



Working Toward a Self-Sufficient Rice Sector in Uganda

A fast-growing industry

Rice was once considered a treat in Uganda, only consumed on special occasions. It is now a dietary staple within many Ugandan households resulting in a significant increase in domestic demand.

Not only has demand for rice increased, but consumer tastes are more discerning, with a preference for aromatic varieties which grow primarily in the lowlands. The Ugandan rice sector is now presented with a unique opportunity to capitalise on this growing domestic demand and build a national rice industry that is not reliant on imported products.

The Government of Uganda is pursuing a rice sector development strategy designed to build a self-sufficient national rice industry. With close to half of domestic rice demand met by imports and domestic production levels needing to be lifted by up to 150,000 MT annually, the vision of a self-sufficient rice industry is ambitious, but presents a real opportunity for Ugandan businesses and farmers.

Opportunity for Growth

Uganda's growing domestic demand for rice is driven by a combination of population growth, urbanisation and changes in dietary preferences. While first evident in urban populations, rural populations are also consuming more rice. Quality expectations have also changed – gone are the days when consumers would remove stones and clean rice at home, they now expect to buy high quality rice that is ready to cook and consume.

Domestic demand for rice is estimated to be around 350,000 MT per year, with imports meeting between 20-45% of that demand. While local rice production is estimated at around 200,000 MT per year and is growing, there remains a gap between demand and supply – pointing to room for ongoing, future sector growth.

Upland, or dryland rice production in Uganda has expanded much faster than the production of lowland, or irrigated rice, but it is the lowland aromatic varieties that consumers prefer. Private sector investment in multi-stage milling capacity means Uganda has the facilities in place to mill much higher volumes of paddy than what is currently being grown. Furthermore, a tax levy on imported rice is due to be reinstated in 2021 and this will increase incentives for companies to produce domestic varieties.

Domestic demand and the investment in multi-stage milling provide solid foundations for growth within the Ugandan rice sector if other challenges in the production chain are addressed.



What is Holding the Ugandan Rice Sector Back?

There is limited land availability in lowland rice areas, constraining the ability to expand production. The required access to year-round water supply is also a challenge. While there are some public-funded irrigation schemes in place, private sector investment will be needed to expand the amount of irrigated land.

Quality rice also requires quality seed and Uganda's rice seed industry is only emerging. Some new varieties have or are being introduced and produced, but it will take time for seed to be produced at the scale needed to supply the sector. It will also take time for farmers to shift to buying seed rather than recycling paddy.

Farming practices – from planting, to cultivation, to milling – need to change in order to boost productivity and quality. Farmers often find themselves stuck in a cycle

of low yields of poor quality, and the need to borrow money prior to each crop cycle. Money is often borrowed from village-based single-stage mill owners who take an often disproportionately high portion of harvested paddy to settle loans. Single-stage mills produce poorer quality rice with higher broken content which is sold at a lower price.

Moving farmers away from this cycle requires rice businesses to invest in farmer relationships and the provision of multi-faceted support that covers information, inputs, logistics and finance for farmers. Farmers and farmer groups must organise themselves and work together on aspects such as water management to meet the needed quality and quantity sought by buyers and ensure they maintain these standards consistently.





REACH-Uganda's Work in the Rice Sector



Program investment (USD)

REACH-Uganda

610,701



Private investment to be leveraged (USD)

Rice Sector in Uganda

6,048,828



Value of increased sales (USD)

Rice Sector in Uganda

15,675,144

by 2021

37,749,831

by 2023



Total additional income for rice farmers (USD)

9,546,445

by 2021

23,311,127

by 2023



Rice sector FTE jobs created

282

by 2021

615

by 2023



Number of rice farmers benefiting

43,198

by 2021

50,273

by 2023



Rice sector partners (2020)

Processors

5

support service providers

3

Developing the market system, making stronger connections

REACH-Uganda is supporting the growth of the rice industry in Uganda using a market systems development approach. This involves understanding how the market system functions, including core and support functions and services, identifying opportunities for growth and any aspects that prevent the system functioning well.

REACH-Uganda has identified and facilitated better linkages between businesses and farmers within the rice sector with the aim of improving productivity and quality at the farm-level. This will enable larger rice enterprises to

source the volumes needed of quality paddy to produce Ugandan-grown rice products.

At the enabling environment level through a partnership with the Ministry of Agriculture Animal Industry and Fisheries (MAAIF), the Rice Association of Uganda, Rice Millers Council of Uganda and other private sector players, REACH-Uganda contributes data and evidence to inform engagement and policy decisions in the rice sector.

Facilitating change through partnerships

Through a portfolio of business partnerships within the rice sector, REACH-Uganda is supporting change across several areas within the rice market system.

Interventions, partnerships and signs of change



Certified Seed Production

- Kibimba Ltd
- Pearl Seed Ltd

REACH-Uganda connected Kibimba Ltd with SWT Tanners (SWT), and Kibimba is now selling clean lowland seed to SWT and Lwoba Holdings – demonstrating the commercial demand for lowland seed varieties.



Increased production and local sourcing

- Kibimba Ltd
- SWT Tanners Ltd
- Diner's Group Limited

Larger rice enterprises such as Kibimba and SWT are producing on-site and seeking to source from local farmers in order to increase supply.



Farmer uptake of multi-stage milling services

- Diner's Group Ltd
- SWT Tanners Ltd
- St Richards Group of Companies
- Lwoba Holdings

Businesses are putting in place solutions that support farmers to shift away from single-stage mills to multi-stage mills which offer higher prices if quality and consistency in supply is ensured. Diners Group Ltd (DGL) and SWT identified that transport costs were high for farmers and so invested in trucks to collect paddy from the farmgate – reducing farmer transport costs by 50%.



Supporting infrastructure (irrigation schemes, roads)

- SWT Tanners
- Doho Irrigation Scheme

REACH-Uganda and SWT developed a 5km access road to the SWT farm and milling facilities, which also opened up access for local farmers to the main transport route.

REACH-Uganda supported the construction of a 10km road at Doho, improving farmer access and easing general transport challenges.

SWT has developed a flood irrigation scheme for its 5,000 acre nucleus farm.



Farmer information and training

- Kibimba Ltd
- SWT Tanners Ltd
- Diner's Group Limited
- Grain Pulse Ltd
- Lwoba Holdings
- St Richards Group of Companies

Companies are employing extension workers to build relationships with farmers and provide them with technical information and direct support to ensure quality standards are understood.

Other initiatives have been put in place, such as seasonal reviews run by DGL with farmer groups and seed demonstration plots established by Kibimba.

Lwoba Holdings and St Richards are providing post-harvest training to agents to improve processes such as drying and ensure better paddy quality.



Access to quality inputs

- Grain Pulse Ltd
- SWT Tanners
- Lwoba Holdings

Grain Pulse Ltd established demonstration plots and provided farmer training on the use of rice-specific fertilizer. SWT, Lwoba will support their outgrowers with agro-inputs in the near future.



Access to finance

- Microfinance Support Centre

REACH-Uganda linked Lwoba Holdings, SWT and DGL with the Microfinance Support Centre to offer farmers an alternate finance option to that provided through single-stage mill arrangements.



REACH-Uganda Rice Sector Strategy



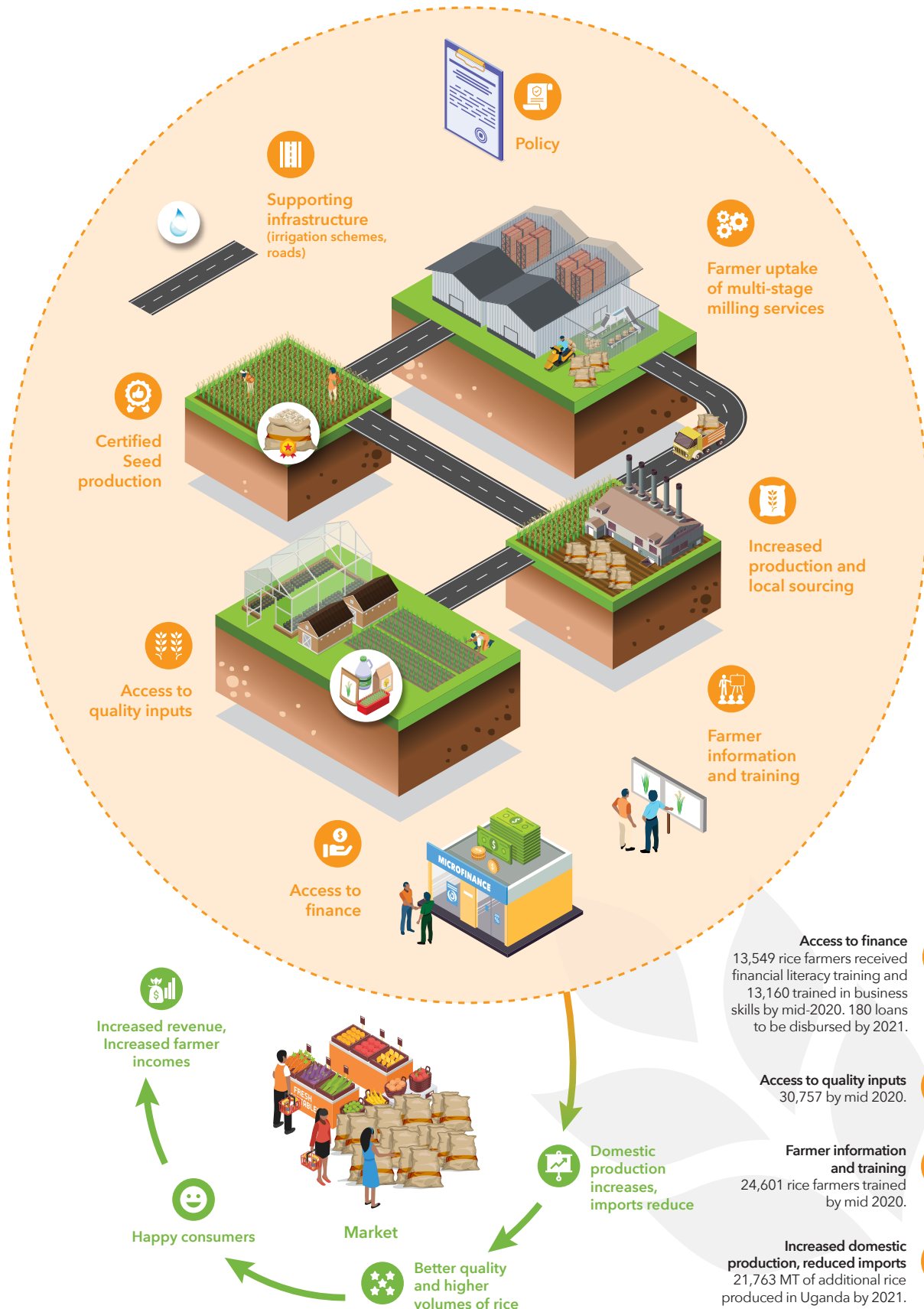
Certified seed production
464t MT of certified seed produced and used by 30,317 farmers by 2021.



Farmer uptake of multi-stage milling services
11,068 farmers selling paddy to multi-stage mills by 2021; 13,335 by 2023.



Supporting infrastructure
5,000 additional acres irrigated
15+ kms of road reconstructed or rehabilitated within rice schemes.





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