

STRENGTHENING UGANDA'S AGRICULTURAL TRADE TO ACHIEVE INCLUSIVE ECONOMIC GROWTH



Victoria Babirye

PROFILE Victoria Babirye is an Agri-food systems specialist dedicated to championing policies that enhance the well-being of small-holder farmers. Currently serving as a Program Manager with Fairtrade Africa, she supports a team across Uganda, Kenya, Tanzania, and Rwanda and leads resource mobilization efforts for the East and Central African Network. She holds a Bachelor of Science degree in Agricultural Mechanization and Irrigation Engineering and is pursuing a master's degree in development studies.

Victoria's career spans both the humanitarian and development sectors, where she has led impactful programs focused on improving the livelihoods of refugees and host communities. Her diverse experience includes roles across various sectors with agencies such as Alight (formerly American Refugee Committee), Dan Church Aid, CARE International in Uganda, the Centre for Governance and Economic Development, and the Appropriate Technology Centre under the Ministry of Water and Environment. Her expertise in developing and strengthening export market systems has enabled her to lead teams successfully in project implementation and contribute to the strategic development of organizations and sectors. Her career ambition is to become a knowledge expert in international trade, advocating for equitable practices across agricultural value chains.

Executive Summary

Agriculture is the backbone of Uganda's economy, contributing approximately 24% to GDP and employing over 70% of the population (UBOS, 2023; MAAIF, 2020). However, Uganda's agricultural trade potential remains largely untapped due to structural barriers such as poor infrastructure, limited value addition, weak trade policies, and low market access.

With the East African Community (EAC) and African Continental Free Trade Area (AfCFTA) offering expanding markets, Uganda must reform and align its trade and agriculture policies to promote competitiveness, enhance value chains, and ensure equitable growth. This brief provides policy direction and practical actions necessary for unlocking the country's agricultural trade potential; enhance trade infrastructure, strengthen value addition and certification, coordinate institutional frameworks, expand trade-oriented extension services, and promote local agro-processing.

Background

Uganda's economy is heavily reliant on agriculture, the sector that contributes approximately 24% to GDP and employs over 70% of the workforce (UBOS, 2023; MAAIF, 2020).

About 80% of the country's land considered arable, Uganda enjoys a comparative advantage in agricultural production, further enhanced by regional agroecological diversity that allows staggered and continuous supply of commodities throughout the year (World Bank, 2022).

Government and development partners have made notable investments in small-scale irrigation infrastructure through initiatives such as the Ministry of Water and Environment's (MWE) Solar-Powered Irrigation Pilot Programme which serve as scalable models for ensuring year-round cultivation and market-ready supply (MWE, 2021). Farmer institutions, cooperatives, and producer groups also provide opportunities to improve post-harvest handling, reduce losses, and ensure consistent quality and traceability for export markets (FAO, 2020).

Extension services, however, need to evolve beyond productivity enhancement. The future of agricultural trade in Uganda requires extension models that integrate market intelligence, quality standards, and compliance protocols (AGRA, 2022). International certification bodies such as Control Union and Global G.A.P. provide pathways to premium markets, but the cost of compliance remains a barrier. Public-private partnerships and donor-backed programs are therefore needed to reduce certification costs and increase farmer participation (TradeMark Africa, 2023).

Uganda's infrastructure gap continues to undermine competitiveness. An estimated 30–40% of agricultural produce is lost to post-harvest due to poor rural road networks, limited storage facilities, and inadequate cold chain systems (FAO, 2021). Addressing these challenges through targeted investment in logistics and storage would reduce losses and improve market access, positioning Uganda as a competitive hub for regional agricultural trade under AfCFTA.

Uganda's membership in the EAC, COMESA, and AfCFTA provides preferential access to large markets under harmonized regimes. With AfCFTA covering over 1.4 billion people, Uganda has the opportunity to expand its trade footprint by removing non-tariff barriers and improving trade facilitation (AfCFTA Secretariat, 2023). In December 2024, Uganda launched its AfCFTA National Implementation Strategy (2023/24–2032/33), which seeks to diversify exports, promote agro-industrialization, and leverage regional value chains for job creation and foreign exchange earnings (MTIC, 2024). An essential milestone is the commissioning of the Entebbe Free Zones Export Facility, aimed at improving certification, processing, and market access for agricultural products (UIA, 2024).

Despite its agricultural potential, Uganda's exports remain heavily concentrated in low-value, unprocessed commodities such as coffee, maize, and beans (MAAIF, 2022). For example, over 90% of Uganda's coffee is exported in raw form, earning less than 10% of the final retail price in destination markets (ICO, 2022). Structural constraints including weak value chain integration, limited certification and standardization, and poor logistics increase transaction costs by more than 30% (World Bank, 2023). In addition, Uganda lacks a comprehensive agricultural trade policy, resulting in fragmented interventions.

Smallholder farmers, who constitute more than 80% of the farming population, face exclusion from formal markets due to lack of access to finance, weak bargaining power, and poor access to certification schemes (FAO, 2021). Uganda's underutilization of opportunities under AfCFTA and EAC further reflects a disconnect between agricultural and trade policies. If these challenges persist, Uganda risks continued dependence on volatile commodity markets, stagnant rural incomes, and missed opportunities for job creation and value addition (UNCTAD, 2022; EPRC, 2023).

Policy Options

- Institutional coordination is fragmented, with no central mechanism to align the work of agriculture, trade, finance, and infrastructure sectors. This has led to overlapping mandates and duplication of efforts. Extension services remain narrowly focused on boosting production, with limited emphasis on preparing farmers for trade readiness through market intelligence, standards compliance, and certification support.
- Value addition has been prioritized in policy, but practical support for certification and agro-processing remains insufficient. Access to affordable certification services is limited, making it difficult for producers to penetrate premium markets. Similarly, investment in rural infrastructure, storage, and cold chains is still inadequate, contributing to high post-harvest losses and elevated transaction costs.
- Policy frameworks such as the National Trade Policy (2007) have become outdated and are not fully aligned with AfCFTA protocols, limiting Uganda's ability to take advantage of regional and continental trade opportunities. Finally, existing strategies have underplayed the potential of the domestic market. Public procurement and consumer campaigns that could stimulate demand for locally processed agricultural goods remain underutilized.

Policy Recommendations

- The Government of Uganda, through the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) and the Ministry of Trade, Industry and Cooperatives (MTIC), should establish a National Agricultural Trade Council to coordinate trade and agriculture institutions and streamline interventions. Trade-readiness should be integrated into national agricultural extension services, equipping farmers and traders with practical knowledge on certification, standards, and market access.
- The Uganda National Bureau of Standards (UNBS) and Uganda Export Promotion Board (UEPB) should expand affordable certification schemes, tax incentives, and financing support to promote value addition and agro-processing.

- Trade governance and digital infrastructure should be strengthened by MTIC, in collaboration with the National Information Technology Authority–Uganda (NITA-U) and the Uganda Revenue Authority (URA), through harmonized standards, alignment with AfCFTA trade corridors, and the establishment of a digital single-window trade system.
- Finally, domestic market development should be promoted by the Ministry of Finance, Planning and Economic Development (MoFPED) and Public Procurement and Disposal of Public Assets Authority (PPDA) through strategic procurement in schools, hospitals, and prisons, complemented by a national Buy Ugandan, Build Uganda (BUBU) campaign and phased import restrictions to boost local consumption and agro-processing

Conclusion

Uganda's agriculture offers extensive potential for inclusive economic growth, yet trade performance remains constrained by fragmented policies, weak infrastructure, and limited value addition. By reforming institutional coordination, reorienting extension services, supporting certification and processing, investing in trade infrastructure, and stimulating local demand, Uganda can unlock its agricultural trade potential. Strengthened linkages to AfCFTA and EAC markets will not only expand export earnings but also create jobs, raise rural incomes, and build a more competitive and resilient agricultural economy

References

AfCFTA Secretariat. (2023). Status Update on AfCFTA Implementation.

AGRA. (2022). Africa Agriculture Status Report: Delivering Resilient Food Systems in Africa.

Economic Policy Research Centre (EPRC). (2023). Unlocking Agricultural Potential through Regional Trade: Uganda's AfCFTA Opportunity.

FAO. (2020). Uganda Country Programming Framework 2020–2025.

Food and Agriculture Organization (FAO). (2021). Uganda Country Programming Framework 2021–2025.

International Coffee Organization (ICO). (2022). Coffee Market Report.

MAAIF. (2020). Agro-Industrialization Programme Implementation Action Plan (PIAP).

Ministry of Agriculture, Animal Industry and Fisheries (MAAIF). (2022). Agriculture Sector Annual Performance Report.

MTIC (Ministry of Trade, Industry and Cooperatives). (2024). Uganda AfCFTA Implementation Strategy.

MTIC. (2018). National Export Development Strategy.

MTTI. (2007). National Trade Policy.

MWE (Ministry of Water and Environment). (2021). Irrigation Master Plan Report.

National Planning Authority. (2013). Uganda Vision 2040.

NDPIII. (2020). Third National Development Plan 2020/21–2024/25. National Planning Authority.

TradeMark Africa. (2023). Improving Market Access for Ugandan Exports.

UBOS (Uganda Bureau of Statistics). (2023). Statistical Abstract 2023. Kampala.

UIA (Uganda Investment Authority). (2024). Operationalization of Entebbe Export Zones.

United Nations Conference on Trade and Development (UNCTAD). (2022). Economic Development in Africa Report: Rethinking the Foundations of Export Diversification.

World Bank. (2022). Uganda Economic Update: Mobilizing Agricultural Potential.

World Bank. (2023). Uganda Economic Update: Boosting Agricultural Trade Competitiveness.

