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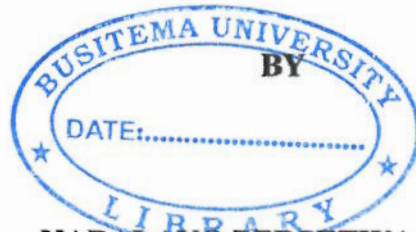
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**INFLUENCE OF COMPANY POLICIES ON SUGARCANE OUT
GROWERS/ CONTRACT FARMERS IN LUGAZI MUNICIPALITY**

BUIKWE DISTRICT

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**A RESEARCH DESERTATION SUBMITTED TO THE DEPARTMENT OF
AGRIBUSINESS AND EXTENSION FACULTY OF AGRICULTURE
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AWARD OF A BACHELOR'S DEGREE IN AGRIBUSINESS OF
BUSITEMA UNIVERSITY**

FEBRUARY, 2021

DECLARATION

I NABALAYO PERPETWA ALICE declare that this dissertation has been written and organized by me and it has never been presented before by any other person for any academic award in any university or any other institution of higher learning. It shows whatever I have done, challenges faced and experiences attained while carrying out the research and I hope all information within this report shall be useful to all people reading this.

SIGNED..........DATE. 12/21/2021.....

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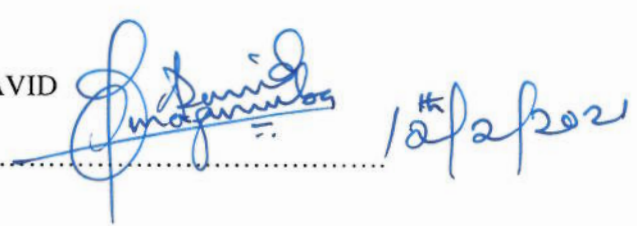
APPROVAL

I hereby certify that this dissertation is original and individual work of Nabalayo Perpetwa Alice a student of Busitema university Arapai campus with registration number BU/UP/2017/276.

SUPERVISOR

DR. MAGUMBA DAVID

SIGNATURE.....

Handwritten signature of Dr. Magumba David in blue ink, written over a dotted line. To the right of the signature is the date 12/2/2021, also handwritten in blue ink.

DEDICATION

I dedicate this thesis to my beloved mother Mrs. Naigaga Betty and father Mr. Wanzusi Paul, to all my sisters and brothers for their supportive hearts. I also dedicate the thesis to all my friends that have encouraged me whenever I thought I could not make it. I lastly dedicate it to my supervisor who endeavoured to see me complete my research.

ACKNOWLEDGEMENT

I thank the almighty God for His love, care, protection, for bringing me this far in my education and enabling me complete my research successfully.

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LIST OF ABBREVIATIONS

SCOUL – Sugar Corporation of Uganda Limited

LIST OF ACRONYMS

Company policy: this is a guideline to help employer's dealing with employee accountability, health, safety and interactions with customers and other stake holders.

Policy: This is a set of ideas or a plan of what to do in particular situation that has been agreed to officially by a group of people, a business organization, a government or a political party.

Productivity: This refers to the rate of output per unit input which may be capital, labour or a combination of factors.

Out grower schemes/ Contract farming: it refers to the binding arrangements through which a firm ensures its supply of agriculture products by individual or groups of farmers

Income: this is money received by an individual or a business in exchange for providing a good or service or through investing capital.

Sugarcane: a tropical grass of the genus saccharum having stout, fibrous, jointed stalks, the sap of which is a source of sugar.

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ABSTRACT

Sugarcane is regarded as an essential crop worldwide due to its many nutritional and economic uses. Sugar cane has long been grown in Uganda in very small quantities on peasant farms but commercial production started in 1921 at Lugazi between Kampala and Jinja and outgrowing was initiated in 1958 at kakira and reintroduced in 1992. This research was conducted to determine the influence of company policies on sugarcane outgrowers in Lugazi municipality Buikwe district. Data was collected using questionnaires, interviews and field observations. Sugarcane outgrowing has been long used by cane factories to boost their sugar production and meet the increasing sugar demand. The sugarcane outgrowers include aided and unaided, these enter into contractual agreements with the company to produce sugarcane and the company provides the market for the cane. The contracts have policies which tend to affect their expected income and they also do face many contractual challenges. The research results show that outgrowers income has been reducing due to price fluctuations and its determined by the size of farmer's land, the farmers are majorly affected by lack of permits to sell the cane to the factory. It also shows that unaided outgrowers benefit more than the aided outgrowers. Therefore in order to improve on the farmers income, the company should adjust in their policies and permits should be given to real farmers.

CHAPTER ONE

INTRODUCTION

1.1 Background

Sugarcane is regarded as an essential crop worldwide due to its many nutritional and economic uses (Africa, 2019). According to the fair labour association, approximately 28.3 million hectares are planted with sugarcane in more than 100 countries with a total of about 1.69 billion tonnes worldwide and in 2014, it was the 11th most extensive crop grown in terms of cultivated area covering 27M/ha which is equivalent to 2% of the total global crop area. It's also an important crop in the sub-tropical and tropical regions and it accounts for about 80% of the sugar produced worldwide (IPBO, 2017).

Brazil and India are the top global sugarcane producers and in 2014 they were together responsible for 57% of the world's sugar production. Africa contributed only 5% to global sugarcane production, of which 83% occurred in Sub-Saharan Africa. Whereas most Sub-Saharan African countries grew sugarcane in 2014, six countries accounted for more than half of the total production: South Africa (23%), Kenya (8%), Sudan (7%), Swaziland (7%), Mauritius (5%), and Zambia (5%) (IPBO, 2017).

Sugar cane has long been grown in Uganda in very small quantities on peasant farms but commercial production started in 1921 at Lugazi between Kampala and Jinja (O'Conner, 1965). The majority of sugar produced in Uganda is from private estates of which the largest are the Mehta Group estate at Lugazi in Buikwe district and the Madhvani Group at Kakira (Smith, 1968). Apart from providing sugar, a vital food, the Uganda sugar industry provides direct employment to over 20,000 and 50,000 direct and indirect employments respectively. The farmers around the estates saw the advantage of sugarcane as a cash crop and this encouraged them to grow sugarcane which they transport and sell to these private sugar companies at the factory gates making the sugarcane companies to be unique in development with a large number of sugarcane out growers associated with them (O'Conner, 1965).

In Uganda the sugarcane industry has gained momentum pushed by the crop's multiple end uses, expectations of growing prices, rising global and regional consumption/demand, rising foreign and national investments, large-scale estates and plantations and the increased



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