POLICY BRIEF

Reversing the Wastage

Legislative Reform and Commercial Contracting to Secure Uganda's Feed and Fodder Sector

1. Executive Front Matter

Primary Decision-Makers: Parliament of Uganda, Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), Uganda Development Bank (UDB), and the National Animal Feeds Advisory and Technical Committee.

Decision Required: Enact and operationalise the *Animal Feeds Bill 2023*, formally institute the National Animal Feeds Advisory and Technical Committee as the central Multi-Stakeholder Platform (MSP), and streamline access to single-digit financing via the Uganda Development Bank for commercial feed processing and preservation equipment.

Key Messages (Core Diagnosis):

i) **The Wastage Paradox:** Uganda produces a massive fodder surplus (48.29 million MT against a demand of 23.85 million MT) but suffers from a staggering 80% wastage rate (38.55 million MT lost annually).

ii) **Collapsing Downstream Industries:** The lack of quality feed has devastated related sectors; notably, Uganda's aquaculture sector—once the third largest in Africa—has shrunk by a third due to feed cost and supply challenges.

iii) **Prohibitive Financing:** Commercial agricultural loans carry crippling interest rates of **28%**, shutting out informal producers from acquiring preservation technologies.

iv) **Commercial Contracting Works:** "Off-taker Led" and "5-Actor" contracting models have proven successful in mitigating risk and ensuring supply, and they must be scaled nationally.

2. Executive Summary

The compounded impacts of the "Triple C" crises (COVID-19, Climate Change, and Conflict) have exposed the fundamentally unstructured nature of Uganda's feed and fodder value chains. Despite possessing immense agricultural potential and serving as a leading regional exporter of feed ingredients, Uganda's domestic livestock and aquaculture industries are starving for quality feed. This crisis is driven by severe post-harvest losses and a lack of preservation infrastructure. To secure the livestock economy and ensure resilience, Uganda must rapidly transition from a fragmented, informal system to a regulated, commercialised industry. This requires the urgent enactment of the pending *Animal Feeds Bill 2023*, scaling successful commercial contracting models, and democratising access to development financing for women-led agribusinesses.

3. Introduction and Context

Livestock and aquaculture are critical pillars of Uganda's economy, contributing significantly to national GDP, food security, and youth employment. However, the sector's foundational input—feed and fodder—remains highly informal and unregulated. While Uganda drafted the National Animal Feeds Policy in 2004 with clear objectives for research, credit access, and rural infrastructure development, the lack of an enabling legislative instrument (the pending *Animal Feeds Bill*) has left the sector vulnerable. Operating without a formal legal framework, the industry struggles with low technology adoption, severe quality control issues, and an inability to attract structured private-sector investment.

4. The Problem: The Wastage Paradox and Financial Exclusion

i) **The 80% Wastage Rate:** Uganda's feed sector suffers from a unique paradox. National annual fodder demand is 23.85 million MT, while actual production reaches an impressive 48.29 million MT. However, due to over-reliance on open grazing in pasture fields, poor harvesting techniques, and a severe lack of preservation technology (such as silage choppers and hay balers), an estimated 38.55 million MT of feed is wasted annually—an 80% **loss** rate. This artificial scarcity drives up local feed prices, directly contributing to the collapse of downstream industries like aquaculture.

ii) **The Financing Bottleneck:** Addressing this wastage requires investment in mechanisation and storage, but producers face severe financial exclusion. Commercial agricultural loans in Uganda carry prohibitive interest rates of 28%. While development finance is available—such as the Uganda Development Bank (UDB) offering 12% and the Microfinance Support Centre offering 8%—these institutions remain highly bureaucratic and demand extensive documentation, effectively shutting out the largely informal feed and fodder producers.

5. Strategic Interventions: Commercial Models and Women-Led Processing

To overcome these structural bottlenecks, Uganda must champion models that link production with guaranteed off-take and accessible financing:

i) **The 5-Actor & Off-Taker Models:** Pilot initiatives have successfully demonstrated the viability of structured commercial relationships. The **"Five Actor Model"** integrates an off-taker, fodder producer, service providers, a financial institution providing single-digit development financing, and a facilitator to support scale. Furthermore, **Off-Taker Led Models**—where major dairy processors like Lato Dairies and Chessa Dairy launch their own silage production ventures for their farmers—have proven highly effective in lowering silage costs and boosting milk production.

ii) **AWARFA-N Uganda's Processing Hubs:** Women are driving agribusiness transformation. The African Women in Animal Resources Farming and Agribusiness Network (AWARFA-N) Uganda is actively aggregating raw materials like cereal brans and oil seed cakes to produce complete, value-added poultry, dairy, and fish concentrates. With a strategic goal to scale its membership base from 100 to **1,200 women-owned enterprises and cooperatives by 2029**, AWARFA-N is demonstrating how formalising women's participation can stabilise the supply chain and expand market reach across the East African Community.

6. Targeted Policy Recommendations

To reverse the staggering wastage rates and secure the feed and fodder sector, policymakers and financial institutions are urged to implement the following actionable recommendations:

1. **Enact the Animal Feeds Bill:** Parliament must fast-track the passage and enactment of the *Animal Feeds Bill 2023*. This will provide the necessary legal framework for quality control, standard enforcement, and the investor confidence required to commercialise the sector.
2. **Operationalise the Statutory MSP:** The Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) must immediately operationalise the **National Animal Feeds Advisory and Technical Committee** (as provided for in the 2004 Policy) to serve as the official Multi-Stakeholder Platform (MSP). This body will coordinate the fragmented sector and guide national investment strategies.
3. **Deploy Smart Subsidies for Preservation:** To aggressively combat the 80% wastage rate, the government must provide targeted tax exemptions and smart subsidies for preservation infrastructure, specifically silage choppers, hay balers, and storage facilities.
4. **Democratise Access to UDB Financing:** The Ministry of Finance and the Uganda Development Bank (UDB) must simplify bureaucratic compliance requirements. Financial products must be tailored to allow women-led cooperatives (such as AWARFA-N) and smallholder associations to access the 12% development financing, transitioning them away from predatory 28% commercial loans.

7. References

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