

National Investment Policy for Aquaculture Parks in Uganda

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EXECUTIVE SUMMARY

According to the National Development Plan (NDP), fish farming in Uganda presents immense opportunities for socio-economic development, in terms of livelihood, income, and employment. The need for the National Investment Policy for Aquaculture Parks in Uganda arose out of public demand for guidance on the investment in commercial scale aquaculture. Stakeholders in aquaculture demanded public guidance and support for implementation of the Aquaculture Parks Concept that is prioritized in Development Strategy and Investment Plan (DSIP) within the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF). This is the main thrust for increasing aquaculture productivity and production in order to achieve an annual 300,000 tonnes by 2016.

The need for an aquaculture parks policy is also attributed to the declining trend of fish stocks in capture fisheries. Furthermore, the demand for policy guidance on fisheries was singled out by the Presidential Investment Round Table (PIRT) meetings of 2009/2011, which recommended the development of a specific policy for increasing investment in aquaculture development.

This policy brief contends that the implementation of the aquaculture parks policy will not only solve the issue of overfishing attributed to capture fisheries, but will also introduce the element of property rights within common property resources, thus building investment confidence and high returns on investments coupled with sustainable environmental protection.

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INTRODUCTION

Aquaculture is the farming of aquatic organisms, including fish, molluscs, crustaceans and aquatic plants (FAO, 1988). Aquaculture, or farming in water, is the aquatic equivalent of agriculture, which is farming on land. While agriculture is predominantly based on freshwater (mostly rain-fed or irrigated), aquaculture can be practiced both on land and water.

The Government of Uganda has set a goal of meeting the country's requirements for fish through increased aquaculture production from the current approximately 90,000 tonnes to a projected 300,000 tonnes by 2016. This plan has been captured in the Agriculture Sector Development and Investment Plan (MAAIF/DSIP, 2010-2014), which has prioritized fish commodity as one of the top investment opportunities over the medium term.

As part of the roadmap for achieving the set aquaculture production targets, government will create 'concentrated aquaculture production areas' known as Aquaculture Parks (APs). This will create production thresholds that are required to overcome the major constraints and challenges that have resulted in under performance of the aquaculture subsector, including lack of requisite input supply industry and markets.

By adopting this approach to aquaculture development, the government will expand its role from a largely regulatory and information provision/extension function to promote Public Private Partnerships (PPPs). The existing policy framework, through the DSIP, recognises the PPPs as the most viable vehicle to move predominantly subsistence aquaculture production to commercial production.

PROBLEM STATEMENT

Currently, aquaculture production is non-market oriented and smallholder-dominated, which has led to low production and productivity. Despite its existing potential, the current level of aquaculture production does not meet both local and external

market demand. Therefore, there is a need for aquaculture parks to increase production.

The Aquaculture Parks Investment Policy is clearly a move away from a subsistence rural livelihood approach of the 1950s/60s to a commercially sustainable view of the fish resource exploitation. The current National Fisheries Policy understands aquaculture as a means of closing the gap between the supply of fish in natural stocks and the growing demand for fish. Thus, the APs Investment Policy is based on the projected local, regional and international market demand for fish in the context of increasing market share of Uganda's fish.

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METHODOLOGY

An Aquaculture Policy Working Group (APWG) was set up by the PIRT to develop policy in consultation with key regional and national stakeholders. There were several consultation meetings with the APWG and related public agencies and private sector organizations. The APWG was comprised of the Department of Fisheries Resources, the National Fisheries Resources Research Institute, Uganda Investment Authority, and Uganda Fish Processors and Exporters Association.

OVERALL POLICY OBJECTIVE

To create a conducive investment environment through Aquaculture Parks (APs) for increased fish production

SPECIFIC POLICY OBJECTIVES:

1. To increase the value of aquaculture production from the present average of \$180 million to at least \$600 million annually.
2. To increase the volume of aquaculture production

- from 90,000 tonnes to 300,000 tonnes annually.
3. To identify, assess, and support the development of infrastructure and utility services for potential sites on land and water, each producing at least 5,000 tonnes annually.
 4. To identify and attract potential investors for aquaculture production and associated inputs.
 5. To organize rural smallholder fish farmers into producer groups that can compete for the operation and management of APs.
 6. To promote sustainable management and operational systems through associations of APs.
 7. To promote coordination among the respective public and private agencies in the development and management of APs.
 8. To build capacity in the private sector and at central and local government levels.
 9. To support, regulate, and guide the development of APs.
 10. To develop and adopt environmentally friendly aquaculture technologies and practices.

PROPOSED POLICY STRATEGIES AND RECOMMENDATIONS

For effective implementation and achievement of the aquaculture investment policy objectives, the following strategies have been proposed:

1. IDENTIFYING, ASSESSING, AND DEMARCATING AREAS FOR APS

- Demarcate¹ areas for the establishment of APs through research.
- Implement comprehensive environmental impact assessments in the prospective AP areas.
- Provision the necessary infrastructure for setting up APs.

2. MOBILIZING AND ORGANIZING AQUACULTURE PRODUCERS FOR ACCESS AND UTILIZATION OF AQUACULTURE PARKS

MAAIF will take the lead in working with existing aquaculture producers and producer associations to promote, guide and regulate use of aquaculture parks for fish farming. The organization of aquaculture producers in aquaculture parks will follow the guidelines below:

- All interested producers should be registered

by MAAIF and take a mandatory training in management and utilization of aquaculture parks prior to being considered for user rights in the aquaculture parks as lessees.

- All smallholder producers have to be members of a producer organization and/or belong to a nucleus aquaculture enterprise linked to a particular aquaculture park.
- Affirmative action shall form the basis for women and youth to operate the parks as the most productive labour force.
- All producer associations and organizations involved with aquaculture parks will be registered by MAAIF and other related agencies.
- Support by government to smallholder farmers within the aquaculture parks shall be channelled through the nucleus farms or aquaculture producer associations/groups.
- Commercial scale aquaculture entrepreneurs/firms will have to demonstrate the commercial feasibility and technical compliance to the set conditions for a specific site before approval.
- Government incentives for commercial scale aquaculture enterprises shall be accessed only where the investor is fully registered, with approved business and technical production plans.

3. ACCESS TO LAND AND WATER RESOURCES FOR PRODUCTION

- Where investment is on land adjacent to

¹ The Fisheries Act does not cater for APs. The responsible Minister shall invoke Section 43 (g) of the Fish Act 2000 to create a statutory instrument for APs

natural public water bodies, the investor is restricted by at least 200 metres to the shoreline.

- There will be compensation to land-owners, where applicable.
- There will be a water abstraction system to supply the river fed ponds.
- Community sensitisation and awareness will be initiated before acquiring land and setting-up projects.

4. AQUACULTURE PARKS INPUTS SUPPLY AND TECHNICAL SERVICE INDUSTRY

- Input supply and technical service delivery shall be private sector-led and managed in a business-like manner.
- An incentive regime to attract organized and suitable inputs suppliers and service providers shall be put in place.
- All inputs suppliers and service providers shall be registered.
- Certification of input suppliers and service delivery by the responsible authority.

5. MARKETING AND MARKET LINKAGES

- Production, handling, processing, and associated cold chain is linked to specific markets.
- Cooperative marketing shall be done around producer organizations and groups for smallholder farmers based APs, in order to avoid exploitation.

6. AQUACULTURE FINANCE AND INVESTMENT SUPPORT

Financing aquaculture investment in the aquaculture parks will be guided by the following principles:

- The private sector will fund the aquaculture production, business operations and marketing activities, while the public sector shall finance the establishment and servicing of aquaculture parks, incubation of aquaculture enterprises through equity funding and capacity building, and institutional development.

- There will be guaranteed financing for the most critical policy areas — access to appropriate production technology, aquaculture inputs, technical services, and business management.
- Environmental responsibility and promotion of good aquaculture governance will be prioritized and mainstreamed.
- Public and donor funding to private sector financing institutions will guarantee associated risks in aquaculture production, especially for smallholder producers and enterprises.
- Streamlining development financing to aquaculture development will allow for effective cooperation and collaboration between the different public and donor supported funding agencies and projects.
- Provisioning public and donor equity funding and investment support to meet set production targets.
- Public and donor support to affirmative action will ensure gender and economic equity and balance in aquaculture development.

7. INSTITUTIONAL SUPPORT AND CO-ORDINATION

Ensuring efficient and transparent institutional mechanisms to support the development of the aquaculture parks through policy interventions that shall primarily include:

- Assistance to reorganize producers and producer organizations by MAAIF.
- UIA access to and provision of credit, as well as fair marketing aspects for better and wider market accessibility, increased profitability, and sustainable linkages to markets.
- Capacity building to plan and manage aquaculture production.
- Access, utilization and management of credit.
- Production technology adoption.
- Access to information and general extension.
- Business skills and management.
- Aspects of product marketing, including certifications, bulking and cooperative marketing, price negotiations, and quality and safety controls.
- Mechanisms for ensuring traditional financing,

and measures to consider alternative collateral for smallholder aquaculture producers.

- Credit institutions have systems for evaluating aquaculture business proposals, including the use of experts from fisheries/aquaculture, public agencies, and technical specialists.
- Establishment of implementation unit in MAAIF.

8. ESTABLISHMENT OF AQUACULTURE PARKS

An appropriate site for the establishment and development of APs should meet the following conditions:

- Systems are an appropriate size to handle the production of more than 5,000 tonnes of fish annually once, fully established and

operational.

- The site has to be well supplied with the required water resources for production, as well as effluents. This includes natural or artificial treatment before such effluents are released back into the water.
- The site should be serviceable, in terms of physical and communication infrastructures, and fair access to the grids for utilities, including power, potable water, and telephones.
- For rural smallholder fish farmers, the site must be situated where they can reside or easily access without the need for new housing.
- APs shall be sites that have sufficient area for expansion, including for the development of support services, like production and supply of aquaculture inputs, technical services and marketing.

CONCLUSION

The implementation of the aquaculture parks policy will not only solve the issue of overfishing attributed to capture fisheries, but will also introduce the element of property rights within common property resources. The aquaculture parks policy would build investor confidence, high returns on investments, and sustainable environmental protection.