

**EXPORT SECTOR STRATEGIES AND POVERTY ALLEVIATION
A CASE STUDY FROM UGANDA**

**A paper contributed by the
Uganda Export Promotion Board (UEPB)
Uganda**

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1. UEPB and Exports

The Uganda Export Promotion Board (UEPB) is a national focal agency for the promotion of exports in Uganda. It was established in 1996 and since then, it has been at the forefront of making several sectors export ready. Its main functions have included over time; Market Research and Product Development; Export promotion and Publicity; Market Information generation and dissemination; Export policy formulation and advocacy and finally Export capacity and skills development.

In the performance of these functions, the UEPB has been very cognizant of the need to link exports to poverty eradication, further reinforcing Government of Uganda's ambitious plan to eradicate poverty in the country by the year 2017.

2. The Scope of JITAP Uganda Initiatives

The main thrust of JITAP activity coordinated and implemented by UEPB was the formulation and development of sector export strategies. The purpose and rationale of these strategies was to give policy direction for export development programs in the country. The decision to focus at sectoral level strategies was the realization that in order to have more and noticeable impact on the poor, there was a need to have interventions that are close to target beneficiaries and managed themselves. Sectoral strategies would therefore more quickly guide cluster development approaches and initiatives badly needed to cause development at the micro economic level in the country

The first phase of JITAP began in 2000 and ended in 2002. Its main focus was on

- Formulating Sector Strategies for the legumes and horticulture sectors in 2002
- Improving the Private Sector Business Information Center housed at Uganda Export Promotion Board
- Development of the sector strategy for Uganda's sericulture sector

Phase II of JITAP began in 2002. Actual activities in Uganda were carried out in the last half of 2005 with many of them ending in the 2nd half of the same year. Focus during this phase was on

- Formulating the Apiculture sector strategy
- Formulating the Handicraft Sector Strategy
- Formulating the Services sector strategy
- Limited implementation of the horticulture sector strategy developed in Phase I
- Specific input interventions in the sericulture sector
- Further IT upgrades at the Business Sector Trade Information Center

Interventions in the Business Center and in several other inquiry points in the country were intended to help the business community access information about WTO issues and other trade support information

2.1 Principal characteristics of the Initiative – Trade and Poverty Linkage

The basis of these initiatives was the Poverty Eradication Action plan (PEAP). This is National Framework and Plan for the eradication of poverty in the country by the year 2017 under which two pillars, increasing export earning & increasing rural household incomes were central. The other is the transformation of agriculture from subsistence to commercial agriculture.

Therefore the choice of the initiatives was expected to be PEAP compliant. By default agriculture is the main source of livelihood of the populace; over 80% are employed in this sector.

2.2 Stakeholder involvement

The initiatives involved all key stakeholders namely the producers, the exporters, distributors, policy makers and the process was participatory; Sector Counterpart teams (SCT). The donor community under the auspices of JITAP I and II through ITC provided financial support that was channeled through UEPB to conduct a number of activities. The activities were often agreed after stakeholder consultations based on the critical needs.

In all areas of the operations, support from local administrative authorities was sought for ownership, sustainability of the programmes.

2.3 Principal challenges

A number of challenges were met during the course of implementation:

- Coverage was limited to small groups mainly due to limited intervention funding.
- A number of the action areas identified in the strategies have not been addressed. Despite active project formulation spawned from these strategies, identified action areas remain largely unimplemented from which positive impact on export earnings and home incomes is achievable.
- By virtue of current rural poverty levels, the majority of the groups involved in production for export cannot afford to invest in the desired infrastructure (e.g. cold storage/charcoal coolers). This continues to limit their competitiveness

3. Impact of the Strategic Initiatives

3.1 The UEPB Reference Center

Over the last three years, the UEPB trade information and documentation reference center has been the main dissemination point of market and product information. With a host of good CDROMs, hard bound publications, and trade bulletins, it continues to attract a wide range of users from the exporting community, the academia, and partner BSO's and government institutions.

In 2004, over 450 export clients were received and counseled by the board's professional staff in various export issues. Reference center staff counseled over 650 export clients in 2005.

3.2 Horticulture:

Export trends

The sector continued to exhibit modest growth over the last three years. In 2003, Uganda earned an estimated US\$ 7.8 million in horticulture exports while in 2004 we earned an estimated US\$ 12.6 million, a growth of approximately 62% (see table 1.1 below).

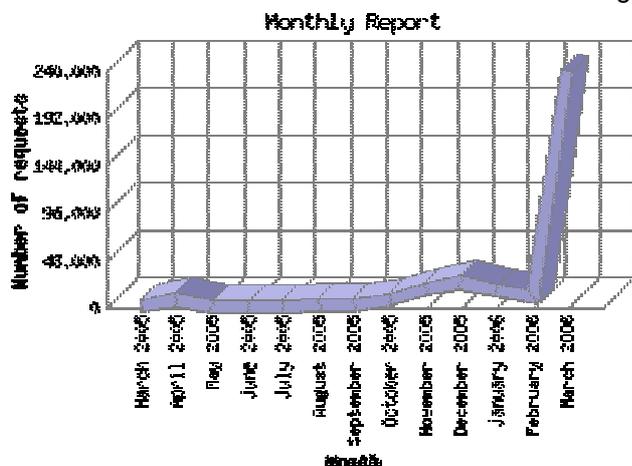
Table 1: Uganda Horticulture Exports % growth Trends: 2003 - 2004

	2003	2004	% Change
Legumes	5,235	8,968	71.3%
Fruits	436	1,769	306%
Vegetables	2,129	1,907	-10%

Fruits exports which notably grew three fold from US\$ 436,000 in 2003, to 1.76 million in 2004, continued to grow a further 11% in 2005 earning US\$ 1.96 million. Impacts of the strategic intervention were as follows:

Cyber-marketing Initiative

Construction and hosting of a sector website (<http://www.horticultureuganda.com>) dedicated to promoting Uganda's horticulture exports to an international audience was done. Stakeholder sector association members underwent induction training on the use of the website. Since its launch in March of 2006, the site experienced a total of 339,027 hits from various domains across the globe.



Fresh produce handling initiative

Three charcoal coolers were constructed for collection and preservation of produce before shipment. As a result, post harvest loss has significantly reduced.

Figure 1: Horticulture website hits trend (March 2005 to date)

One of the beneficiary exporters with a network of approximately 43 farmers/producers in the rural setting was able to increase his export shipments from *once a month to twice a week*. This translates into improved household income for those involved.

Research and Development Initiative

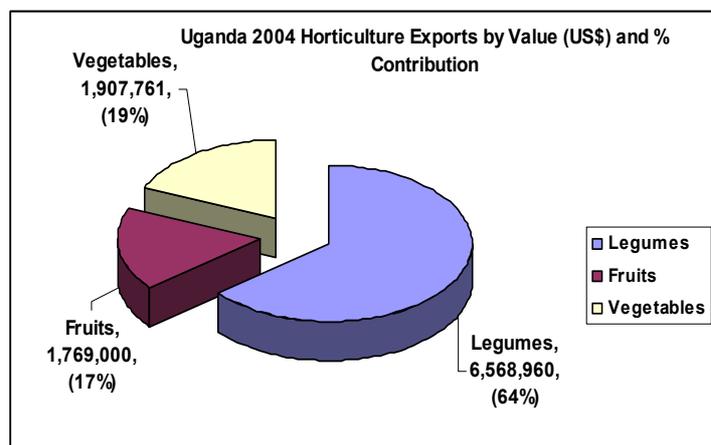


Research into a disease resistant passion fruit variety was successfully undertaken. Nucleus farmers will receive the seedlings for multiplication so as to stimulate production and to better respond to market needs. Relatedly, pineapple seedlings are being tissue cultured to fill the increased demands in the international markets.

Fig 2: (left) Clean resistant passion fruit seedlings ready for distribution to farmers

3.3 Legumes

Legumes account for a significant proportion of Uganda's total horticulture exports. (66% in 2003 and 64% in 2004). Over a two year period, 2003 – 2004, exports grew 71% (see table 1 above). The high levels of farmer/producer participation in this sub-sector warranted interventions especially in the quality control and post-harvest handling sections of the value chain.



Two demonstration centers for post harvest handling were constructed. Farmers and producers are now able to use this facility. Successful efforts to replicate this pilot facility were achieved. As a result, the quality of legumes exported by the members of the CBOs has significantly improved.

Fig 3: % Share of Total Horticulture Exports by Value - 2004

3.4 Art & Craft



Over the last three or so years, the handicraft sub-sector continued to see increased participation in production for export, of the rural women, youth and people with disabilities. Currently over 50 to 60 member groups each with over 200 women members, are actively engaged in the Art and Craft trade and the number is growing. UWEAL has initiated a basketry cluster in Luwero, central Uganda. This cluster alone will employ over 60 women. Given the multi-faceted potential of the sector to reach out to many in the rural economy, the intervention in strategy formulation helped start efforts to increase the production and export of handicraft and products.

Fig 4: Commonwealth Secretary Gen. Don Mackinnon interacts with rural handicraft producers in rural Uganda in 2005

The strategy document has indeed been adopted by many stakeholders as a blue print for increased investment in the sector. Other development partners have expressed interest to support activities geared towards implementing the various components in the sector strategy, a case in point is the capacity development programmes under the CBI- Netherlands in the Export Development Programme (2006-2008).

Fig 5: Women attending competence training in handicrafts (left)



To date, a number of rural women in Uganda have been mobilised, trained and brought into the handicraft supply chain. 3 outreach sensitization programs were conducted in which about 500 women were provided with information on export opportunities. Also, two handicraft product specialists have been trained in design, quality and marketing.

Fig 6: A display of Handicrafts (right)

3.5 Services

Services exports in Uganda continue to grow as illustrated in the graph below. The potential for growth in this sector is enormous. A baseline survey commissioned by the Uganda Services Exporters Association (USEA) carried out in 2002, identified over six focal areas of interest in the sector. However, the sector lacked a comprehensive plan of action for coordinated services exports.

The services export strategy of 2005 was developed with inputs from sector stakeholders, to address promising areas like niche tourism, ICTs, education services and outsourcing.

A compilation of active service exporters followed after which a database developed.

Efforts have been made to raise awareness through the media and through printed brochures on each of the focal services.

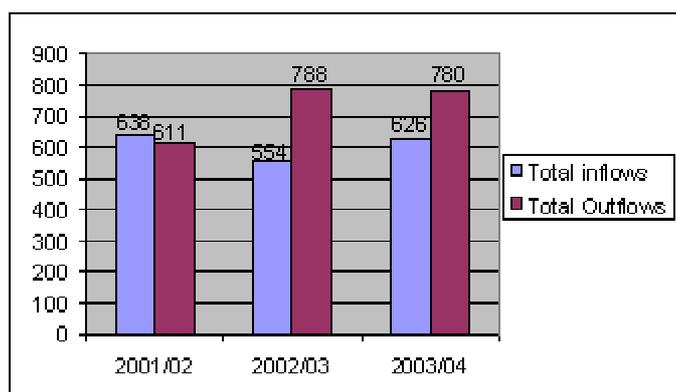


Figure 7: Uganda services inflows and outflows 2001 - 2004

Exporters have also been trained in web based market research in a programme supported by the CBI of the Netherlands.

3.6 Commercial insects

3.6.1 Sericulture

Silkworm rearing is purely a rural activity with total export linkages. Currently, over 300 small producers of silk are engaged in the trade. A needs assessment study identified gaps in the sub-sector. Implements which facilitate increased silk production like pumps, cocoon frames and silk worm eggs were provided under the intervention programme.

Specifically:

- 2 mother gardens for mulberry were established. This has provided a sustainable source of planting materials for silk cocoon production.
- 52 farmers were supplied with sprayer pumps.
- 740 cocoon frames have been distributed to 55 silk farmers in Kanungu, Bushenyi and Mukono districts; all these are countryside rural farmers.

3.6.2 Apiculture

The Apiculture sector presents tremendous opportunities for gender and rural participation. Over 150,000 small producers and beekeepers are engaged in the sector. However, the lack of a strategic approach to production for export was a prime factor hampering progress, specifically in ensuring sustainable income levels for the rural poor involved in the sector. The Apiculture Export strategy was developed to address this issue.

As a result, different initiatives have spawned from the strategy. 6 Special Apiculture Area Production Sites (SAAPS), each with a capacity to export 40,000 MT apiary products per annum, are planned for the sector. The Gender-based Apiculture Development for Export (GADEX) Project was developed by UEPB using ideas and recommendations from the sector strategy, the AES 2005 Commonwealth Apiculture (2002 survey report) on Uganda and the New School University (USA) gender based apiculture sector report (2005). The focus of project activities will be: strengthening women groups to undertake profitable beekeeping; training women beekeepers in all aspects of value chain; review of AES with emphasis on role of gender in export trade; market research and development.

It is worth noting that in all the above cases, sector roadmaps were developed with constraints identified and intervention areas clearly highlighted.

4. Key Lessons Learned

Significant lessons were learned during the intervention period in focus. Briefly they are summed up as follows:

- With proper guidance the rural communities can effectively be integrated in export trade.
- The rural poor can effectively contribute to export growth if empowered
- Participatory export strategy development provides a wider framework under which different players/stakeholders can effectively intervene to support the different focal sectors.
- Strategy designers/developers should always make provision for implementation in their budgetary estimates. It is important to note that most sector strategies remain unimplemented.

4.1 Implications for the Export Strategy

Strategic interventions geared towards achieving growth in exports in the short and medium term and poverty eradication together with economic development in the long term, require a mixed approach to strategy formulation.

The conscious and deliberate inclusion of affected groups and stakeholders at every stage of strategy development is critical for success. In the same vein, integrating minimum investment as an intervention ensures sustainable growth in affected sectors. A holistic approach which takes care of the cross cutting issues is vital for effective strategy formulation. Public-private sector partnerships are crucial for programme success.