



Business growth is our business

Plot 43, Nakasero Road
PO Box 7683 Kampala, Uganda
Tel: +256 312 263 850
psfu@psfuganda.org.ug
www.psfuganda.org

PRIVATE SECTOR POSITION PAPER ON THE DRAFT NATIONAL LAND POLICY 2025

PRESENTED TO



MINISTRY OF LANDS, HOUSING AND URBAN DEVELOPMENT (MLHUD)

Business growth is our business

PREPARED BY

PRIVATE SECTOR FOUNDATION UGANDA (PSFU)

OCTOBER 2025

1.0 ABOUT PSFU

The Private Sector Foundation Uganda (PSFU) is Uganda's apex body for the private sector, established in 1995 to champion private sector-led economic growth, competitiveness, and inclusive development. PSFU represents over **346 business associations, corporate entities, MSMEs, cooperatives, and farmer organisations**, spanning key sectors including **agriculture and agribusiness, manufacturing, construction, real estate, trade, services, and logistics**—all of which depend directly on secure, accessible, and productive land.

PSFU plays a central role in shaping national policy reforms through structured **public-private dialogue (PPD)** with Government, Parliament, and Development Partners. Over the past five years, PSFU has contributed to more than **50 national policy and legislative processes**, including submissions on land governance, agriculture, infrastructure development, industrial parks, taxation, and investment frameworks. Evidence from PSFU-led reforms indicates that improved land access and tenure security can unlock significant private investment, particularly in agriculture, which employs over **65% of Uganda's labour force** and contributes approximately **24% of GDP**.

In alignment with **Uganda Vision 2040, NDP IV, and the Tenfold Growth Strategy**, PSFU advocates for land policies that treat land as a productive economic asset rather than solely a social good. PSFU's engagement in the Draft National Land Policy 2025 is informed by extensive consultations with agribusinesses, processors, exporters, and investors who face constraints arising from **land fragmentation, tenure insecurity, high transaction costs, and limited access to irrigable land**.

Through this position paper, PSFU seeks to support the Ministry of Lands, Housing and Urban Development in refining and implementing a land policy framework that promotes **efficient land use, investment, agro-industrialisation, food security, and sustainable environmental stewardship**, while safeguarding private sector confidence and long-term growth.

2.0 INTRODUCTION

Land is Uganda's most strategic productive asset, underpinning agricultural transformation, industrial development, urbanisation, infrastructure expansion, tourism investment, and private-sector-led growth. The Draft National Land Policy 2025 (NLP 2025) is therefore timely, as Uganda seeks to transition from a subsistence-based economy to a modern, competitive, and monetised economy in line with **Uganda Vision 2040** and **National Development Plan IV (NDP IV)**. For the private sector, secure, accessible, and efficiently utilised land is fundamental to productivity, investment confidence, job creation, and long-term economic growth.

Agriculture employs over **65% of Uganda's labour force** and contributes approximately **24% of GDP** yet continues to perform below potential largely due to land-related constraints. These include **land fragmentation**, tenure insecurity, weak land markets, and limited access to irrigable and commercially viable land. Average farm sizes have declined to **below 1.3 hectares nationally**, undermining mechanisation, economies of scale, and the establishment of sustainable agribusiness supply chains. Fragmentation further constrains the expansion of strategic value chains such as **rice, maize, oilseeds, sugarcane, and horticulture**, all of which require consolidated land units and long-term land-use certainty to attract private investment.

Beyond agriculture, land constraints also affect **real estate and construction, tourism and hospitality, manufacturing, transport and logistics, energy, mining, trade, ICT, financial services, education, and health**, where access to serviced, well-planned, and legally secure land remains a binding constraint to investment. The private sector therefore welcomes the strategic shift in NLP 2025 towards recognising land as an economic asset and a facilitator of national development. The policy's explicit treatment of land fragmentation, land markets, and innovative tenure instruments represents a significant improvement over earlier frameworks that focused primarily on land administration and social protection.

This position paper has been developed through **structured consultations with private sector players across 12 key sectors of the economy**, coordinated by the Private Sector Foundation Uganda (PSFU). It is submitted to the Ministry of Lands, Housing and Urban Development to provide a consolidated private-sector perspective on the Draft National Land Policy 2025. The paper highlights constraints affecting investment and productivity, draws on empirical evidence and regional experience, and proposes practical measures to address land fragmentation and improve access to productive land—particularly inland valleys and seasonal wetlands suitable for climate-smart rice production—in the spirit of partnership and shared implementation.

3.0 Overview of the Draft National Land Policy 2025 and Key Private Sector Considerations

The Draft National Land Policy 2025 (NLP 2025) positions land as a central enabler of Uganda's socio-economic transformation and aligns the land subsector with **Uganda Vision 2040** and **National Development Plan IV (NDP IV)**. The policy marks an important strategic shift by explicitly recognising land as a productive economic asset and a contributor to national revenue, rather than solely a social good. Key reforms introduced under NLP 2025 include strengthening land markets and valuation systems, improving the linkages between land governance and productive sectors such as agriculture and industry, and introducing a **costed Implementation Action Plan (IAP)** aligned to programme-based budgeting and national planning frameworks.

PSFU commends several provisions of the Draft NLP 2025 that provide a strong foundation for reform. Notably, the policy explicitly addresses **land fragmentation** under Policy Statements **68–70**, recognises the role of innovative tenure instruments in agriculture, and emphasises improved access to land for farmers, including **youth and women**, who often lack ownership but drive agricultural production. The policy also acknowledges inefficiencies in land markets, speculative land holding, and inflated land prices, while providing a structured and costed IAP to guide implementation over the medium to long term.

Despite these strengths, the private sector notes areas that require further clarity and operational guidance. In particular, the policy does not sufficiently translate land fragmentation policy statements into implementable tools and incentives. There is also limited guidance on balancing **wetland conservation** with productive agricultural use, a lack of bankable, long-term land-use rights suitable for commercial agriculture, and weak articulation of inter-sectoral coordination mechanisms during implementation.

Land fragmentation remains a critical constraint to productivity and investment. According to **UBOS and agricultural census data**, average farm sizes have declined from over **2 hectares in the 1990s** to **below 1.3 hectares nationally**, with many households in high-potential regions such as **Eastern Uganda and the southwestern highlands** operating on plots below **0.5 hectares**. Fragmentation is most severe under **customary tenure**, which covers over **70% of agricultural land**. From a private-sector perspective, this results in limited mechanisation, high per-unit production costs, low and inconsistent yields, weak adoption of contract farming and nucleus–outgrower models, and increased land disputes that leave land idle. These challenges undermine competitiveness in strategic value chains such as **rice, maize, oilseeds, sugarcane, and horticulture**.

Access to land for agriculture and agribusiness development remains constrained by tenure insecurity, high transaction costs and delays in titling, speculative land holding, and limited availability of long-term leases suitable for investment. These constraints disproportionately affect **youth, women, and agribusiness investors**, even as private-sector demand for land continues to rise for rice irrigation schemes, oilseed expansion, industrial crops, export horticulture, and livestock and fodder systems. While NLP 2025 promotes land markets and leasing, clearer frameworks are required for **standardised long-term agricultural leases**, recognition of **productive land-use rights separate from ownership**, and fast-tracking land access for strategic value chains.

The policy debate on wetlands presents both a challenge and an opportunity. Rice consumption in Uganda has grown rapidly, yet domestic production remains below demand, with imports exceeding **USD 200 million annually**. Less than **200,000 hectares** are currently under rice cultivation despite suitable agro-ecologies. PSFU emphasises the need to distinguish between **permanent wetlands**, which require strict protection, and **seasonal floodplains and inland valley bottoms**, which can support controlled, climate-smart agriculture. Tanzania’s experience—where zoning, irrigation investment, secure land-use rights, and environmental safeguards have enabled production of over **3 million tonnes of rice annually**—demonstrates what is possible. While NLP 2025 rightly prioritises conservation, blanket restrictions risk excluding productive use, missing opportunities for import substitution, rural incomes, and private-sector investment.

4.0 PSFU Policy Proposals on Land Fragmentation, Agricultural Land Access and Land Markets

The Private Sector Foundation Uganda (PSFU) advances the following policy proposals to strengthen the implementation impact of the Draft National Land Policy 2025 (NLP 2025), drawing directly on the policy’s stated objectives, policy statements, and strategies—particularly under **Sections 3 (Land and National Development Framework), 4.1 (Agriculture), 4.4 (Wetlands and Environmental Conservation), 4.9 (Land Fragmentation), and 3.5 (Regulation of Land Markets)**.

4.1 Addressing Land Fragmentation

NLP 2025 explicitly recognises land fragmentation as a binding constraint to productivity and economic transformation under **Policy Statements 68–70**, noting that subdivision of land into economically non-viable

units undermines agricultural efficiency and adoption of modern farming practices. PSFU supports this diagnosis and recommends moving from policy intent to implementation through **voluntary, market-based instruments**.

First, PSFU proposes the establishment of **voluntary land consolidation frameworks**, anchored in **Section 4.9(b)** of the policy, which promotes land consolidation and optimal land sizes. These frameworks should enable neighbouring landowners to pool land for production without transferring ownership, using legally recognised consolidation or joint-use agreements.

Second, PSFU recommends **incentivising cooperative and block farming models**, particularly for strategic value chains such as rice, maize, oilseeds, and sugarcane. This proposal aligns with **Section 4.1 (Agriculture)**, which emphasises innovative tenure instruments to improve land access for farmers who do not own land, including youth and women. Cooperative block farming can aggregate fragmented plots into economically viable production units while retaining individual land rights.

Third, PSFU proposes **fiscal and regulatory incentives for consolidated production units**, including preferential access to extension services, irrigation infrastructure, and agricultural finance. With average farm sizes declining to **below 1.3 hectares nationally**, and **over 70% of agricultural land under customary tenure**, such incentives are necessary to overcome disincentives to voluntary consolidation.

Finally, PSFU recommends integrating land consolidation into **agricultural financing schemes**, allowing consolidated land-use arrangements to be recognised by financial institutions for input credit, mechanisation loans, and value-chain finance—supporting the objectives of **NDP IV** and the agriculture land-use provisions under **Section 4.1** of the policy.

4.2 Access to Wetlands for Rice Production

Under **Section 4.4 (Wetlands and Environmental Conservation)**, NLP 2025 prioritises the protection, restoration, and sustainable management of wetlands. PSFU fully supports this conservation objective but proposes a differentiated, evidence-based approach that enables **productive, climate-smart use** of suitable areas while safeguarding ecologically sensitive zones.

PSFU proposes the **zoning of wetlands and inland valley bottoms**, consistent with **Policy Strategies 54–55**, to distinguish **permanent wetlands** from **seasonal floodplains and inland valleys** that can support controlled rice production. Uganda currently imports rice worth over **USD 200 million annually**, despite cultivating **less than 200,000 hectares**, highlighting a missed opportunity for import substitution.

To operationalise this, PSFU recommends the development of **climate-smart rice production guidelines**, aligned with national climate and wetland management frameworks under **Sections 4.4 and 4.5 (Climate Change)**. These guidelines should specify water management, soil conservation, and environmental safeguards.

PSFU further proposes **time-bound, conditional usufruct or lease rights** for rice production in designated zones, providing investors and farmer groups with sufficient land-use certainty (e.g., 10–25 years) without undermining state or community ownership. Oversight should be jointly exercised by **MLHUD, MAAIF, and NEMA**, in line with **Section 4.10 (Coordination for Land Use and Land Management)**, to ensure compliance and sustainability.

4.3 Strengthening Land Markets

NLP 2025 recognises the importance of efficient land markets under **Section 3.5 (Regulation of Land Markets)**, including the need to address speculative land holding and improve access to land for production. PSFU recommends further strengthening these provisions through targeted implementation measures.

First, PSFU proposes **standardised long-term agricultural leases of 15–49 years**, consistent with **Policy Statement 41**, to provide bankable land-use rights for commercial agriculture and agro-industrial investment.

Second, PSFU supports accelerated implementation of **digitised land information systems**, including the Uganda National Land Information System (NLIS) and land valuation platforms, to improve transparency, reduce transaction costs, and enhance investor confidence.

Finally, PSFU recommends explicit support for **land-use arrangements under contract farming**, enabling landowners, producers, and agribusinesses to enter secure, enforceable agreements that keep land productive while reducing disputes—advancing the policy’s objective of promoting efficient and inclusive land use.

5.0 Conclusion

The Draft National Land Policy 2025 provides a strong foundation for reform. However, for the policy to drive private-sector-led growth, it must move beyond regulation to actively facilitate productive land use. Addressing land fragmentation and enabling regulated access to wetlands for rice production will be critical to food security, import substitution, and rural incomes.

PSFU calls upon MLHUD to engage the private sector as a strategic partner in implementing NLP 2025 and unlocking Uganda’s land-based growth potential.