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Why Uganda needs a Comprehensive Tea Policy and a Tea Authority

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Executive Summary

Investments on Ugandan smallholders and estates to improve output, productivity and quality depends on an environment that favours a broad range of interlinked policy measures. These policy measures include land reforms, tea research and extension services, marketing and promotion, and resource mobilization and utilization. The ability of Uganda to address the above enumerated policy measures is impeded by inconsistencies. The inconsistencies arise because of existence of multiple initiatives which create uncertainty among stake holders. A study by Munyambonera et. al (2014)[1] using data from the International Tea Committee (2012) draws lessons for Uganda from the approach Kenya used to coordinate the multiple interventions, ministries, departments and agencies in the tea sector-a comprehensive tea policy and a tea authority.

A tea estate in Kaborole District

Introduction

Tea is an important export commodity for Uganda. In the financial year 2012/13 Uganda earned US$ 72 Million from exporting 63,456 tonnes of tea. This was a 2.8 percent of total Ugandan exports, 1.26 percent of global tea exports and 0.36 percent of Gross Domestic Product (GDP)[2]. While tea was declared as a strategic export in the 2010/2011 Agricultural Sector Development Strategy and Investment Plan (DSIP), the policies governing the sector are scattered in different Ministries, Departments and agencies with no coordination framework causing uncertainty for stakeholders in the sector.

This brief identifies the effects of multiplicity of policies, institutions and interventions in Uganda's tea sector. And, benchmarks the effects against the coordination framework of Kenya's tea sector- which has registered a remarkable success in exports, production, productivity and quality. The intent of this brief is to inform policymakers on the need for a tea policy and a regulatory authority to coordinate Uganda's tea sector.

Policy inconsistencies in Uganda's tea sector with lessons from Kenya

Uganda has no stand-alone tea policy and regulatory

authority. Yet these two institutions are essential in coordinating continued investment in activities such as extension services, feeder roads, tea research, output, value addition and improvement of quality. Thus, the policies governing the tea sector are embedded in a number of government policies and institutions such as Ministry of Finance, Planning and Economic Development (MofPED) and Ministry of Agriculture, Animal Industry and Fisheries (MAAIF). But none of the intervention or institutions systematically addresses issues of the tea sector exclusively which leads to policy inconsistencies[3].

There is a need for intra-sectoral and inter-sectoral linkages between tea sector stakeholders in addressing land ownership and input supply constraints.

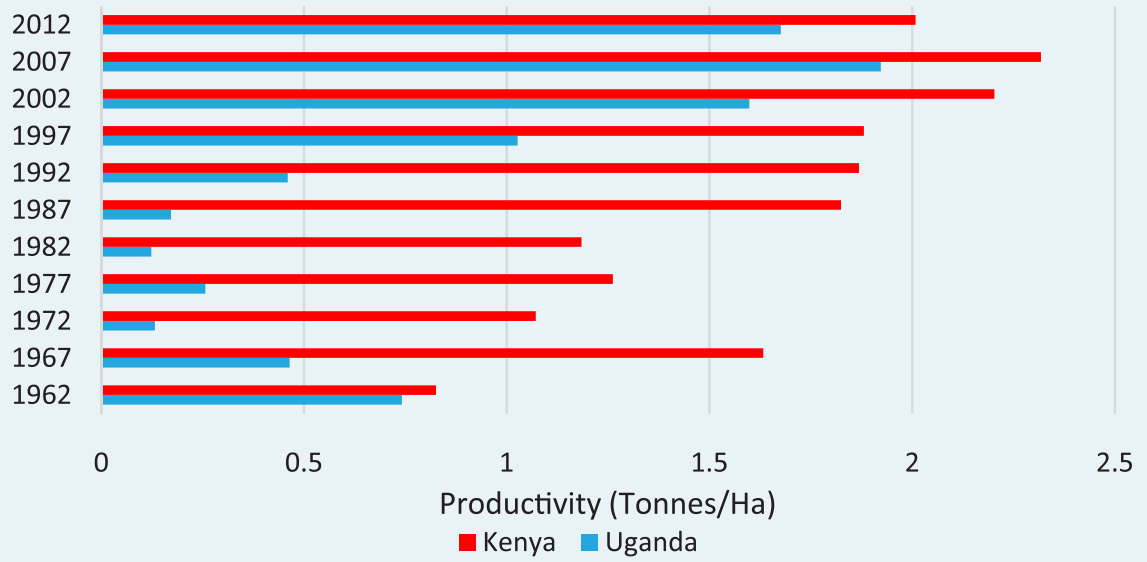
As such, from the year 2001 most of the policies shaping the agricultural sector and the tea sector by association were contained in a multi – sectoral and rural development policy framework known as the Plan for Modernization of Agriculture (PMA). However, owing to coordination failure, only NAADS was implemented in the tea sector out of the proposed seven PMA interventions[4]. While NAADS did succeed in delivering 23 Million platelets to tea farmers, it was unable to deliver extension services in the tea sector.

Figure 1 show an increase in Uganda's productivity in 2007 to 1.9 Tonnes/Ha most likely owing to the 23 Million plantlets delivered by NAADS. But this productivity dropped to 1.7 tonnes/ Ha in 2012. Holding other factors (such as drought, fertilizer application and pest) constant, the drop in productivity is highly correlated with absence of a coordination framework to provide extension services to follow up the gains in productivity made in 2007.

On the other hand, since 2002 Kenya's productivity has never fallen below 2 tonnes/ Ha (see figure 1). Holding other factors constant, such good performance can be attributed to a policy environment that promotes extensive use of fertilizer and extensive use of highly productive clonal tea.

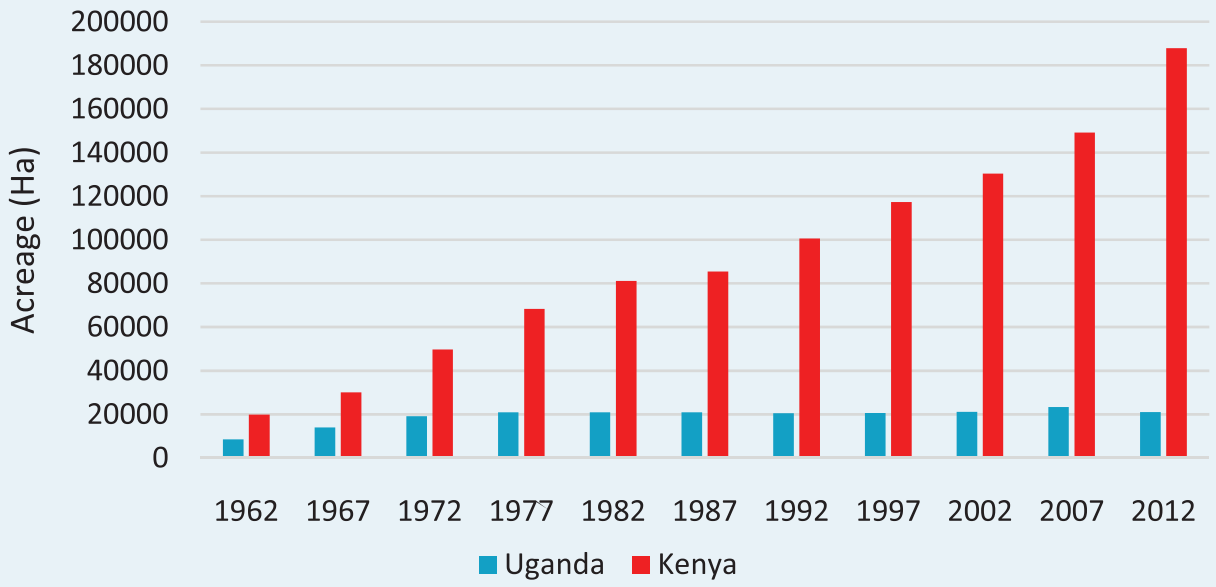
Another example of poor coordination is the failure for MAAIF, other Ministries, Departments and Agencies (MDA) as well as local governments to coordinate their interventions towards a common goal. For example, in 2002 the Government of Uganda (GOU) requested the National Agricultural Research Organization (NARO) to prepare a plan to implement tea research[5]. The implementation and research budget for the first five years was estimated at Ush. 955 million (US$ 531,000). Funding to implement the plan was not obtained. Such inconsistencies in institutional priorities may explain the extended use of non-clonal tea and the limited use of fertilizer in the Ugandan tea sector, which ultimately leads to low productivity[6].

Figure 1. Productivity in Uganda and Kenya, 1962 -2012



Source: International Tea Committee (2012)

Figure 2. Tea Acreage in Uganda and Kenya, 1962 -2012



Source: International Tea Committee (2012)

Additionally, there have been institutional constraints manifested in weak enforcement of government policies and plans. For example the DSIP was unable to promote the utilization of the 200,000 Ha identified for tea planting in zone 7 and zone 9. This has been attributed to weak intra-sectoral and inter-sectoral linkages between tea sector stakeholders such as farmers and the government in addressing land ownership and input supply constraints.

A comprehensive tea policy and a regulatory authority promoted the use of land resources as a basis for tea ventures in Kenya

Holding other factors constant, figure 2 is instructive in demonstrating how a comprehensive tea policy and a regulatory authority in Kenya promoted the use of land resources as a basis for tea ventures. By guaranteeing land ownership for the smallholders as well as the estates. In 1972, while Uganda's land use stagnated at 20905 Ha, Kenya land use grew exponential at a five year average rate of 30 percent (Figure2).

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Conclusion and Policy Recommendations

Drawing from the success of Kenya's policy framework, some of the lessons Uganda could pick to transform its tea sector are:

Pass a comprehensive (a stand – alone) tea policy which clearly defines and coordinates the roles of the different agencies in the tea sector that includes a wide range of competing small- holder and multinational producers, suppliers, value adding firms and regulatory agencies.

Form a regulatory agency/authority akin to the Tea Board of Kenya (TBK) which will regulate tea growing, research, processing, and trade and promote Uganda's tea in local and global markets. In addition, the agency should advices the government on all policy matters related to the tea industry through the MAAIF.

Endnotes

1 Munyambonera E., Lakuma C., Guloba M., (2014). Uganda's Tea Subsector: A review of trends and policy inconsistencies (forthcoming in EPRC working paper series)
2 Ministry of Finance, Planning and Economic Development (2014). Background to the budget 2013/14
3 MAAIF (2012). Operationalization of the non- ATAAS component of the development strategy and investment plan: Draft analytical report on the tea value chain.
4 Mitchell D. (2006). Tea in Uganda: Draft Report on Uganda DTIS
5 National Agricultural Research Organization (NARO)(2002), Tea Research and Development in Uganda, Implementation Plan, draft, July 2002
6 Bategeka L., Kiiza J., Kasirye I. (2013). Institutional Constraints to Agriculture Development in Uganda: EPRC Research Series No. 101

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