The project targets to reach an estimated 30,800 households with an outreach of 154,000 beneficiaries of which 30% are women and 40% are youth, writes **Racheal Nabisubi.**

Palm Oil: Uganda's path to import substitution, farmer prosperity

A farmer and his palm oil harvest. The overall goal is inclusive rural transformation through oil palm investment. . PHOTO/TREVOR LUTALO

Uganda's agricultural sector is transforming, with palm oil emerging as one of the most strategic crops for both domestic consumption and regional trade.

According to Maj. Gen. David Kasura Kyomukama, Permanent Secretary of the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), the government's long-term strategy is clear: reduce imports, expand production, and turn palm oil into a driver of rural prosperity.

Coffee remains Uganda's flagship crop, earning billions in export revenue and positioning the country as Africa's number one producer. Yet the government is equally focused on diversifying into crops such as cocoa, maize, milk, and avocado.

"Our coffee is premium, harvested sustainably, and sold at competitive prices. But we must also look at emerging crops like avocado and palm oil, which hold enormous potential for value addition," Gen. Kasura explains.

Palm oil is more than just a cooking ingredient, it is a critical input for industries such as soap manufacturing. Unlike animal fats, palm oil provides a widely acceptable and abundant source of vegetable oil.

"Palm oil gives the highest yield among oilseed crops. One acre in Kalangala can generate up to Shs500,000 shillings per month, translating into Shs6 million shillings annually. For the average Ugandan farmer with about 3.7 acres, that means Shs1.5 million net income every month untaxed," Kasura notes.

The impact on communities has been transformative. In Kalangala, farmers have seen their livelihoods improve dramatically, and the government is now expanding palm oil hubs to Masaka, Sango Bay, Buvuma, Mayuge, and Busoga.

"We import about $350 million worth of palm oil annually. Our goal is to meet domestic demand first, then move into exports. Already, some regional markets are recognising Uganda's palm oil, even if they initially doubted our capacity," Gen. Kasura adds.

He notes that this expansion is part of a broader import substitution strategy. "By producing more palm oil locally, Uganda reduces its reliance on foreign suppliers, saves foreign exchange, and creates new opportunities for farmers and processors. The government is also encouraging investment in factories to extract avocado oil and other value added products, ensuring farmers benefit from higher prices and stronger markets.

Gen. Kasura is optimistic: "Farming is now highly profitable. Palm oil, avocado, cocoa, milk, maize—these are not just crops, they are engines of growth. With deliberate government effort, Uganda is positioning itself as a competitive producer, reducing imports, and building prosperity for its farmers."

Important to note is that the National Oil Palm Project (NOPP) was declared effective on March 1, 2019. The Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) is the Executing Agency and established a Project Management Unit (PMU) in September 2019. NOPP received its first disbursement on the 13th of September 2019. The overall goal is inclusive rural transformation through oil palm investment. The project targets to reach an estimated 30,800 households with an outreach of 154,000 beneficiaries of which 30% are women and 40% are youth.

National Oil Palm report

Latest information from the Ministry of Agriculture, Animal Industry And Fisheries National Oil Palm Project Half-Annual Report - Financial Year 2023/24 indicates that NOPP is establishing sustainable commercial partnerships between smallholder oil palm growers and a private processor. In total, NOPP intends to involve some 11,000 growers with a 19,700 ha under oil palm in five hubs comprising of Buvuma, Mayuge hub (Mayuge, Bugiri and Namayingo districts), Masaka hub (Masaka, Kalungu and Kyotera districts), Buikwe/Mukono hub where the crop will be planted for the first time, and in Kalangala where production is ongoing.

"Under the Scaling-up smallholder oil palm development component; NOPP has supported 661 smallholders and 4 institutions in Buvuma district to establish 1,526.65 Ha of oil palm plantation.

In Mayuge hub, 2,225 farmers have confirmed an offer of 1,793.99 ha for oil palm establishment; Masaka hub has mobilized 898 smallholders with 1,992.2 Ha,' reads the report in part.

Project Funding

The report further indicates that the project total costs are USD 210.5 million comprised of a loan of USD 75.82 million, a USD 1.21 million grant from International Fund for Agricultural Development (IFAD) and a government contribution of USD 11.74 million. The project was declared effective on 1st March 2019 and will be implemented over 10 years. By the end of December 2023, 27.84 % of the project funds had been disbursed and 88.6% of the disbursed funds had been expensed.

The breakdown

Under the Development of Oil Palm Grower (OPG) organizations; NOPP has continued supported Farmer Organisations including Kalangala Oil Palm Growers Trust (KOPGT), Ssese Oil Palm Growers Cooperative Society Limited (SOPGCO), Ssese Oil Palm Growers Savingsand Credit Cooperative Society Limited (SOPAG), Buvuma Oil Palm Growers Cooperative Society Limited (BOPGCO) and Mayuge District Oil Palm Growers Cooperative Society Limited.

A two- year Individual consultancy ongoing to support sustainability of OPG organisations in Kalangala Hub and a 5 year institutional development consultancy ongoing to support OPGs in Buvuma and Mayuge Hubs. The support includes the registration of the cooperatives, capacity building in cooperative philosophy, Governances roles and responsibilities; and lately, in Kalangala specifically, loan portfolio management. Contracting for farmers Fertiliser store in final stages

For support infrastructure, NOPP has completed the construction of 16.5km access roads, and 32km farm roads, in Buvuma. Contracting for additional access roads in Buvuma in final stages and survey and demarcation of kms of farm roads completed

Under Private sector-led infrastructure development; On Buvuma Island, the private sector partner, Oil Palm Buvuma Limited (OPBL) has established 2,310.83 Ha of nucleus estate oilpalm. 160,000 new seedlings ordered for establishment in Buvuma.

The Crude Palm Oil mill construction earlier slated for commencement in 2024 has been postponed to 2027.

Under alternative economic opportunities; NOPP has supported 2,799 Households in alternative livelihood economic opportunities.

These opportunities include Piggery, Poultry, Apiary andback yard gardening of vegetables. NOPP has supported 72 enterprise groups (doubling as Village Savings and Loan Associations) formed in Kalangala with training on institutional development, record keeping and financial literacy. 17 groups have also been linked to the Parish Development Model (PDM) for financial inclusion.

Under the mitigation of social risks sub component, NOPP has graduated 751 out of 1300 mentees in the Mentorship programme (500 households in Kalangala, 400 households in Buvuma and another 400 households in Mayuge). The mentees are sensitized on food and nutrition; HIV/AIDS and Gender Based Violence issues.

In addition, the project in partnership with the Ministry of Land, Housing and Urban Development (MoLHUD), conducted sensitization exercises at DLG & community levels for 2,039 persons in Buvuma in land administration and user rights.

NOPP has supported restoration of 92.4 Ha of degraded area in Buvuma and Kalangala districts and also demarcated 300 ha for protection in Kalangala.

Additionally, under the Environment, Health and Safety Sub-component, the ESIAs of Masaka and Mayuge were completed and approval granted by the National Environment Management Authority (NEMA) for Mayuge Hub. On boarding of INGO concluded in the reporting period and work commenced.

Under the Oil palm Sector development framework, the Regulatory Impact Assessment (RIA) draft report was presented to the MAAIF Senior Sector Management in July, 2023 and a validation workshop conducted thereafter. A presentation to Top Policy Management is scheduled for the thirrd quarter of FY2023/24.

For institutional support, Uganda Development Bank has disbursed USD 280,780.8 2 for commercial farmers in Buvuma hub.

Under research development, the project has identified and established 15 adaptations in the districts of Arua, Zombo, Moyo and Adjumani, Nwoya, Amuru, Apac and Dokolo.

"Trialing establishment is still ongoing with 5 varieties exhibiting Fusarium wilt resistance, Ganoderma tolerance, shot growth and drought tolerance traits in Kagulube and Kayunga blocks in Kalangala," reads the report.