriculture Window

Objectives: To strengthen service delivery in the agricultural sector by supporting extension services, provision of agricultural inputs, and rural infrastructure.

Implementation Period: 2020–2025

Project Value: Approx. USD 105 million (supported by the World Bank and Government of Uganda)

D. National Oil Palm Project (NOPP)

Objectives: To support smallholder farmers in oil palm development, improve their livelihoods, and build public-private partnerships in the agribusiness value chain.

Implementation Period: 2019–2029

Project Value: USD 210 million (funded by IFAD, Government of Uganda, and private sector partners).



E. Agriculture Value Chain Development Programme (AVCP)

Objectives: To enhance the competitiveness of maize, rice, and dairy value chains by supporting processing, storage, and marketing infrastructure.

Implementation Period: 2020–2026

Project Value: USD 91.4 million (financed by AfDB and Government of Uganda)

11. Institutional Framework

- A Uganda Investment Authority
- B Ministry of Agriculture Animal Industry and Fisheries
- C District Local Governments
- D Ministry of Finance, Planning and Economic Development
- E Ministry of Water and Environment
- F National Environment Management Authority (NEMA)
- G Ministry of Trade, Industry and Cooperatives.

10. Policy Framework

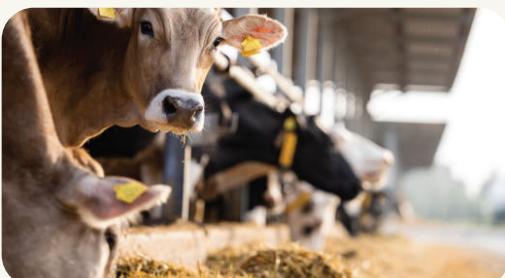
The main policies in Uganda's Agricultural Sector include:

- A The Agriculture Sector Strategic Plan (ASSP) of 2015/16-2019/20;
- B Plant Health Investment Plan for Uganda;
- C The National Adaptation Plan for Agriculture Sector 2018;
- D National Agricultural Extension Strategy 2016/17-2020/21;
- E National Irrigation Policy and National Irrigation Master Plan for Uganda (2010- 2035);
- F The National Agriculture Policy 2013;
- G Third National Development Plan 2020/21- 2024/25 (NDP III);
- H National Coffee Policy 2013; and, The Uganda National Land Policy 2013.



12. Legal Framework

- A The Constitution of the Republic of Uganda 1995
- B The National Agricultural Research Act, 2005
- C The Agricultural Chemicals (Control) Act, 2006
- D The National Environment Act 2004
- E The Water Act, Cap 152, 2004
- F The Plant Variety Protection Act 2014
- G The Plant Protection and Health Act, 2016



13. Success Stories

Case Study 1: Bidco Uganda Limited(BUL)

BUL has significantly expanded its operations in Uganda, with a total investment of US\$160 million in refining capacity as initially reported. By 2024, this investment had increased to US\$200 million, supporting the National Oil Palm Project (NOPP), which includes a 40,000-hectare plantation in Kalangala. This plantation now produces 140,000 tonnes of palm kernel oil annually, making BUL the largest palm oil producer in Uganda.

The company collaborates with over 12,000 registered farmers as of 2024, up from 2,000 in earlier reports, contributing to an annual production value of US\$3.1 million.

BUL's operations have bolstered Uganda's edible oil production, reducing import dependency by 15% since 2019. The company employs over 3,000 workers directly and indirectly, enhancing local livelihoods in Kalangala and Buvuma districts

[Source: Uganda Investment Authority, 2024].

Case Study 2: Mukwano Industries

Mukwano works with over 100,000 farmers, primarily in northern and eastern Uganda, maintaining its position as a major buyer of sunflower and soya bean crops. The company's installed milling capacity remains at 400 metric tons per day, processing 1.6 million metric tons of oilseeds in 2023. Mukwano has expanded its product portfolio, introducing fortified edible oils to address nutritional deficiencies, with production reaching 50,000 metric tons in 2024. The company's soap and detergent lines have also grown, with an annual output of 30,000 metric tons, capturing 25% of the domestic market.

Mukwano supports rural economies by providing a stable market for oilseed farmers, contributing to an estimated US\$50 million in farmer incomes annually. Its out grower programs have improved agricultural practices, increasing sunflower yields by 12% since 2019.

The company employs 2,500 workers directly and supports 10,000 indirect jobs through its value chain, including packaging and logistics, enhancing agro-industrial employment in Uganda.

One Stop Center services for investors

The Government of the Republic of Uganda created a One Stop Centre (OSC) to make it easy for both local and foreign investors and entrepreneurs to easily register, start and operate a business in Uganda

The following services are offered at the One Stop Centre (OSC)

- 1 Investment Advisory Services
- 2 Company Registration and Intellectual Property Advisory Services
- 3 Citizenship and Immigration Control Services
- 4 Tax Registration and Compliance Advisory Services
- 5 Environmental Impact Assessment Certificate
- 6 Application and Issuance of Trading License and Application for Building Permits
- 7 Banking and Online Payments
- 8 Distinctive Mark Application and Purchase of Standards from UNBS
- 9 Free Zone Advisory Services from the Uganda Free Zones Authority
- 10 Services of Utility Companies (UEDCL and NWSC)
- 11 Land Title Verification Services by the Ministry of Lands
- 12 Housing and Urban Development
- 13 Tourism and Investment advisory services by Giants 100 and the Federation of Uganda Employers (FUE) for employer-employee relations.

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