MINISTRY OF TOURISM, TRADE AND INDUSTRY

NATIONAL SUGAR POLICY
A Framework for Enhancement of Competitiveness, Public – Private Partnerships, and Social Transformation

The Ministry of Tourism, Trade and Industry
P. O. Box 7103
Kampala
www.mtti.go.ug

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FOREWORD

The Government of the Republic of Uganda is committed to the transformation of Uganda's economy as one of its fundamental goals. In this regard, the sugar industry which includes; cane growing and processing as well as value addition to its by-products; is of great importance to the economy of Uganda both in employment creation and provision of taxes to the Government among other things.

The sugar industry is one of the oldest industries in the country, with its history dating back to early 1920. By the 1960's, the sector's annual production was about 140,000 tonnes of which 120,000 tonnes was for domestic consumption and 20,000 tonnes for export. However production declined significantly during the 1970's because of mismanagement and neglect of the estates. After 1986, the industry steadily picked up following rehabilitation and divestiture programmes undertaken jointly by Government and the private sector. Over the last 10 years, the industry has been expanding production by nearly 20% per annum culminating into production of 287,387 tonnes of sugar in 2009.

It is estimated that Uganda's domestic demand shall be close to 500,000 metric tonnes by 2015; hence the planned expansions in this sub sector should be able to meet this domestic demand. Significant capital investment in order to expand sugar production capacities as well as diversification of by-products to achieve economies of scale; is envisaged with all the major sugar mills. In addition, the factories will be encouraged to produce close to 100 megawatts of "green" electricity from burning bagasse, mainly for their own use and the surplus will be offloaded for sale to the national grid. This will help ease the power shortfall that Uganda is currently facing.

It is good to note that much of the cane supply for this expansion shall come from out grower farmers who are currently supplying about 50% of total cane requirement of the major sugar factories. This intervention is in line with government programme of poverty eradication and prosperity for all Ugandans.

Following the coming into force of the National Industrial Policy in February 2008, priority Sub Sector Policies like the National Sugar Policy, had to be formulated in order to realize its broader objectives. The "National Sugar Policy, a Frame work for enhancement of Competitiveness, Public-Private Partnership and Social Transformation" identifies the salient relationships and linkages between the key stakeholders in the sub-sector, as well as providing a framework to guide specific policy actions/interventions with respect to the development of the sugar sub sector in Uganda. In addition, it offers policy makers and private sector a coherent direction to guide coordinated performances and implementation of the policy.

The National Sugar Policy is a product of extensive and prolonged consultations involving Government officials, miller's executives, out grower representatives, private sector, academia, and mass media. In this sense the process has been as important as the product in building consensus on the measures and strategies needed to meet Uganda's vision.

I wish to express my gratitude to all those who worked tirelessly to produce this Policy document. Finally, I am pleased to present to the people of Uganda, The National Sugar Policy and I appeal to all stakeholders to ensure its speedy implementation for economic and social transformation of our country.

For God and my country.

Kahinda Otafiire
Maj Gen
Minister

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LIST OF ACRONYMS

COMESA	Common Market for East and Southern Africa
CFC	Common Fund for Commodities
Cp	Cane Price
EAC	East African Community
EU	European Union
GoU	Government of Uganda
ISO	International Organization for Standardization
MTTI	Ministry of Tourism Trade and Industry
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MGL&SD	Ministry of Gender Labour and Social Development
MFPED	Ministry of Finance Planning and Economic Development
MLG	Ministry of local Government
MJCA	Ministry of Justice and Constitutional Affairs
NAADS	National Agricultural Advisory Services
NARS	National Agricultural Research Stations
NDP	National Development Plan
PFA	Prosperity For All
PEAP	Poverty Eradication and Action Programme
PMA	Plan for Modernization of Agriculture
PSFU	Private Sector Foundation Uganda
R	Recovery
Sp	Sugar Price
SADC	Southern African Development Cooperation
SACCOS	Savings and Credit Co-Operative Societies
TRQ	Tariff Rate Quota
USCTA	Uganda Sugar Cane Technologists Association

UNASGO	Uganda National Sugarcane Growers Association
USE	Universal Secondary Education
UPE	Universal Primary Education
URA	Uganda Revenue Authority
UNBS	Uganda National Bureau of Standards
UIA	Uganda Investment Authority
WTO	World Trade Organization

1.0 INTRODUCTION:

During the formulation of the National Industrial Policy which was approved by Government in 2008, one of the proposed policy actions was to develop action agendas for key industrial development sub-sectors, sugar being one of them.

In all her recent development programmes, like; Plan for Modernization of Agriculture (the Marketing and Agro-processing pillar), the "Prosperity For All" and the National Development Plan; Government of Uganda is stressing value addition on all locally available raw materials in order to increase their competitiveness, create employment and consequently poverty eradication. The sugar sub sector is one of the strategic areas in the economic and social transformation of the country, owing to the fact that the sub sector is supported by wholly locally grown raw materials. The diverse range of products and bi-products across the entire value chain create unique employment opportunities to the population. These products and bi-products include; sugar, bagasse, molasses, electricity, ethanol, gin (waragi), furfural for resins and plastic industry, pulp for paper, particle boards and charcoal briquettes (fuel).

Sugar is a strategic and nutritive commodity to many countries in the world. Sugar differs to any other food commodity in being consumed daily at different rates by all people regardless of their age, standards or classes. This fact makes sugar a commodity that enjoys certain importance from the agricultural, industrial, nutritive, economical, social, cultural and strategic point of view. Sugar Industry and its trade have increasingly gained importance in Uganda and International trade.

Apart from providing sugar, a vital food, the Uganda sugar industry provides direct employment to over 20,000 and 50,000 direct and indirect employments respectively. Further more, it contributes to development of rural road infrastructure as well as providing social services such as hospitals, schools, electricity and other community development services upcountry.

Overall in year 2009, the sector contributed over 126 billion UGS in taxes as well as savings of US$ 176 million in foreign exchange earnings; hence contributing to the stability of the Uganda shillings on the foreign exchange market.

Despite the above, there are several pertinent issues from all the stakeholders which need to be addressed. Cane out growers complaints include; low cane prices, un-favourable payment terms by established factories, uncoordinated logistical sequencing of cane lorries to factories, refusal by sugar firms to buy burnt sugarcane, high percentage (5%) deductions on cane delivered weight as unclean products, information sharing, sharing of revenues accruing from by-products, and uncoordinated closure of factories for annual maintenance. Out growers assert that most of the issues mentioned above have resulted into diversion of cane to other crushers like jaggeries, yet this is the main concern from the millers.

This National Sugar policy responds to the concerns that Uganda has had no national policy for the sugar sub sector for a long time to meet the challenges and global competitiveness in the sub sector. The proposed National Sugar Policy sets out the strategic direction for the development of this sub sector in Uganda. It aims at bringing harmony among all the key players in Sugar Industry so as to promote and sustain steady Industrial growth, development and transformation of the Sugar Sector to become modern and competitive in the domestic and regional markets. The expectation is to have the sector keep abreast with the increasing consumption of sugar per capita, in addition to creating employment for the national population growth.

The proposed National Sugar Policy envisages expansion of sugar production with backward linkage to cane growing using modernized technology and in more environmentally sustainable manner. The policy forward linkage will focus on the sugar cane bi-products to generate electricity for sale to the national grid, as well as bio-fuels for blending with petroleum products.

2.0 SITUATION ANALYSIS OF SUGAR SECTOR:

The sugar Industry in Uganda started way back in 1920, then peaked production in 1972, but unfortunately immediately began declining, due to miss management and neglect of the estates. Later on, the industry steadily picked up from 1980, following various rehabilitation and divestiture programmes undertaken by both the private sector and the Government. Over the last 10 years sugar production has been increasing by nearly 15% annually culminating into record annual production of about 240,000 tonnes in 2008 and the sector is steadily improving its productivity.

Sugar production in the country in 2009 was 287,387 metric tonnes, which was a rise of 20% over 2008 production. The sugar industry is again forecasting a further increase in production during year 2010 to approximately 318,240 tones. With the projected Uganda's population of about 44 million by year 2020 (assuming an annual population growth rate of 3.2%) and per capita sugar consumption of 12 kgs per person per year; this translates to sugar requirement of 500,000 metric tones by year 2020. It is further projected that the Country will need about 915,000 metric tones by 2030 if the estimated per capita consumption increases to 15 kgs per person per year.

With the above projections, the sugar policy should set a strategy for the growth, expansion and modernization of the sugar sector to meet the domestic market and aim to export as well. The sugar Industry strategy is to expand sugar production with backward linkage to cane growing using modernized technology and in more environmentally sustainable manner. The forward linkage will make best use of by-products like bagasse for generating electricity and molasses for ethanol production. In addition, the strategy will promote green cane cutting to add manure to the fields, and the practiced best land management systems will increase the cane yields in addition to protecting the land, consequently resulting into increased productivity and profitability to all stakeholders. Needless to say, expansion of cane growing will rely entirely on to development and sustainability on the out growers scheme.

In addition, green cane harvesting shall be encouraged, in line with environmental protection and for generation of organic manure, and for better moisture retention in cane fields. Such sustainable land management systems will increase the cane yields and protect the land, resulting into increased productivity and overall efficiencies and ensure sustainable sizeable profits to all stakeholders.

Sugar cane research is currently undertaken by the sugar mills who import varieties from South Africa, India and France. This research is limited to productivity of the cane, cane maturity period, resistance to disease, quality of cane, ratoonability, optimal quantity of different fertilizers, chemicals.

Earlier on, sugarcane research used to be carried out at Kawanda Research Station and by 1971; there were plans to start cane breeding in Uganda. Unfortunately, the Sugarcane Research Unit was later closed since the mills had nearly collapsed. In 2004, Uganda was readmitted to the International Sugar Organization (ISO), through initiatives of USCTA, which enabled the country to join the East African Sugar Cane Development Project, hence benefiting from the "Common Fund for Commodities (CFC) funding of sugarcane research.

Sugar factories' ownership in the world range from Government to Private sector share holdings. In Uganda the trend is to privatize all the Sugar Factories. Unfortunately, Uganda has one of the highest costs of sugar production in the world and therefore the related challenges and threats in the Sugar sector need to be addressed, as well as tapping into existing opportunities.

2.1 STRENGTHS:

2.1.1 Conducive business environment and good political will

The free market economic reforms introduced in the 1990's have over the years created macro economic stability in Uganda which has endeared the country to global investors. In addition, partnership with the private sector, as an engine of growth, is at the centre stage of Government policy formulation, development, implementation and monitoring. The government economic policy encourages value addition across the entire chain to agricultural commodities, such as sugarcane, and employment generation; hence poverty alleviation. Furthermore, the political leadership in Uganda is unequivocally committed to industrialization, economic transformation, and modernization.

2.1.2 Huge domestic/regional/International markets

Currently Uganda's population is estimated at 33 million people and the per capita sugar consumption is 10.0 kgs per person per year. This translates to sugar requirement of 333,000 metric tones. At the regional level; EAC population of 126 Million people translates into a market size of 1.6 million metric tonnes per annum; while COMESA population of 400 Million people translates to over 6.7 million metric tonnes**.** Almost all countries in these regions with the exception of Egypt, Mauritius, Malawi, Zimbabwe, Zambia, Madagascar, and Swaziland are net importers of sugar.

2.1.3 Availability of good climate

Sugarcane is essentially considered a tropical crop. The major conducive agro-climatic components that control sugarcane growth and productivity include adequate annual rainfall, warm temperatures, and adequate sunshine hours, fertile loamy soils which are freely draining and high incidences of solar radiation all of which are available in Uganda.

In addition, there are enough water bodies like rivers and lakes which provide the necessary water requirements for sugarcane processing and irrigation of cane in the field. The conducive environment for cane growing throughout the year, yields cane which is moderately rich in sucrose content.

2.1.4 Presence of trainable labour force

Following the introduction of the Universal Primary Education (UPE) and Universal Secondary Education (USE), enrolment has increased to 7 Million pupils in primary schools from 2.5 Million, with about 1.2 million joining secondary schools every year.

The above state of affairs offers an incredible opportunity for a robust human resources base for trainable labour after a minimum of O-Level of education, who can be trained on-job, for the entire sector to guarantee a reliable base for human resources for present and future needs of the sub sector.

Furthermore, Makerere University Faculty of Food Science is introducing course modules in sugar technology which will enhance access to trained skills in the sector.

2.1.5 Existing sugar industry associations

The Government acknowledges the commitment and contribution of Uganda Sugar Cane Technologists Association's (USCTA) initiatives and ongoing programs and strategies, to promote the Uganda sugar industry's growth and sustainability. In addition all the main sugar mills have been working hard over the last two decades to develop extensive out grower's schemes for their factories, where registered farmers are provided with extension services on credit. The three main millers have respective out grower's organizations which in turn form an umbrella organization, the Uganda National Association of Sugarcane out growers (UNASGO).

2.1.6 Co-generation of electricity

One of the key bi-products of the sugar industry is bagasse. Bagasse is used in the production of electricity for use by the sugar factories in their production processes and estates. The surplus electricity is exported to the national grid, which in turn contributes to power shortage reduction; a factor which the 2006 Diagnostic Trade Integration study and the 2007 Country Economic Memorandum, identified as most severe impediment to Uganda's industrial and economic growth.

2.1.7 Corporate social responsibility

Over a long period, the millers have been involved in numerous corporate social responsibility activities in support of the communities and implementation of Government programmes. These include; education and skills development services, health services, rural road construction and maintenance, and other community development activities.

2.1.8 Contribution to revenue generation

Overall in year 2009, the sector contributed over 126 billion in taxes as well as savings of US$ 176 million in foreign exchange earnings; hence supporting the macro-economic stability of the Uganda economy.

2.2 WEAKNESS:

2.2.1 Lack of a regulatory institution to coordinate the sugar sector

There is general lack of a strategic and regulatory institution to coordinate and harmonize business transactions for all the sugar stake holders. This undermines business collaboration that is necessary for the growth of the sub sector across the entire value chain. Often there are a lot of mutual suspicions on issues such as pricing formula and sugar growing and purchasing agreements. Cooperation among the various stakeholders especially the millers and the cane farmers could be enhanced by this institution.

2.2.2 Overall high cost of production

The pioneer factories have relatively old machinery and processing technology leading to low crushing capacity, and low labour and cane productivity. Furthermore, the land locked nature for Uganda aggravated by the poor state of the roads and railway, increases the cost of transport of machinery and other inputs hence increasing the overall cost of production.

Certainly the main challenge for the sugar industry in Uganda comes from the maintenance of competitiveness of cost of production in relation to other world class producers and industries like Brazil in South America and Swaziland in Southern Africa.

2.2.3 Cane varieties

The sugar industry imports cane varieties from South Africa, France and India. Existing cane varieties have high fiber content and low sucrose; which negatively affect productivity. Cane productivity rate of 5 tones cane per hectare per month is relatively low compared to other countries in the region. In addition, the average cane maturity age is 18 – 20 months, which is too long and uncompetitive relative to other countries where cane matures at 12 months.

2.2.4 Regional Trade agreements

Uganda is a Partner State of the East African Common Market and a member of the Common Market for the Eastern and Southern Market (COMESA). Uganda is also negotiating an Economic Partnership Agreement with the EU. One of the key issues that need to be addressed is the import and export of sugar by Uganda. The Regional Integration arrangements are therefore critical to the improvement of the Uganda Sugar Sector.

2.2.5 Location of Jaggery mills in proximity to the sugar factories

Since 2005, Government has received several complaints from established sugar millers about diversion of sugarcane to the jaggery manufacturers. Close to 300 ox driven and motorized jaggery mills have set up small units and are operating within out grower areas, hence diverting cane which is intended for sugar production.

Unfortunately, Sugar extraction from cane by jaggeries is about 5-6% which makes it uneconomical since the normal recovery by sugar mills is 9-11%. The reality of all this is the loss of revenue to Government due to low recovery as well as non-payment of taxes. It is estimated that potentially, 20,000 tonnes of sugar is lost annually to jaggery manufacture.

2.2.6 Cane pricing formula

The cane pricing was originally based on the formula- $C_P = S_P \times 0.35 \times R$. Subsequently, there were disagreements and questions on rationality of this formula. The sugar cane associations have a contention on the percent share of the sugar price.

2.2.7 Non binding cane production contracts

Most of the registered canes out growers have contracts with the sugar mills which have; provisions that guarantee the supply of cane to the factories, the cane price formula, the market for the cane, and support to out growers. Although these contracts are supposed to be binding agreements between the two parties, in many occasions they have been abrogated by cane out growers supplying their contracted cane to other cane crushers especially jaggery mills.

2.2.8 High cost of finance to cane millers and out growers

Whereas the number of banks and other financing institutions operating in Uganda has increased in the recent past, interest rates remain very high and range between 18-24%. The resultant effect has been delayed modernization of process technologies.

In addition, access to finance has been identified as one of the largest constraints to small scale farmers to develop land and cultivate cane for sale to the millers. Due to land tenure systems which are characterized by traditional practices and other administrative complications, many farmers do not have land titles which otherwise act as collateral for them to access finance in order to develop new cane fields. Mills are providing credit facilities to farmers but at higher interest rates which greatly affect farmers' profits negatively. This in turn has ripple effects to the final price of Uganda's sugar.

2.2.9 Insufficient number of vocational training institutions

The sugar industry has unique and specific skill requirements which are not readily produced by the current tertiary and vocational training institutions. This results into low level of factory labour productivity, hence high overall cost of production.

2.3 OPPORTUNITIES:

2.3.1 Huge Market potential

The East African Community has evolved into a Common Market while COMESA is also expected to have a Customs Union. There is a huge market potential for export to the EAC, Southern Sudan and Democratic Republic of Congo.

2.3.2 High potential of generating electricity for sale to national grid

The projected growth in national electricity requirements provides ready market for any increased electricity generation from the sugar mills. In addition, this generated surplus electricity provides a great opportunity of providing power for irrigation of land.

2.3.3 Potential of diversification

Increased sugar production will increase the potential of diversification to make alcohol from molasses as; portable alcohol, industrial alcohol and gasohol. Possibilities also exist to diversify and produce other by-products from biogases like cardboard, charcoal bricket and animal feed from molasses. In addition there is potential to produce boiler ash to make fertilizer and use for land fills.

2.4 THREATS:

2.4.1 Fluctuation of world sugar prices

The instability in world commodity prices especially sugar, coupled with emerging alternate uses of sugar like fuel ethanol; have a potential negative effect to the growth and expansion of the sugar sector in Uganda. The world sugar prices fluctuates in a continuous cycle depending on the situation of the world sugar stocks, or surplus stocks and the existing economic and trade agreements among exporting and importing countries of sugar.

2.4.2 Regional and International trade agreements.

As and when the common market protocols of the EAC, COMESA and SADC come into operation, there is a potential external challenge in managing a deregulated and a more free trade environment. This may destabilize the sugar industry in Uganda, eventually crippling it, with all its accrued socio economic benefits. Currently, the COMESA Tariff Rate Quota (TRQ) for sugar imports to Kenya may be a disadvantage to Uganda sugar industry in the event of its application to all sugar imports to Kenya. In addition, international sugar agreements and regulations may cause dumping of sugar in the region, hence hindering the promotion and growth of the sugar sector.

2.4.3 Climate Change:

There are increasing challenges to agriculture arising from climate change as a result of increased atmospheric concentration of carbon dioxide. In order to reduce future green house emissions to limit climate change impact, the sugar industries shall undertake modern management practices that contribute to mitigation of green house emission. Sustainable land management practices will also be employed in cane cultivation to avoid negative impacts on cane yield, quality, soil erosion, forestation, and, pests and diseases control.

3.0 SUGAR POLICY VISION:

To have a sustainable, diversified, harmonized, modern, and competitive sector to meet domestic regional and international sugar requirements.

3.1 MISSION STATEMENT

To develop and sustain growth of the sugar industry, through profitable trade at domestic, regional and international levels: With the ultimate aim of creating wealth, employment, and enhancing social transformation.

3.2 OBJECTIVES OF THE NATIONAL SUGAR POLICY

The overall objective of sugar policy is to institutionalize harmony among all the Sugar industry stakeholders in order to promote and sustain steady industrial growth and development, and transform and diversify the sugar Sector to become competitive and modernized. The specific objectives are;

(i) Establish a sugar sector regulatory mechanism to oversee, monitor and possibly arbitrate in respect to major issues concerning the sugar sector.

(ii) Establish cane growing zones for the mills to be within economic growing distance of large land suitable for cane growing.

(iii) Provide a framework for product pricing based on market forces.

(iv) Promote research and development into all aspects of sustainable sugar cane growing, sugar processing and value addition to by-products, in order to support the growth and productivity of the sector.

(v) Promote sustainable land management practices in order to improve productivity of land and protect against destruction of the surface of land.

(vi) Review the role of the sugar industry in order to formulate future plans for expansion of cane growing, sugar production and product revenue sharing.

(vii) Develop relevant and meaningful social responsibility development projects within sugarcane growing areas.

(viii) Provide a framework for development of sugar stakeholder associations.

3.3 GUIDING PRINCIPLES:

(i) Economic interdependency between the sugar manufacturers and sugar cane growers.

(ii) Market forces shall determine sugarcane as well as its products' prices.

(iii) Penetration of the domestic and regional market.

(iv) Equitable distribution of productive enterprises nationally.

(v) Equitable sharing of revenue from sugar and its by-products.

(vi) Commitment to the implementation and continual improvement of Quality Management Systems as a useful instrument for enhancing operational efficiency for the benefit of millers, growers, customers and other stake holders.

(vii) Minimize, and where possible eliminate the risk of harmful effects of sugar production on the environment.

3.4 TARGET INDICATORS

The policy objectives will be realized over the medium term. In the 5th year of implementing this policy, target indicators for achieving the vision and objectives will include;

(i) Sugar Production		- 480,000 metric tones.
(ii) Per Capita Consumption		- 14kg/head/annum
(iii) Electricity generation		- 90-95 mega watts.
(iv) Employment creation: Direct		- 75,000 persons
	Indirect	-210,000 persons

4.0 POLICY MEASURES FOR THE SUGAR SECTOR:

4.1 INSTITUTIONAL DEVELOPMENT

(i) Government shall establish a sugar regulatory mechanism to mediate and administer sugar sector related matters.

(ii) Government will require every cane out-grower in a particular zone of a sugar company, to register as a member of the respective cane out-growers' associations.

4.2 SUGAR CANE GROWING AREAS

In order to harmonize cane growing, it is absolutely important that established and new sugar mills have sufficient acreage to grow and expand their operations, depending on the geographical distribution and the availability of areas for cane cultivation. This should also take into account self sufficiency in food crop production as well as environment sustainability. Specifically the following policy measures will be applied;

(i) Sugarcane growing areas shall be planned within a radius of 25 kilometres, new sugar mills shall not be licensed within 25 kilometres radius of an existing mill. 30% of the area within this radius shall be used for cane growing and the remainder of the land shall be reserved for food security and other activities. This cane radius will enable the factories to expand and enjoy economies of scale. See Annex demonstrating the various scenarios.

(ii) Government, through UIA shall issue licenses to new sugar factories, with a nucleus estate of at least 500 hectares or sizeable land to enable the factory to financially break even, to grow cane and produce sugar.

(iii) All sugar mills shall have binding contracts with farmers. The conditions and terms of the contract activities shall be negotiated between the miller, representative farmer's association and Government using the sugar regulatory mechanism.

(iv) Independent farmers growing cane on commercial scale are free to negotiate and sale their cane to the highest buyer.

(v) The cane payment formula shall be negotiated and agreed upon between the millers, the respective sugar cane out-growers' associations and Government using the sugar regulatory mechanism.

(vi) Jaggery and open pan mills shall be licensed for farmers outside the cane growing zones who wish to add value to their cane.

(vii) In expanding cane growing, the millers and farmers shall ensure that food security in respective areas is guaranteed.

(viii) Farmers shall be encouraged to form Co-operatives Societies to enable them to; strengthen members bargaining powers, as well as access technical guidance and capacity building services..

(ix) In addition, expansion of cane growing by the millers and farmers shall ensure environmental sustainability within the sugarcane growing areas.

4.3 DIVERSIFICATION OF SUGARCANE PRODUCTS

Globally, diversifying along the value chain results into sustainable and competitive sectors is paramount. But appropriate technologies and appropriateness of the products in the local or regional markets have to be carefully studied, as also the political, social and economic benefits of the projects being considered for implementation. Specifically;

(i) Government shall support sugar companies to convert bagasse into electrical power.

(ii) Power generation should be on the basis of take or pay i.e. payment to be made on the agreed power generated. Tariff shall be based on the market value.

(iii) Government shall set up supportive schemes to the sugar mills that specifically target technology and productivity improvements.

(iv) Millers shall use molasses for production of ethanol, sweets, animal feeds and inorganic fertilizers.

4.4 MARKETING AND TRADING OF SUGAR.

Whereas the protection of consumers is paramount, market forces shall decide sugar price. Specifically;

(i) The sugar manufacturers shall produce quality sugar to meet the needs of the market.

(ii) Government shall regulate importation of sugar through appropriate tariff regimes.

(iii) Government through use of input/ output data shall monitor importation of sugar by beverage and confectionary industries.

(iv) Promote use of locally produced sugar as a raw material by beverage and confectionary industries.

4.5 FINANCIAL SERVICES TO CANE GROWERS

Government is implementing a number of programmes that improves access to financial services by various communities across the country. These services include the SACCOs, PFA, and NAADS. Government shall;

(i) Encourage formation of Savings and Credit Co-Operative Societies (SACCOs) in farmers' respective areas to save money and access government financial assistance.

(ii) Prioritize support to out-growers under NAADS and other farmers' financial services available to the Agricultural sector.

4.6 RESEARCH AND DEVELOPMENT

In order to reduce the cost of sugar production to levels of other countries like Swaziland, a lot of sugar cane research has to be done to produce high sucrose, low fibre and early-maturing cane varieties that can grow well under Uganda's climatic conditions.

(i) Alongside the research done by the sugar companies, Government will initiate:

    a) Sugar cane breeding and variety selection research programs through NARS and other National Universities to develop high sucrose and early maturing cane varieties.

    b) Upgrading of agronomic techniques, fertilizer application, disease and pest control in order to address the problem of declining cane yields.

c) Reviving the sugar cane research activities that were being undertaken at Kawanda Research Station under auspices of the East African Community.

d) Promoting linkages between research institutions with other such institutions out side Uganda.

e) Appropriate irrigation schemes in the Sugar Sector.

(ii) Millers shall invest in research, technology transfer and development that will lead to improved factory efficiencies.

(iii) Millers shall strive to improve on the efficiency of capital resources utilization.

4.7 CAPACITY BUILDING

The success of increased sugar production depends not only on cordial relationships between millers and farmers, but also improved technical capacities of the farmers and millers. In addition, the bi-products processing infrastructure will demand highly skilled human resources.

(i) Government, farmer’s representative bodies and the millers shall target to improve human resource skills development of farmers and extension service providers as well as local government staff through capacity building programmes.

(ii) Government shall promote the development of engineering facilities and apprenticeship schemes by the millers and other private training institutions to create a cadre of professionals and highly skilled human resources.

Government shall promote regular consultative meetings with all stakeholders in order to sensitize the communities about the benefits of sugar manufacturing.

4.8 CANE SUPPLY.

Currently, cane is cultivated and supplied to millers from the nucleus estate and farmers’ fields. With the planned sugar production expansion, cane will be supplied mainly from farmers. Government, millers and farmer’s associations shall work together to achieve a win-win business environment in order to meet the projected expansion, the overall profitability of the sugar industry as well as community corporate social responsibility. Specifically;

(i) Government shall enhance investment in infrastructure development especially rural roads in potential cane fields.

(ii) Government shall expedite the production of fertilizers in the country.

(iii) Government through UNBS shall ensure correct functionality of the weigh bridge and other weighing equipments/instruments.

(iv) Millers shall construct schools and hospitals as part of corporate social responsibility.

4.9 CROP PRODUCTION RESEARCH (IRRIGATION)

The expansion of the sugar industry depends on cane availability supplied to the mills. With negative effects of climate change causing fluctuations in weather that result into reduced land productivity and eventually causing food insecurity, the following interventions shall be carried out,

(i) Government shall make use of man made water sources, as well as carry out research and development on irrigation infrastructure projects targeting to increase land productivity and utilization for agricultural production including cane in the semi-arid and arid regions.

(ii) The Government shall develop a long term national plan (PMA) in regard to the feasibility and cost of irrigation requirements in potential areas.

(iii) Millers, Growers and surrounding communities shall need to apply efficient management of water resources.

5.0 IMPLEMENTATION, MONITORING AND REVIEW MECHANISM

The Ministry of Tourism, Trade and Industry will lead the implementation of the National Sugar Policy in collaboration with other ministries, development agencies and private sector especially the sugar millers and out growers association. These will include: Ministries of: Agriculture, Animal Industries and Fisheries; Finance, Planning and Economic Development; Gender, Labour and Social Development; Education and Sports; Lands, Housing and Urban Development; Water and Environment; Justice and Constitutional Affairs; and Local Government.

5.1 MINISTRY OF TOURISM TRADE AND INDUSTRY

The implementation of the National Sugar Policy shall be an integral component of the National Development Plan. The Departments of Industry and Technology, and Internal Trade in the Ministry of Tourism, Trade and Industry shall be strengthened and capacitated to serve and manage the developmental needs of the sugar sector. Specifically the following functions shall be undertaken;

(i) Provision of policy guidance to stakeholder institutions.

(ii) Coordination of implementation of all the aspects of the Sugar policy

(iii) Monitoring and evaluation of the overall performance of the sugar sector.

(iv) Harmonization of the sugar trading with the regional and international sugar protocols.

(v) Ensuring the sugar policy remains an integral component of National Development Plan as well as other national development plans.

(vi) After formulation of the National Sugar Policy, spearhead the preparation of its costed implementation plan. In addition, contingent regulatory frameworks will be reviewed, amended and/or developed as appropriate. These include but not limited to; Uganda Sugar Act,the Enguli (Manufacture and Licensing) Act 1964 and an Ethanol policy.

Implementation of the proposed policy interventions will require participation of the above mentioned Ministries. Specifically: Agriculture, Animal Industries and Fisheries shall be responsible for improving quantity and quality of agricultural inputs as well research and development; Finance, Planning and Economic Development for finance sourcing and ensuring a supportive tariff regime; Education and Sports for production of skilled human resource; Water and Environment for provision of irrigation as well as environment sustainability; Energy and Minerals Development for overseeing utilization of upstream sugarcane by-products; Justice and Constitutional Affairs for binding sugarcane contracts; and Local Government for rural feeder roads infrastructure.

In addition, Government shall establish a sugar regulatory mechanism to provide a framework for mediation and administration of sugar sector related matters. Similar regulatory mechanisms exist in Kenya and Tanzania where the sugar sub sector is regulated by the National Sugar Board. This Sugar board is composed of representatives of the out growers, millers and Government stakeholder Ministries. Equally, in Brazil the Ministry of Agriculture oversees the sugar sub-sector. There exists a Ministerial sub committee composed of the Ministries of; Energy, Industry and Agriculture. Their National Sugar Board draws representatives from the; Millers, farmers associations and Government stakeholder Ministries.

6.0 CONCLUSION

The sugar cane industry in Uganda has certainly gone through a number of phases of developments and challenges. The Sugar Policy vision shall principally focus on the sustainable development of the sector to become competitive through harmonized coordination with key stakeholders and the Government. The following shall be the key focus issues,

- Provide an enabling business environment and harmonized relationship between the millers, farmers and Government.
- Regulatory mechanism put in place to monitor activities and over all running of the sector.
- Facilitating smooth trade in relation to the existing marketing forces.
- Infrastructure investment in key potential rural cane growing areas.
- Research and Development to improve services to the sector.
- Enhance human resource development.
- Provide supportive schemes through which financial assistance can be accessed.
- Sustainable land management practices in order to protect the environment and take corrective actions to mitigate climate change.

The wide consultative process that has been followed in developing this policy has helped to identify, by consensus, the priority areas for the development of the sugar sector and how it relates to the national development. In fact, the Policy institutionalizes consultation so as to ensure that the spirit with which this Policy was developed is the same spirit with which is implemented. An effective and efficient Public –Private Partnership arrangement is envisaged for implementation of this policy