



A Competitive Economy for National Development

How Gaps in traceability systems affect Uganda's livestock sector transformation

Executive Statement

Strong livestock traceability systems are critical for transforming Uganda's livestock sector and economy. Using desk reviews and key informant interviews, the findings show that while Uganda has an appropriate legal and regulatory framework governing the entire livestock value chain, traceability rarely emphasised, nor is it highly visible. Violation of bilateral and regional agreements concerning livestock products partly hinges on the significant weakness or lack of traceability systems in the sector, an essential requirement in trade and ensuring food safety and standards. This brief recommends fast-tracking the instituting of traceability systems and reviewing the old legal frameworks that govern the sector for the envisaged transformation as emphasised in the NDP III's agro-industrialisation programme.

Introduction

Worldwide, robust traceability systems have been vital in fostering livestock production and trade in related products. In Uganda, livestock has contributed about 4 percent to total gross domestic product (GDP) and 16 percent to the agricultural sector's GDP in 2019/20. More so, in 2019, Uganda had about 14.8 million cattle, 16.9 million goats, 43.1 million poultry, 4.4 million pigs and 4.7 million sheep. Demand for livestock products has increased in tandem with livestock numbers. Traceability is central in meeting food safety, transparency, value chain sustainability, and external market penetration demand. Such a system enables the value chain actors to know the origin and suppliers of livestock and livestock products and production conditions.

Importantly, traceability ensures animal health and improves disease outbreaks control by quickly identifying the origin of diseases and carrying out targeted quarantines to reduce transmission. Besides, such measures enhance the need to meet Sustainable Development Goal 12, i.e. "Ensure sustainable consumption and production patterns." ILRI (2014) findings suggested a need to establish a national traceability system, including registering cattle and giving those birth certificates (The East African 2019; MAAIF 2020). The government has also implemented projects with traceability components, such as the Meat Export Support Services

Project (MoFPED 2019). However, these efforts have been plagued by delays in implementation and piecemeal interventions.

This brief provides the key findings from the report on "Transformation for Agro-Industrialisation: A Case of Livestock Value Chain" produced by the Private Sector Development Unit under the Ministry of Finance, Planning and Economic Development collaboration with the Economic Policy Research Centre. The study relied on both desk reviews and key informant interviews.

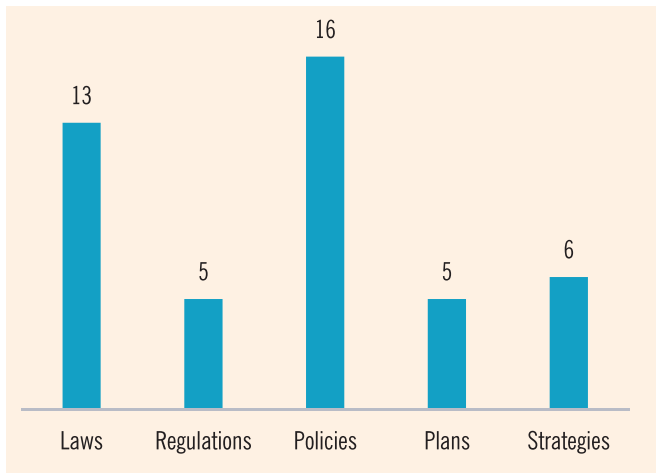
Key findings

Supportive policy frameworks for the livestock sector exist: The government has put in place Vision 2040, National Development Plans (NDPs), laws, regulations, policies (Figure 1¹) to guide and undertake interventions to support livestock sector development. In 2020, the government identified core NDP III projects for pests, vectors, diseases management and investments in regional agricultural processing and marketing, such as meat processing in Nakasongola and dairy processing in Mbarara. The government also undertook efforts to remove the value-added tax on the supply of agricultural equipment and processed milk, recapitalise the Uganda Development Bank, and increase the import duty of agricultural

¹ MoFPED (2021) "Transformation for Agro-Industrialisation: A Case of Livestock Value Chain". Forthcoming

products to about 60 percent and 35percent. These efforts address the financing gaps due to affordable interest rates and payment terms, enhance the competitiveness of processed milk and support the current import substitution and export promotion efforts.

Figure 1 Number of existing laws, regulations, policies, plans and strategies for the livestock sector



Source: MoFPED, 2021

While some critical policies and laws are outdated, traceability frameworks critical in livestock sector transformation are missing. The Cattle Trading Act [1943], the hides and skins Act [1962], the Animal Diseases Act [2000] are outdated, while the Hides and Skins Policy is missing. Also, a national livestock and livestock products traceability system is missing. The absence of a robust traceability system complicates the tracking of products and their quality throughout the entire value chain. Consequently, this fails to guarantee the quality, transparency, value chain sustainability and penetration into external markets that prioritise traceability. For instance, Egypt Uganda Food Security Company Limited failed (partly) to gain sustainable access to the export market because it was difficult to trace the beef source and due to an inadequate supply of beef cattle. A key informer noted that:

“Because the available meat was not enough, a decision was taken to get “top-up” meat from other abattoirs alongside the road in town, which made traceability difficult as the quality of the meat was in question.” (Key Informant, 2020).

Notably, the most significant hurdle for promoting traceability is not establishing a policy and a law. Still, instead, all stakeholders and policy makers are willing to implement judiciously such policies and laws once they are in place.

Ineffective implementation of existing national laws and policies. For instance, quarantines for some high-risk disease areas

are violated either at night or by some “connected” people, and corruption tendencies have undermined efforts to enforce quality standards. Also, the regulation of the agro-inputs market for animal feeds and veterinary drugs is weak, as evidenced by the prevalence of adulterated agro-inputs, which constrain the performance, cause losses and setbacks and result in the scaling back of investment. One of the key informants said that:

“The laws and strategies are perfect on paper, but they are not implemented. A lot has been said politically, but very little is done. The government’s policy on privatisation has not been appropriately implemented. The government should not have pulled out of some critical roles like the importation of genuine agro-inputs and vaccines.” (Key Informant, 2020).

The absence of a traceability law has partly led to the weak implementation of regional and international agreements, which continue to affect trade. Uganda’s trade in livestock products has been partially affected by mistrust in her capacity to produce certain livestock products such as dairy products. This has resulted in measures like the banning of fresh and processed milk exports from Uganda by Kenya. Besides, Uganda’s certificates milk exports are not recognised in countries such as Morocco and Zambia. These actions result in scaling down investments and bankruptcy in the short run for investors and smallholder farmers who suffer losses. However, with solid traceability systems, such issues could have been resolved amicably. One of the respondents indicated that:

“Most investor’s made large investments to tap into the East African Community market, but its fragmentation has greatly affected dairy sector investments. The continued banning of milk from Uganda and border closures has resulted in large job cuts and scaling down investments.” (Key Informant, 2020).

Livestock data is not adequately disaggregated to support enforcement of traceability. The current statistics do not provide critical disaggregated livestock data such as farmer, farm location, the number of livestock by specific breed type, beef vis-à-vis dairy cattle reared, gender and location (rural/urban), livestock weight and age. In addition, data on the share of smallholder farmers in the livestock sector and the number of local and modern abattoirs/slaughterhouses is non-existent. Yet, these are vital elements that constitute traceability. This is partly attributed to limited financial resources, technology and technical staff capacity to undertake data collection exercises and the high degree of informality in the sector.

Conclusion

Robust livestock traceability systems are critical for transforming Uganda's livestock sector and economy. Traceability is central in meeting food safety, transparency, value chain sustainability and external market penetration demand. The brief indicates that Uganda does not have strong traceability mechanisms, and the current policy and legal gaps and inadequately disaggregated data also stifle the enforcement of traceability. Therefore, there is an urgent need for the government to prioritise traceability to foster a sustainable transformation of Uganda's livestock sector.

Recommendations

1. **Fast track the establishment of a solid national traceability mechanism:** The development of a traceability mechanism will foster the competitiveness of livestock and livestock products in the export markets and ensure food safety, transparency and value chain sustainability. Traceability is also crucial for providing animal health and preventing the spread of animal diseases. Notably, livestock farmers who meet quality and health standards should be given certificates of operation such that animal quarantines are placed at the farm level and not entire regional cattle corridors.
2. **Ensure the review of the outdated laws and create non-existent policies.** This will guarantee that the rules are up-to-date and that they address the current legal challenges. In addition, establishing "missing policies" would provide policy guidance to state and non-state actors to undertake transformative livestock sector investments. Importantly, reviewing outdated laws such as the Cattle Trading Act [1943], the hides and skins Act [1962], the Animal Diseases Act [2000] and creating missing policies requires a sense of urgency and political will from the policy makers.
3. **Existing laws, policies and strategies need to be enforced and monitored.** Key among these are regulations on standards, quarantines, agro-input markets (for animal feeds and seed, machinery and veterinary drugs) and policies such as the National Leather and Leather Products Policy (2015). This will promote the production of quality livestock products, boost value addition, and export products that meet international standards. In addition, the government needs to address the existing violations of regional agreements and commitments by Uganda's key trading partners speedily. Addressing these will increase investor confidence to scale up their investments and boost the performance of the sector.
4. **Invest in the collection of more disaggregated livestock data.** Such data's availability can provide reliable, coherent, and location-specific insights to guide policy actions and livestock investments. In addition, the collection of data on livestock farmers, farm location, and animal and product information (such as age, breed and feed varieties) is key in ensuring traceability and adherence to quality standards for livestock products in the external markets.

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