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Robert Waggwa Nsibirwa, Buganda minister

Protect local farmers to secure 2020 ambition

Our ambition to attain lower middle-income status by 2020 and upper-middle income status by 2040 is commendable.

Nevertheless, with only two fiscal years left, it is urgent that as a nation, we become more deliberate about our strategic and policy interventions.

According to World Bank standards, middle-income status is achieved when a country crosses the threshold of $1,033 (sh3,716,734) in income per capita. Uganda's current per capita income is at $788; to grow this by the much needed 24.5% within less than three years, all of us and the central Government must focus resources where the highest comparative advantage lies like the agricultural sector.

It is essential that we appreciate the several interventions that have already been made within the agricultural sector, including the Plan for Modernisation of Agriculture" (PMA), National Agricultural Advisory Services (NAADS) and most recently, Operation Wealth Creation (OWC). What is even more critical nevertheless is that we review the challenges associated with these interventions to find solutions to fast-track them to deliver our 2020 goal.

One key challenge with these initiatives has been over-emphasis on production, without equivalent focus on post-harvest handling, value-addition and marketing.

As a result, many farmers and farming households supposed to benefit from these initiatives have been left with a sad story characterised by unsold produce leading to indebtedness.

It is against this backdrop that the beer industry presents an interesting preposition that could become the example for all other sectors, especially since this sector not only contributes highest in tax revenues, but because it directly and indirectly employs of over 39,000 farmers.

During the 2017/18-budget speech, a 15% excise duty on affordable beer made from locally sourced materials was adopted. The natural thing for the beer manufacturers and the bar owners to do will be to pass on this tax to the ultimate consumer through a price increase.

Given the current state of the economy and the pressure on the consumer's pocket, this will most likely result in lost sales and a significant drop in volumes, thus a ripple effect across the entire manufacturing and distribution value chain.

Uganda Breweries Limited (UBL), one of the big players in this industry has increased their purchase of the four main ingredients for their beer (sorghum, corn-starch and cassava) by 151% from 6,610 tonnes in 2012 to 16,585 tonnes in 2017.

In 2017 alone, according to an article by Charity Kiyemba, the corporate relations director, the company paid out sh64b to secure local raw materials used in their beer production.

The 17,000 farmers who directly or indirectly work with UBL along its supply chain certainly have reason to wake up every morning. If, however, UBL should reduce its demand for

these agricultural products because of reduced volumes, two to three farmers will find themselves without market thus more unemployment and pressure on the Government for their sustainability.

At Buganda Kingdom, most of our people engage in both subsistence and commercial agriculture. We have, therefore, determined to adopt initiatives that secure market for the produce for our farmers hence our partnership with UBL for *Ngule*, a beer made from cassava and sorghum, sourced from farmers within the kingdom and throughout the country.

In just over 12 months, the kingdom has earned royalties worth sh515m from *Ngule* – a great return on investment, if you ask me!

This *Ngule* success story has been an eye-opener for the kingdom, which is the reason we are now engaging our farmers to grow more cassava and sorghum to take advantage of the market by Uganda Breweries.

We are also in advanced stages to interest the youth in Buganda in farming by starting one demonstration cassava nursery in each of our 18 counties. Here they would get to be trained by our agricultural extension workers under BUCADEF in the growing of the type of cassava that is needed and in a way solving their unemployment challenge.

We have budgeted and are considering to inject sh500m from our earnings on *Ngule* into this initiative and an additional sh3b in supplying certified seedlings of coffee, matooke and cassava to farmers compliant with the public health regime of the kingdom (i.e. they must have a pit latrine and *akatandalo)*. For coffee alone, our "*Emmwanyi Terimba*" campaign, we will give out six million seedlings.

It is our firm belief that in order to make agriculture attractive again, it is time to focus on our own home industries in those sectors that have the potential to promote value addition, create job opportunities and above all increase sustainable household incomes.

We agree with tax incentives adopted to support home grown companies such as the breweries that are providing the much needed value addition and steady markets for our farmers.

Ugandan beer made from locally made raw materials is a good learning point for beer manufacturers in the region and this could open up more markets for Ugandan farmers thus putting more money into their pockets thereby supporting the Government agenda of achieving middle-income status.

Income per capital should not just be a national average, rather a reality in people's pockets reflected in the level of the Human Development Index (HDI) and the best way of doing this is to ensure there is market for farmers' produce and this could even be more sustainable than subsidising them through tax revenues that have been generated by overburdening the private sector, who is the key employer.

The Government's need to widen the tax base is understandable. There should be a deliberate balance between improving livelihoods, improving tax revenue and ensuring growth.

It should also be done in such a way that it does not disproportionately increase the tax burden on the already existing taxpayers. In fact, we look forward to receiving of the Government's initiatives to recruit new taxpayers, especially from the informal sector, who are enjoying undue advantage over their tax paying competitors.

In conclusion, I believe that the decision to increase excise duty on any product, including beer made from local raw materials should be revisited because the country will lose the promotion of value addition and ready market for the farmer's produce thus destroying the chances of achieving great strides towards middle-income status by 2020.

The writer is the Buganda Kingdom's minister for finance, investments, planning and economic development