Uganda Coffee Development Authority

MINISTRY OF AGRICULTURE, ANIMAL INDUSTRIES AND FISHERIES

Uganda Coffee Development Authority

DRAFT 1

ANNUAL REPORT

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er 30, 2005, a total of 2.5 million bags of 60-kilo each worth US $ 162 million were recorded. This represents a 0.7% drop in volume and a 41% rise in value compared to the previous year.

The Board continues to focus on containment of Coffee Wilt Disease to minimize its effect on harvestable quantities and household income. Research work at the Coffee Research Institute (CORI) has come up with over 480 coffee lines that are tolerant to the disease. Field evaluations for yield and cup characterisation are still going on before release to farmers. Meanwhile, farmers are urged to continue with phytosanitary practices to contain the spread.

The replanting programme puts emphasis on creation of coffee villages and out-grower schemes around the wet mills in order to provide the necessary catchment area for red coffee cherries. Nine of the 16 wet mills under government's intervention are operational and the remaining ones are at various stages of installation.

We highly appreciate the complementary initiatives being undertaken by some coffee exporting companies along with our development partners, USAID, DFID, Care International and World Vision, towards improving farm level productivity, hence household incomes. We call upon other players to embrace these sustainability initiatives order to make the subsector more competitive.

The promotion and value addition efforts in China and Egypt are slowly taking root. Uganda coffee in its own right can now be seen in some supermarkets and hotels in these countries. Similar endeavours are also being undertaken by the private sector in the European and Japanese markets with coffee products.

On the domestic front, a number of cafés have sprung up in and around Kampala city where people, especially the youth, converge and enjoy a nice cup of coffee. My cordial thanks go to the café operators for the innovation that has, needless to say, boosted domestic coffee consumption.

My sincere gratitude to the Honourable Minister of Agriculture, Animal Industry and Fisheries, Hajati Janet Mukwaya; and her staff for the guidance rendered to the coffee sub-sector.

Similarly, I thank my fellow Board Members, Management and staff for the support in policy formulation and implementation of coffee programmes.

Finally, I encourage all readers interested in coffee to utilise the wealth of information contained in this annual report. *For God and my Country.*

Paul Sempa-Mugambwa
CHAIRMAN, BOARD OF DIRECTORS

ACRONYMS

APEP	-	Agricultural Productivity Enhancement Project
ASAC	-	Agricultural Structural Adjustment Credit
BCU	-	Bugisu Co-operative Union
CABI	-	Centre for Agriculture & Bioscience International
CBD	-	Coffee Berry Disease
CBS	-	Central Broadcasting Service
CFC	-	Common Fund for Commodities
CORI	-	Coffee Research Institute
CWD	-	Coffee Wilt Disease
DCC	-	District Coffee Co-ordinator
DFI	-	District Farm Institute
EAFCA	-	East African Fine Coffees
EPOPA	-	Export Promotion of Organic Products from Africa
EU	-	European Union
FAQ	-	Fairly Average Quality
GAPs	-	Good Agricultural; Practices
GHPs	-	Good Hygienic Practices
GMPs	-	Good Manufacturing Practices
HACCPs	-	Hazard Analysis and Critical Control Points
IC	-	Implementation Committee
ICA	-	International Coffee Agreement
ICC	-	International Coffee Council
ICO	-	International Coffee Organization
IMI	-	International Mycological Institute
MAAIF	-	Ministry of Agriculture, Animal Industry & Fisheries
NARO	-	National Agriculture Research Organization
NSSF	-	National Social Security Fund
NTAE	-	Non-Traditional Agricultural Exports
PAF	-	Poverty Alleviation Fund
PEAP	-	Poverty Eradication Action Plan
RBS	-	Retirement Benefit Scheme
SIDA	-	Swedish International Development Agency
UCDA	-	Uganda Coffee Development Authority
UCFA	-	Uganda Coffee Farmers Association
UCTF	-	Uganda Coffee Trade Federation
UMA	-	Uganda Manufacturers Association
UNEX	-	Union Export Services
USAID	-	United States Agency for International Development
WRS	-	Warehouse Receipt System
WTO	-	World Trade Organisation

UTIVE SUMMARY

MARKETING

1. A total of 2.50 million 60-kilo bags worth US $ 162 million were shipped during the year, representing a slight drop in volume of 0.7% and a rise in value of 41% in value over the previous year.
2. Of the total exports, robusta accounted for 1.99 m bags valued at $ 105 million while arabica was 0.52 m bags worth $ 56.3 million. Compared with last year, both the value for robusta and arabica went up by 22.3% and 70.1%, respectively.
3. Robusta coffee fell by 10.8% while the quantity of arabica went up by 22.3%. Coffee wilt disease, bad weather in robusta areas and old coffee trees continue to explain the drop in volume
4. The composite export price for the year stood at $ 1.08 per kilo where robusta prices averaged $ 0.89 and arabica $ 1.81, representing an overall rise in price of 42% compared to last year.
5. Improvement in farm gate prices was recorded during the year for Kiboko at Shs. 612, FAQ – Shs. 1,371 in the case of robusta and Shs. 2,095 / kilo for arabica parchment up from Shs. 500, Shs 1,090/= and Shs. 1,390/= respectively, realised in the previous year.
6. At total of 255 post harvest subsector players comprising: Exporter – 28, Export grading – 19, hulleries – 202 and roasters - 6 were registered during the year. Overall registration fell from 287 last year, the fall being more pronounced among hulleries, which fell from 230 to 202.
7. The top five best exporters in terms of quantity were: Kawacom (U) Ltd. – 16.7%, Ugacof Ltd. – 15.5%, Olam (U) Ltd – 14.6%, Kyagalanyi Coffee Ltd. – 14.3% and Great Lakes Ltd. – 6.9%.
8. The top most 5 buyers of Uganda coffee were Ecom Agroindustrialist – 15.1%, Olam International – 15.0%, Sucafina – 12.6%, Socadec – 7.9%, and Bernard Rothfos – 7.9%.
9. EU countries continued to be the main destination of Uganda coffee, accounting for 2.03 million bags or 81.0%. The Sudanese market continued in the second position with 13.7%.

QUALITY AND REGULATORY

10. Local authorities have continued to participate in the coffee quality awareness campaigns. Workshops on coffee quality related issues were jointly held by UCDA and the local authorities in Nebbi, Mbale, Sironko, Masaka and Bushenyi districts where coffee bye- laws were enacted and enforced by the authorities.
11. Enforcement of the Coffee Regulations was jointly undertaken by UCDA, UCTF, NUCAFE and district coffee associations of buyers and processors. Those found in total violation of the regulations were prosecuted in Courts of Law. The major quality

[illegible] the processing of wet kiboko/parchment and the [illegible] with BHPs and extraneous matter.

12. Although the average Robusta outturn remained high at 55.6 %, there was a slight drop of 0.6 % from the previous year. The average outturn for Arabica was also high at an average of 80.4%. The good outturn was attributed to normal agronomic practices despite the harsh weather conditions.

13. Field quality evaluations put the retentions at 11.6%, 12.8%, 13.1%, 10.5% and 14.3% for Sc 1800 in the South Western, Western, Masaka, Central and Eastern, respectively. The lowest retention in Central was attributed to a high proportion of old trees and dry weather.

14. The cup tastes were generally clean with no traces of defects like Winey, Woody, Grassy, Fruity and Musty.

15. At the export grading level, the volume of poor quality coffees referred for reprocessing continued to fall from 54,200 bags in 2003/04 to around 45,000 bags. The major causes for referrals were wetness; and poor screen retention - due to inadequate in-process quality control.

16. The global project on Enhancement of Coffee Quality through Prevention of Growth ended in September 2005 in Bahia, Brazil with a workshop in which results from each participating country were released. Remedial measures towards mould growth in coffee emphasized GAPs, GMPs, GHPs and the HAACP procedures, which are very well embedded in the UCDA Coffee Regulations.

DEVELOPMENT

17. Under the coffee-replanting programme, 5.4 million plantlets were procured from 558 coffee nurseries and distributed to 21,400 farmers using the coffee village concept. This arrangement benefited 507 villages.

18. The monitoring and evaluation exercises conducted by a multi-sectoral team during the year revealed a survival rate of 60% to 70% of coffee planted in 2004. The lowest survival rate was recorded in Arua, Apac, Sironko, Masindi and Lira districts mainly due to late planting, dry weather and lack of training.

19. On decline in coffee productivity and production, the monitoring team blamed it on pests and diseases, old age of coffee trees, depleted soil fertility and a reduction in agronomic practices.

20. Dilapidated soils were addressed through the fertigation process initially with a few farmers in the districts of Mukono, Mpigi, Wakiso, Ntungamo, Masindi and Mbarara. The process is about efficient utilisation of water and manure to enhance productivity. The selected farmers have provided demonstration sites to other farmers.

21. Coffee introduced, on trial basis, in the districts of Gulu, Kitgum, Adjuman, Moyo, Lira and Apac continued to enter production but volume is still small although the quality is very good. Efforts were geared towards developing the internal marketing system – farmers were introduced to the group-marketing concept; and some traders have picked interest in the area.

processor and export levels revealed that in 2004/05), Shs. 300 and 1380 as profit per kilo for old robusta, clonal and arabica parchment, respectively. At the primary processing and export levels, the margins were Shs. 72 and Shs. 100 per kilo, respectively.

23. Technical extension messages to farmers, processors and exporters continued to be aired on the local FM radios in various local languages.

RESEARCH

24. Coffee research activities at the Coffee Research Institute (CORI) focused on management of the coffee wilt disease (CWD), which has led to enormous losses in farm out-puts hence income over the years.

25. The focus in the fight against CWD was on multiplication, transfer of appropriate technology to farmers, and the study of the etiology, parthenogenesis and epidemiology of CWD. This was in addition to screening coffee germplasm for resistance and adaptation trials of the new lines.

26. A total of 650 CWD resistant /tolerant robusta coffee clones have been identified to-date from the germplasm collections at Kituza; and have been planted in mother gardens. Close to 210 crosses were made between the 6 commercial robusta clones and CWD resistant robusta.

27. The arabica coffee improvement initiatives focused on improving the cup quality of arabica; resistance to coffee berry disease and leaf rust. Around 60 crosses, raised from the various arabica coffee collections at CORI were planted out in the field at Bugusege.

28. Evaluation of the lowland Arabica coffee materials continued in several local on-farms in different agro-ecological zones. Trial sites were established at Kachwekano, Mukono, Mbarara and Bulegeni ARDCs. Farmers and farmer groups in Rukungiri (8), Wakiso (4), Masaka (5), Mbale (2), Kumi (4), Soroti (4), Mpigi (4), Bushenyi (4), Kyenjojo (4), Hoima (2) and 1 each in Tororo, Busia and Luweero are hosting the on-farm evaluations.

29. Expansion of the mother garden of the 10 selected arabusta coffee clones planted at Kituza continued during the period. These consist of 8 clones with close attributes to Arabica coffee while 2 clones have characteristics close to Robusta coffee.

30. At total of 410 cuttings from 8 clones have been planted at 3 sites in Mukono (Kituza), Mubende and Luweero districts for field evaluations. More cuttings of the 10 clones are being raised in the nursery at Kituza for establishment of more on-farm trials.

ADMINISTRATION AND MANAGEMENT

31. The Minister of Agriculture, Animal Industry and Fisheries (MAAIF) Mrs. Janat Mukwaya inaugurated the new UCDA Board of Directors for a 3-year term.

32. A memorandum of understanding between Uganda (UCDA) and Libya (the Libyan Arab Foreign Investment Company (LAFICO) was signed for promotion value addition initiatives through a feasibility study.

(SCUL), a consortium of Ugandan companies Denmark and Uganda for support to set up a soluble coffee plant. A technical team from Denmark visited Uganda to assess the visibility of the project.

34. Six out of the 16 wet processing plants were ready for official commissioning. The coffee processed through these units is of very good quality.

35. The Board recruited two new members of staff – the Senior Internal Auditor, Mr. William RUGADYA and the Procurement Officer, Ms. Gladys KOMUGISHA, bringing the total number of employees to 83. There were also some promotions were also effected to recognise good performance.

36. The Board adopted a medical insurance scheme for members of staff, in with the terms and conditions of service.

37. Uganda hosted the 3rd International Conference for the International Forum for Organic Agricultural Movement (IFOAM) in October 2004 after Switzerland and Mexico in 1991. Over 200 participants from around the globe were recorded. The Hon. Minister of State for Tourism, Trade and Industry, representing His Excellency, the President officially opened the conference.

38. A Ugandan delegation led by the UCDA Board Chairman attended a series of activities that took place in Bahia, Brazil during the month of September 2005. These included the ICO Council meeting, the World Coffee Conference; and the official closing of the Global project on prevention of mould growth in coffee where FAO made presentations to ICO/CFC.

Chapter One

COFFEE SUBSECTOR POLICIES

1.0 INTRODUCTION

The Uganda Coffee Development Authority (UCDA) continued to implement its mandate through a work plan for 2004/05 as approved by the Board, to carry out the following activities: replanting, quality improvement, value addition, promotion and provision of market information to the coffee industry stakeholders.

1.1 REPLANTING

The replanting programme continued to emphasise replacement of the old coffee trees, those destroyed by wilt disease and introduction of coffee in new areas. The programme received a boost up from some coffee traders and exporters who work directly with farmers and farmer groups under specific projects, these include: -

- Kyagalanyi Coffee Ltd. who set up a mother garden to benefit farmers in and around Nakanyonyi in Nabbale sub-county, Mukono district.
- Kampala Domestic Store Ltd. established an out-growers scheme and farmer groups around the Busaanyi coffee plantation in Muduuma sub-county, Mpigi district;
- Ibero (U) Ltd. works closely with coffee farmers towards quality improvement in Kikyusa, Luweero district, Bigasa in Masaka district, Kamuli district, etc;
- Kawacom (U) Ltd is in the areas Bushenyi and Kapchorwa districts promoting organic coffee farming and other sustainable coffees;
- Olam (U) Ltd is in Semuto sub-county, Nakaseke district to improve farm level production and productivity on a sustainable basis; and
- Rwenzori Fine Coffees with assistance from the USAID project, Prime West, has pioneered wet processing of arabica coffee in Kasese and Bundibugyo.

1.2 QUALITY IMPROVEMENT

UCDA is pursuing the policy of continuous quality improvement towards the industry vision: 'To make Uganda a distinguished origin of high value coffees'. This is implemented through re-introduction of washed robustas, production of specialty coffees, promotion of estate-grown coffees, and enforcement of coffee regulations.

1.2.1 Wet Processing

1.2.1.1 Rehabilitation of wet processing stations in Mt. Elgon arabica coffee area and promotion of washed robusta coffee to improve the organoleptic quality characteristics of robustas. The infrastructure for wet processing is being developed in the traditional robusta areas.

armers have been organised into out-growers to rea for the red cherries to the mills.

1.2.1.2 The policy in the arabica areas is to rehabilitate the central pulperies – two of such pulperies, one at Gibuzale and the other at Manafwa in the Mt. Elgon region, have been rehabilitated. Meanwhile, efforts are also going on in Kasese and Bundibugyo to turn Drugar into Wugars.

1.2.2 Specialty Production

1.2.2.1 Market segmentation and product development is being pursued through production of Organic and Fair trade coffee policies that emphasise sustainability in the entire supply chain.

1.2.2.2 Appellation, to take advantage of the unique physical and climatic characteristics of the various coffee growing areas that impart intrinsic quality to coffee is being encouraged in the Rwenzori, Kisoro and Mt. Elgon areas.

1.3 PROMOTION AND VALUE ADDITION

1.3.1 Value addition:

1.3.1.1 Individual entrepreneurs are encouraged and assisted to form joint ventures with roasters in consuming countries. Coffee is roasted and packaged in conformity with the food and safety regulations of the respective consuming countries and to the taste of their consumers.

1.3.2 Promotion

1.3.2.1 Generic promotion through participation in local and international trade shows and symposia is emphasised. Uganda coffee samples are periodically sent to renowned roasters and cuppers in the traditional coffee consuming countries. A feedback on the tastes and areas of improvement, if any, is indicated.

1.3.2.2 Market penetration and development - this policy is geared towards increasing market slices in the traditional destinations of Uganda coffee; and entering new markets such as China, South Africa and Egypt.

1.4 **RESEARCH**

1.4.1 Biological research

1.4.1.1 The policy is breeding for resistance to the diseases and pests, high yield and quality. Multiplication of resistant materials for on-farm trials and the multiplication of the current commercial lines for the replanting programme and quantification of losses at farm and national level continued.

ndertake studies to evaluate the effect of coffee pests and disease on coffee production and household income. Diagnostic studies on wilt were in conjunction with the Coffee Research Institute in Kituza, Mukono district.

Chapter Two

COFFEE MARKETING

2.0 GENERAL PERFORMANCE

Foreign exchange earnings from coffee exports in 2004/05 totalled US $ 162.0 million, representing a 40% rise compared to $ 115.7 m realised in 2003/04. The improvement was attributed to a general rise in world coffee prices.

Conversely, there was a slight drop of 0.8% in the quantity of coffee exported from 2.52 million 60-kilo bags in 2003/04 to 2.50 million bags. Much as this drop could due to coffee wilt disease, field observations indicate a drastic reduction in the rate of infestation. Dry weather and low soil fertility were also cited in some districts as having affected productivity of the existing coffee trees.

2.1 COFFEE PROCUREMENT

Table 2.1 represents coffee procurement, marketed production, from the farmers – FAQ and Arabica parchment – recorded in the last five years. There was a 2.5% fall in procurement from 2.76 million bags (165,600 tonnes) in 2003/04 to 2.69 million bags (161,400 tonnes) in 2004/05. The five-year average procurement amounted to 2.94 million bags, an equivalent of 176,220 tonnes, which comprised: robusta - 2.45 million bags (83.3%); and arabica - 0.49 million bags (16.7%). However, the proportion of arabica in 2004/05 stood at around 20%. The improvement in the proportion of arabica is direct a result of the ongoing policy of extending arabica coffee growing to highland areas in Kisoro, Kabale, etc, and replacement of the old non-productive trees.

Table 2.1 Coffee Procurement by type: 2000/01 - 2004/05 - 60-kilo bags.

COFFEE YEAR	Coffee Type		TOTAL	%-Age Change
	Robusta	Arabica		Over Previous yr.
Average	**2,451,603**	**485,432**	**2,937,035**	
2004/05	2,149,403	544,575	2,693,978	(2.53)
2003/04	2,221,850	542,104	2,763,954	1.26
2002/03	2,284,649	444,794	2,729,443	(16.39)
2001/02	2,849,686	414,767	3,264,453	0.96
2000/01	2,752,429	480,920	3,233,349	-

Table 2.2 gives monthly comparative figures on procurement for the years 2004/05 and 2003/04 for both robusta and arabica. Procurement peaked in months of June and July, the harvesting period for the main crop in West and South-western Uganda, and it tapered off in September with 169,5033 bags. This represented a shift in the peak season from Dec/Jan in 2003/04, which

weather that affected coffee production in Eastern

Table 2.2 Comparative Coffee Procurement by Type- 60-kilo Bags.

MONTH	2004/05			2003/04		
	Robusta	Arabica	Total	Robusta	Arabica	Total
TOTAL	**2,149,403**	**544,575**	**2,693,978**	**2,221,747**	**542,100**	**2,763,954**
OCT.	189,216	35,604	224,820	98,105	40,100	138,206
NOV.	150,112	50,119	200,231	85,445	50,235	135,680
DEC.	185,024	55,728	240,752	261,084	60,001	321,085
JAN.	175,333	46,523	221,856	271,925	66,204	338,129
FEB.	165,201	48,625	213,826	195,203	62,639	257,842
MAR	152,143	55,900	208,043	174,001	54,721	228,726
APR.	172,854	55,215	228,069	130,129	52,300	182,529
MAY	159,071	56,777	215,848	140,284	57,356	197,640
JUN.	201,535	48,123	249,658	287,134	32,417	319,551
JUL.	267,148	30,148	297,296	265,501	24,595	290,096
AUG.	186,530	37,546	224,076	169,026	19,573	188,601
SEPT	145,236	24,267	169,503	143,910	21,959	165,869

2.20 COFFEE EXPORT PERFORMANCE

Uganda coffee exports to all destinations in the coffee year (Oct./Sept.) 2004/05 totalled 2.50 million bags**,** indicating a slight fall of 0.84% compared with the volume of 2.52 million bags recorded in the previous year. Exports comprised: Arabica - 517,910 bags, a decrease of about 4.7% compared with 543,689 bags in the registered in 2003/04; and Robusta - 1.98 million bags, a slight increase of 0.23% compared with 1.98 million bags over last year.

Table 2.3 Monthly Coffee Export Performance - 60-Kg Bags & Dollar$

MONTHS	2004/05		2003/04		%-age Change	
	Qty	Value $	Qty	Value $	Qty	Value $
GRAND TOTAL	**2,504,890**	**162,078,550**	**2,523,042**	**115,705,844**	**(0.84)**	**40.04**
OCT.	185,933	8,248,721	133,774	5,531,235	38.99	49.13
NOV.	182,881	8,301,451	137,920	5,960,398	32.60	39.28
DEC.	237,406	12,369,677	228,577	10,055,251	3.86	23.02
Qtr - 1	**606,220**	**28,919,849**	**500,271**	**21,546,884**	**21.18**	**34.22**
JAN.	214,723	11,450,326	296,041	13,382,527	(27.53)	(14.50)
FEB.	215,118	12,390,484	235,193	11,215,555	(8.54)	10.48
MAR	195,417	13,932,031	235,578	11,912,013	(17.05)	16.96
Qtr - 2	**625,258**	**37,772,841**	**766,812**	**36,510,095**	**(18.49)**	**3.43**
APR.	211,388	15,347,589	177,569	8,766,967	19.05	75.06
MAY	220,025	16,777,748	180,901	8,617,413	21.63	94.70
JUN	229,251	18,067,505	263,178	12,648,736	(12.89)	42.84
Qtr - 3	660,664	50,192,842	**621,648**	**30,033,116**	6.28	67.12
JUL.	251,013	18,618,507	284,090	12,805,080	(11.64)	45.40
AUG	219,447	16,541,894	187,365	7,873,035	16.72	109.54
SEP	142,288	10,032,617	162,856	6,937,634	(10.79)	44.61
Qtr - 4	**612,748**	**45,193,018**	**634,311**	**27,615,750**	**(3.50)**	**63.52**

arnings from coffee this year totalled US $ 162 to $ 115.7 million registered in the previous year.

2.21 COFFEE EXPORTS BY TYPE AND GRADE

Table 2.4 gives coffee exports by type, grade, value and realised unit price compared to the previous year. Robusta coffee, which represented close to 80% of total exports, earned US $ 105.8 million, while arabica – 20% - realised $ 56.3 million. There was a marked improvement in the realised export price this year from $ 0.76 to $ 1.08 per kilo, reflecting a 42% rise. The rise in price was more pronounced in arabica coffee grades, from $ 1.01 in 2003/04 to $ 1.81, which was almost 80% up.

Table 2.4 Coffee Exports by Type, Grade, Value & Unit Price:
- in 60-Kilo bags, US $ & $/Kilo –

Type /Grade	2004/05			2003/04		
	Qty	**Value $**	**$/Kg**	**Qty**	**Value $**	**US $ /Kg**
G/Total	**2,504,890**	**162,146,235**	**1.08**	**2,523,042**	**115,705,845**	**0.76**
Robusta	**1,986,890**	**105,883,285**	**0.89**	**1,979,353**	**82,608,487**	**0.70**
Organic	5,793	395,577	1.14	1,828	80,568	0.73
Washed	1,408	72,143	0.85	210	10,232	0.81
Sc. 1900	-	-	-	640	36,402	0.95
Sc. 1800	138,309	8,725037	1.05	203,814	9,670,622	0.79
Sc. 1700	115,583	6,757,701	0.97	89,029	4,126,675	0.77
Sc. 1500	1,005,955	56,606,532	0.94	1,182,974	51,283,838	0.72
Sc. 1400	164,116	8,781,685	0.89	44,687	1,843,451	0.69
Sc. 1300	6,930	266,437	0.64	9,049	378,451	0.70
Sc. 1200	377,213	18,832,190	0.83	308,145	11,821,423	0.64
BHP 1199	90,413	2,893,372	0.53	62,394	1,329,337	0.36
Others **	81,170	2,552,612	0.54	76,583	2,027,488	0.44
Arabica	**518,000**	**56,262,950**	**1.81**	**543,689**	**33,097,358**	**1.01**
Organic	10,185	1,523,512	2.49	5,104	399,122	1.30
Bugisu AA	97,347	11,317,710	1.94	97,827	7,102,148	1.21
Bugisu A	13,973	1,447,086	1.73	50,347	3,729,963	1.23
Bugisu B	3,365	315,710	1.56	6,884	441,117	1.07
Bugisu PB	7,642	784,924	1.71	13,230	898,598	1.13
Arabica AB	54,026	6,568,457	2.03	42,604	3,289,424	1.29
Arabica-UG	10,396	511,307	0.82	6,886	164,989	0.40
Wugar	35,032	4,613,866	2.20	46,536	3,296,845	1.18
Drugar	238,899	26,090,024	1.82	243,527	12,803,274	0.88
Others **	47,135	3,090,354	1.09	30,744	971,878	0.53

** Others refers to coffee sold on sample basis

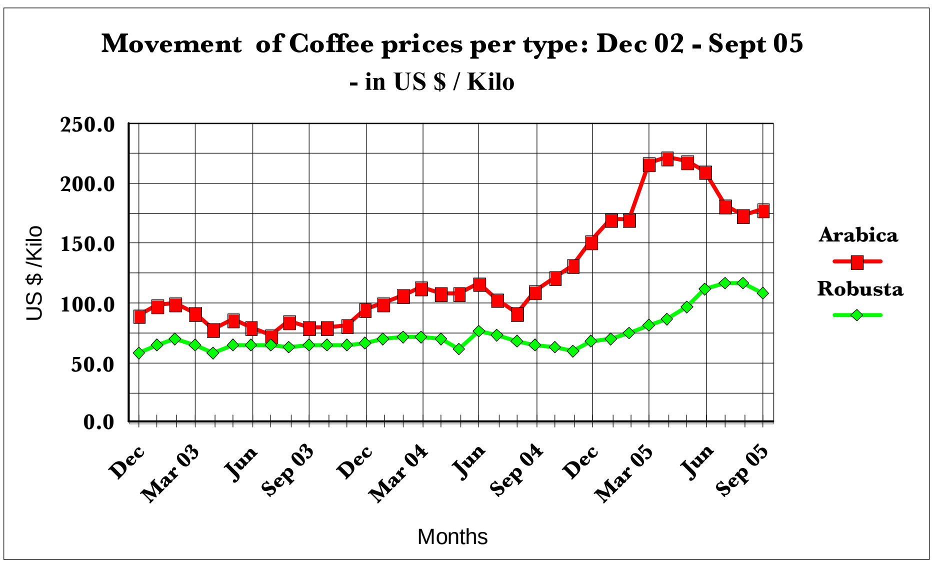
Among the robustas, organic coffee totalled 5,793 bags, a 217% increase from 1,828 bags recorded last year. And it realised the highest unit price amongst the robustas, which rose from 73 cents/kilo last year to 114 cents. Robusta coffee in

US cents/kilo; up from 70 US cents in 2003/04, vement in prices on the world market.

Arabica coffee exports totalled 517,910 bags worth $ 56.3 million, reflecting a 4.7% drop in volume but a 70% increase in value. The drop in volume was in tandem with the off-year season in Mt. Elgon zone, the hub of arabica coffee in Uganda. Unit realised price for Arabica averaged $ 1.81/kilo, which was 80 cents above that of last year. The highest realised price for arabica coffee grades was $ 2.49/kilo for organic arabica, which was 91.5% over what was recorded last year.

Overall, there was an improvement in the average realised price during the year, which rose from 76 US Cents/kilo in 2003/04 to 108 cents. The increase was largely due to a reduction in global supply as a result of small harvests in major producing countries.

Chart 2.1 illustrates the movement of the monthly average realised FOR/T export prices for the period December 2002 - September 2005 for both arabica and robusta coffee from Uganda.



Coffee prices exhibited a positive trend throughout the year, a continuation from the previous year, mainly due to market fundamentals of a reduced supply in most coffee exporting countries. Arabica realised prices rose steadily from $ 1.10 in September 04 to around $ 2.20/kilo in April, more than double, before dropping to $ 1.80 in September 2005. In the case of Robusta, prices rose by 80% from a low of 65 cents in September 04 to a high of 117 cents in July 2005 and dropped to $ 1.08 in September.

2.22 REGISTRATION OF SECTOR PARTICIPANTS

There were altogether 255 registered post harvest supply chain players – hulleries (202), roasters (6), export graders (19) and exporters (28) - during the year, a drop of 11% compared with the preceding year. The drop was more pronounced among the dry processing hulleries that fell by 12.2% from 230 to duction in volume of harvestable coffee each year and unfavourable weather conditions. Secondly, there has been a gradual shift in the trade, where coffee hulling is concentrated in trading centres, rendering some factories, especially in the rural areas dormant. Furthermore, some farmers with sizeable harvest do process their coffee and sell it as value added FAQ direct to exporters.

TABLE 2.5 REGISTERED OF SECTOR PARTICIPANTS

CATEGORY	2002/03	2003/04	2004/05
1. Exporters	31	29	28
2. Export grade factories	24	18	19
3. Hulleries	240	230	202
4. Roasters	7	10	06
Total	**302**	**287**	**255**

2.23 PERFORMANCE BY INDIVIDUAL EXPORTERS

There were 28 registered coffee exporters during the year out of which 24 were active as indicated in table 2.6. Kawacom (U) Ltd. exported the highest volume of 418,084 bags, which was 16.7% of total exports. The top five exporting companies had close to 70% market share, leaving the rest – 30% - to be shared among 19 companies. This reflects growing concentration at the exporter level.

Table 2.6 PERFORMANCES BY INDIVIDUAL EXPORTERS: Oct/Sept 2004/05

	EXPORTER	Qty	% - Age Market Share	
			Individual	Cumulative
	GRAND TOTAL	**2,504,890**	**100.0**	**-**
1	KAWACOM (U) LTD	418,358	16.70	16.70
2	UGACOF (U) LTD.	388,468	15.51	32.21
3	OLAM (U) LTD	365,430	14.59	46.80
4	KYAGALANYI COFFEE LTD	359,296	14.34	61.14
5	GREAT LAKES LTD	172,312	6.88	68.02
6	PAN AFRIC IMPEX LTD	166,183	6.63	74.66
7	IBERO (U) LTD	161,469	6.45	81.10
8	JOB COFFEE	129,356	5.16	86.27
9	KAMPALA DOMESTIC STORE	56,495	2.26	88.52
10	BISINGYE & CO.	56,182	2.24	90.76
11	NAKANA COFFEE FACTORY	42,966	1.72	92.48
12	UNION EXPORT SERVICES	31,733	1.27	93.75
13	MBALE IMPORTERS & EXPORTERS	31,000	1.24	94.98
14	WABULUNGU M-PURPOSE ESTATE	24,844	0.99	95.98
15	SIMBA CAFÉ	22,072	0.88	96.86
16	MTL MAIN TRADERS	21,069	0.84	97.70
17	BUGISU CO-OP. UNION	17,090	0.68	98.38
18	LAKE LANDS HOLDING LTD	13,605	0.54	98.92
19	SAVANNAH COMMODITIES LTD	12,764	0.51	99.43
20	SITANIDA AGENCIES LTD	4,875	0.19	99.63
21	GUMUTINDO COFFEE CO-OP	4,275	0.17	99.80
22	BAKWANYE TRADING CO.	4,160	0.17	99.96
23	VICTORIA COFFEE LTD	568	0.02	99.99
24	ZIWANGO COFFEE LTD	320	0.01	100.00

...ESTINATION

...ntries continued to be the main destination of Uganda coffee, collectively accounting for 81% (2.0 million bags), which was 22% above last year. The Sudanese market maintained its second position overall and number one on the African continent with a market share of 13.7% (342,477 bags). Total exports to African countries: Sudan, Morocco, Kenya and Egypt totalled 366,527 bags, representing 14.7% of total exports.

Table 2.7 UGANDA COFFEE EXPORTS TO ALL DESTINATIONS - 60-Kilo bags

	DESTINATIONS	TOTAL	%- MARKET SHARE	
		60-Kilo Bags	Individual	Cumulative
	GRAND TOTAL	**2,504,890**		
1	EU COUNTRIES	2,028,804	80.99	81.00
2	SUDAN	342,477	13.67	94.67
3	USA	39,150	1.56	96.23
5	MOROCCO	21,295	0.85	97.08
6	ROMANIA	16,358	0.65	97.73
7	SWITZERLAND	12,640	0.50	98.24
9	RUSSIA	6,340	0.25	98.49
10	AUSTRALIA	5,822	0.23	98.72
12	ISRAEL	5,694	0.23	98.95
13	JAPAN	4,180	0.17	99.12
14	CANADA	3,500	0.14	99.26
15	KENYA	2,827	0.11	99.37
16	HONGKONG	1,121	0.04	99.41
17	SINGAPORE	960	0.04	99.45
18	EGYPT	900	0.04	99.49
19	OTHERS**	12,822	0.51	100.00

2.25 COFFEE EXPORTS BY OVERSEAS BUYERS

Table 2.8 shows overseas coffee buyers by quantity and market shares. The top 10 coffee buyers collectively handled 78%, an increase of 5% compared to the previous year's performance.

Ecom Agro Industrialists topped the list of buyers with 15.1% followed by Olam International – 15.0%, Sucafina - 10.5%, Socadec - 12.6%, and Bernhard Rothfos - 7.9%, as represented in the table below. Among the category of others, the bulk are the small size roasters that bought one or two 20 tonne-containers.

[1] Members of EU countries include: Austria, Belgium, Cyprus, Czech Rep., Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, The Netherlands and United Kingdom

RS OF UGANDA COFFEE: 2004/05 - 60 -kilo bags.

	Overseas Buyers	Qty	Percentage Market Share	
		60-Kilo Bags	Individual	Cumulative
	GRAND TOTAL	2,504,890		
1	ECOM AGROINDUSTIALIST	376,650	15.05	15.05
2	OLAM INTERNATIONAL	374725	14.98	30.03
3	SUCAFINA	315947	12.63	42.66
4	SOCADEC	198,028	7.92	50.57
5	BERNARD ROTHFOS	196,285	7.85	58.42
6	COFFTEA (SUDAN).	131,794	5.27	63.68
7	DECOTRADE	126,312	5.05	68.73
8	DRUCAFE	115,000	4.60	73.33
9	ICONACAFE	70,514	2.82	76.15
10	ELITE	51,032	2.04	78.19
11	HACOFCO	37,296	1.49	79.68
12	VOLCAFE	36,520	1.46	81.14
13	OTHERS	474,787	18.86	100.00

2.30 PRICE MOVEMENT

2.31 LOCAL PRICES

Table 2.9 gives monthly average farm gate prices realised during the year for Kiboko (dry cherries), FAQ (clean Coffee beans) and arabica parchment. There was an increase in robusta coffee prices at the farm level: Kiboko prices averaged Shs. 612 per kilo, which was up by Shs. 112 compared to last year while FAQ prices averaged Shs. 1,371, and parchment shot up to Shs. 2,095 per kilo.

TABLE 2.9 MONTHLY AVERAGE FARMGATE PRICES – Shs/Kilo

2004/05	ROBUSTA		ARABICA
	Kiboko	F.A.Q	Parchment
Oct – 04	375	880	1,375
Nov – 04	450	950	1,675
Dec – 04	450	970	1,900
Jan – 05	450	1,025	2,000
Feb – 05	525	1,150	2,050
Mar – 05	620	1,425	2,100
Apr – 05	675	1,600	2,400
May – 05	850	1,850	2,450
Jun – 05	850	1,905	2,450
Jul – 05	850	1,850	2,450
Aug – 05	650	1,550	2,200
Sep - 05	600	1,300	2,100
AVG: 2004/05	**612**	**1,371**	**2,095**
2003/04	**500**	**1,090**	**1,390**

ices is explained by a fall in production of arabica ies like Brazil.

Table 2.10 shows a five-year series of farmers' percentage share in the FOR/T, Kampala price. The percentage rose from 77% in 2003/04 to 80% on the account of appreciation of the local shilling against the US dollar during the year.

Table 2.10 FARMERS' PERCENTAGE SHARE OF FOR/T KAMPALA PRICE

COFFEE YEAR	Average Price in Shs/Kilo		%-Age Share
	F.A.Q	SC. 1500	
2000/01	700	997	70
2001/02	520	778	67
2002/03	1,080	1,386	78
2003/04	1,090	1,420	77
2004/05	1,371	1,720	80

2.40 COFFEE CONSUMPTION FOLLOW-UP STUDY

Following the recommendations of the baseline study on domestic coffee consumption, which was conducted by UCDA and the Uganda Coffee Roasters' Association (UCRA) in 2004, a follow-up study was undertaken during the year; to: -

- Validate data collected in 2004 and also give a feedback on the results;
- Check whether the recommendations advanced in the report had been acted upon; and
- Ascertain changes in the level of coffee consumption during the year.

Findings:

- On the demand side, there is need to intensify promotional activities to demystify misconceptions about coffee and health, improve quality of the cup through training roasters, café and restaurant operators and hoteliers in roasting and brewing; and establishment of model cafés in major trading centres.
- High cost of packaging materials and the stiff competition for good quality coffee beans with exporting companies continue to be challenges to the domestic coffee roasting industry.
- Local coffee roasters noted the presence of imported coffees as a challenge to them but useful as a benchmark for good quality coffee. Some roasters were in the process of replacing obsolete roasteries with modern ones.

Generally, there were no major changes in the consumption levels of consumers in the institutions and individual households. Promotional campaigns by some companies toward coffee consumption were highly commended.

2.50 CLOSING STOCKS

Table 2.11 represents the coffee stock position as at the close of the coffee season as at September 30, 2005. Stocks at the export grading levels were

,240 bags and Arabica 90,090 bags, a total of ades.

Table 2.11 COFFEE STOCK MOVEMENT – 60-Kilo Bags –

Coffee Year: 2004/05	Robusta	Arabica	Total
Opening Stock Oct 01.	173,270	84,920	258,190
Total Production[2]	1,988,366	453,260	2,441,626
Availability	**2,161,636**	**538,180**	**2,699,816**
Domestic Consumption	100,000	20,000	120,000
Exports (Oct/Sept)	1,988,360	516,530	2,504,890
Closing Stock –Sept 30.	152,240	90,090	242,330

2.60 OUTLOOK FOR 2005/06

Coffee production in 2005/06 is likely to drop by 10% to around 2.5 million bags from 2.7 m in 2004/05. The volume of robusta coffee is envisaged to fall by 20% given the spread of coffee wilt and predicted dry spell in the robusta regions. Exports are projected at 2.3 million bags, 8% lower than in the previous year, other conditions being constant.

Globally, world coffee production in Oct/Sept. 2005/06 is projected at 113.2 million 60 kg bags, which is 7% down from last year's level. The reduction in production is due to the Hurricanes that struck the Central American region, destroying plantations; the drought that hit Vietnam; and the cyclical smaller crop in Brazil.

[2] This represents mainly coffee procurement or marketed production.

Chapter Three

QUALITY AND REGULATORY

3.1 TECHNICAL EXTENSION SERVICES

Field visits were made to the various sector participants along the production chain in the various coffee growing areas. During the visits, the recommended techniques in drying, handling, storage and processing were demonstrated. The emphasis was to implement GAPs, GMPs and GHPs at the various levels. A total 180 buying stores, 230 dry processing factories (hulleries), 22 central washing stations, 19 export grading plants, 29 exporting companies and 8 roasters were visited.

3.2 QUALITY AWARENESS AND ENFORCEMENT OF COFFE REGULATION

Through participation in workshops jointly organised by UCDA, local authorities have continued to play a significant role in the coffee quality awareness campaign. In Nebbi, Mbale, Sironko, Masaka, Bushenyi and Kamuli districts, resolutions and bye-laws in line with the Coffee Regulations were enacted and were enforced by the local authorities.

The trading and milling of semi dried kiboko and parchment followed by sun drying in unsuitable drying yards continues to be the major cause of quality deterioration at the primary processing level. Adulteration of processed coffee (FAQ) with BHP's and other extraneous matters also contributed to quality deterioration at this level.

Those dealers and processors found stocking wet coffee (moisture content over 14%) were penalised by suspending their operations while the adulterated coffee lots were impounded and the offenders were prosecuted in the local courts of law. Masaka district authorities and Masaka Coffee Buyers & Processors Association with technical assistance from UCDA continued to man check points along the major highways as a measure to curb the movement of poor quality coffees through the district. The dealers found transporting poor quality coffee were prosecuted in the district main court where they paid hefty penalties in a bid to deter them from the practice.

At some export grading factories, poor quality FAQ deliveries were being accepted and penalties levied for the defects. Accepting wet coffee deliveries also led to improper use of the mechanical driers, which resulted in high operating expenses. Exporters were advised to reject poor deliveries and to implement strict in-process quality control measures right from the reception bay.

One of the leading exporters, Ms Ibero (U) Ltd in partnership with GTZ and Plan International distributed over 1,000 tarpaulins to selected farmers in Masaka, Kamuli and Luweero districts in an effort to encourage improved dried kiboko fetched a premium of Shs.100/- per effort is highly commendable and could lead to quality improvement at the farm and higher farm-gate earnings.

3.3 FIELD QUALITY EVALUATION

Samples of kiboko and parchment were collected during the main crop from the various coffee zones. Out-turn and screen size distribution were analysed in the UCDA laboratory at the beginning, peak and tail end of the seasons. The moisture content of the samples was 13% and the green coffee was not subjected to gravimetric sorting. Table 3.1 shows the comparative percentage outturn and screen distribution over the last four years for natural Robusta in the various regions.

Table 3.1 PERCENTAGE OUT-TURN AND SCREEN DISTRIBUTION FOR ROBUSTA

COFFEE ZONE[3]	COFFEE YEAR	OUTTURN %	SCREEN RETENTION - %			
			1800	1500	1200	<12
1. South Western	2001/02	57.3	11.3	69.6	17.5	1.6
	2002/03	57.1	14.4	67.5	17.3	0.8
	2003/04	56.8	14.7	68.3	16.4	0.6
	2004/05	56.1	11.6	65.3	22.3	0.8
2. Western	2001/02	56.8	9.7	66.4	23.1	1.0
	2002/03	57.2	15.2	63.1	28.6	2.3
	2003/04	56.4	13.9	66.7	17.9	1.5
	2004/05	55.8	12.8	64.3	21.8	1.1
3. Masaka	2001/02	57.3	12.9	65.6	20.3	1.2
	2002/03	56.5	12.5	65.2	21.4	0.9
	2003/04	57.8	13.6	63.9	22.1	0.4
	2004/05	56.4	13.1	65.0	21.1	0.8
4. Central	2001/02	56.5	12.2	67.0	20.7	0.1
	2002/03	56.3	14.9	64.8	19.4	0.9
	2003/04	53.2	12.1	62.8	24.2	0.9
	2004/05	53.6	10.5	63.7	24.6	1.2
5. Eastern	2001/02	57.8	11.8	69.0	18.5	0.7
	2002/03	57.5	16.7	61.3	21.2	0.8
	2003/04	56.8	15.3	62.0	22.3	0.4
	2004/05	55.9	14.3	64.5	20.0	1.2

Both the out-turn and screen distribution were generally good at over 55% and 10% for Screen 18 respectively. This was attributed to the normal weather patterns and the increasing influence of clonal coffee coming into production. The lower out-turn from the central zone was due to the continued effects of CWD which has drastically affected the crop in the zone.

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[3] **The districts in the Robusta Coffee Zones are:**

South Western	- Ntungamo, Mbarara, Bushenyi, Rukungiri & Kasese
Western	- Kabarole, Kibaale, Hoima, Kiboga & Mubende
Masaka	- Masaka, Rakai, Sembabule & Kalangala
Central	- Mpigi, Luweero, Nakasongola, Wakiso & Mukono
Easterrn	- Jinja, Iganga, Kamuli, Mayuge & Bugiri.

...utturn for Washed Arabica in the various areas ... out-turn remained high at over 78% in all the Washed Arabica areas. The crop from the new areas of Kisoro continues to indicate a good out turn.

TABLE 3.2 PERCENTAGE OUTTURN FOR WASHED ARABICA

DISTRICT	2001/02	2002/03	2003/04	2004/05
1. Mbale	81.0	80.5	79.9	80.1
2. Kapchorwa	81.0	81.0	80.2	80.8
3. Nebbi	80.0	79.9	80.3	78.6
4. Kisoro	81.8	81.7	81.0	82.0

3.4. LIQUOR OF EXPORT COFFEE

The cup taste was generally clean at over 80%. The washed coffees were superior to the naturals. A comparative liquoring report for the various coffee grades is shown in table 3.3. Washed Robusta and Organic Arabica continued to have a good cup-taste over the years.

TABLE 3.3 PERCENTAGES OF CLEAN CUPS DURING 2002/03 – 2004/05.

TYPE	GRADE	2002/2003	2003/2004	2004/05
1. Bugisu Arabica	AA	96.5	99.3	95.9
	A	95.8	98.9	96.1
	AB	94.5	95.8	93.9
	PB	98.4	91.2	95.6
	B	96.9	97.1	98.6
2. Other Arabicas	Wugar	95.8	95.2	95.5
	Drugar	89.5	91.0	86.9
3. Natural Robusta	Sc 18	88.3	90.8	86.8
	Sc 17	89.0	94.0	89.7
	Sc 16	89.6	94.0	92.8
	Sc 15	87.7	91.5	87.9
	Sc 14	87.3	94.0	87.1
	Sc 13	90.5	91.5	89.3
	Sc 12	88.0	93.0	87.2
4. Washed Robusta	Sc 18	100	100	100
	Sc 15	100	100	100
5. Organic Coffee	Bugisu Arabica	100	95.2	100
	Okoro Arabica	100	90.5	100
	Robusta	80.0	100	89.3

Table 3.4 shows a summary of cup defects on a monthly basis in the Standard grade (Natural Robusta - screen 15). The main defects were Taints (43.5%), Earthiness (32.7%) followed by over- fermentation (18.0%). These defects are a function of poor post-harvest techniques in storage, drying and transportation. There were no traces of other defects e.g. Woody, Winey, Bitterness, Harsh, Fruity, Grassy and/or Musty.

CTS IN THE STANDARD GRADE (SCN 1500) IN 200405

			TAINT	EARTHY	TOTAL NO. OF CUPS	
					DEFCTIVE	CLEAN
Oct	1	0	0	6	7	77
Nov	5	1	10	9	25	486
Dec	14	1	42	22	79	558
Jan	11	4	27	21	63	539
Feb	8	3	27	30	68	443
Mar	17	4	36	21	78	342
Apr	27	3	31	34	95	514
May	19	13	34	23	89	597
Jun	9	4	10	16	39	353
Jul	4	2	17	22	45	459
Aug	5	4	49	9	67	388
Sept	6	2	22	16	46	248
Total	**126**	**41**	**305**	**229**	**701**	**5,004**
% Defects	**18.0**	**5.8**	**43.5**	**32.7**	**-**	**-**

[1] O/F – Over-fermentation, [2] POT - Potato

3.5 COFFEE REFERRED FOR REPROCESSING

During Preshipment inspection of coffee lots presented for export, a total of 44,989 bags did not conform to the export standards and were referred for reprocessing. There was a decrease of 9,208 bags (17%) in the number of bags referred for reprocessing compared to the previous season. This could be attributed to increased quality awareness at the various levels, following a series of sensitisation workshops. The main faults that led to the referrals are shown in table 3.5 below.

TABLE 3.5 NUMBER OF BAGS REFERRED FOR REPROCESSING OVER THE YEARS

FAULT	2001/02	2002/03	2003/04	2004/05
1. Wetness	26,163	23,186	22,828	20,511
2. Poor Retention	6,600	8,202	12,396	10,220
3. Discoloureds/Blacks	9,374	1,605	6,425	7,384
4. Floats/BHP	3,840	320	1,097	Nil
5. Pods	680	1,280	3,200	4,354
6. Extraneous matter	1,440	10,631	8,251	2,520
TOTAL	**48,097**	**45,224**	**54,197**	**44,989**

The major cause for referrals continues to be wetness followed by poor screen retention and discoloureds/blacks. These faults are due to poor processing techniques at the export grading plants mainly by accepting poor quality FAQ coffee deliveries, inadequate in-process control and poor maintenance of the grading equipment. The coffee was dried and/or reprocessed to meet acceptable export standards.

RWOWTH PROJECT

Uganda participated in the final workshop of the global project – 'Enhancement of Coffee Quality through Prevention of Mould Growth' from 26th – 30th September 2005 held in El Salvador, Brazil. Other participating countries included Colombia, Cote d'Ivoire, Kenya, India, Indonesia and Brazil. The findings of all the participating countries were presented at the workshop. Guidelines on the prevention of mould growth through the implementation of GAPs, GHPs, GMPs and the HAACP procedure were discussed. The participating countries were requested to incorporate these guidelines in their individual national Coffee Regulations to form a legal framework for implementation.

3.6.2 Laboratory

The microbiology and mycotoxin laboratorys were commissioned in June 2004 are now fully operational. The laboratories enhance UCDA's ability detect Ochratoxin A (OTA) levels in green and roasted coffee.

3.7 DEVELOPMENT OF WASHED COFFEE

The installation of 8 of the 16 wet processing units obtained under the Strategic Export Programme (SEP) has been completed and they are operating. The rest of the equipment is at various stages of installation. The lack of capital has been the major cause for the delay in installation. Table 3.8 shows the status of these washing stations.

TABLE 3.8 TATUS OF WET PROCESSING MILLS UNDER SEP

	Beneficiaries	District	T/Hr*	Status
1	Mt View Farm	Bushenyi	3.5	Electrical wiring to be completed
2	Mt View Farm	Bushenyi	1.0	Electrical wiring to be completed
3	West Nile Women's Association.	Arua	3.5	Completed
4	Four Ways Group	Masaka	3.5	Completed and operating
5	Victoria Coffees Ltd	Mukono	3.5	Installation in progress
6	Busaanyi Agro. Investment Ltd.	Mpigi	3.5	Installation in progress
7	Savannah Commodities	Mbarara	3.5	Completed and operating
8	Savannah Commodities	Mbarara	1.0	Completed and operating
9	Kabasekende Enterprises	Hoima	1.0	EIA in progress
10	Kabagala Estates	Masaka	1.0	Site clearance done
11	Bugisu Pulperies	Mbale	1.0	EIA in progress
12	Kyolaba Farm	Wakiso	1.0	Complete
13	Zinunula Coffee Ltd	Luweero	1.0	EIA in progress
14	Bugisu Coop. Union	Sironko	1.0	Completed and operating
15	Sipi Falls Pulperies	Kapchorwa	1.0	EIA in progress
16	Kikonda Estates	Luweero	1.0	Civil works have began

* Capacity in T/hr of fresh cherry

s at Manyangwa, Wakiso and M/s Kaweri ende district are fully operational. Both central washing stations employ mechanical mucilage removal.

Prime West, a USAID funded project has gone into partnership with Rwenzori Finest Coffee Co. to improve farmers' earnings through processing of washed coffees in the Rwenzori region. Over 275 farmer groups of about 50 farmers each are on the project. The groups have been issued with hand pulpers and trained to use them correctly. Dry parchment coffee produced fetches about 3,000/- per Kg, a good incentive to the farmers compared to FAQ Drugar prices of Shs. 2,750 per kilo.

3.9. TRAINING BASIC QUALITY CONTROL TECHNIQUES

A total of 18 quality controllers were trained in basic quality control techniques during the year. Of these, 5 were from the industry and 13 from tertiary institutions of learning. The tertiary trainees were on industrial training and were also exposed to the export grading process. Table 3.9 shows the number of quality controllers trained since the programme began.

Table 3.9 NUMBER OF TRAINEES IN BASIC QUALILTY CONTROL

YEAR	INDUSTRY	INSTITUTIONS	TOTAL
1993-1996	43	4	47
1996/1997	21	14	35
1997/1998	4	4	8
1998/1999	13	17	30
1999/2000	56	17	73
2000/2001	19	29	48
2002/2003	26	9	35
2003/2004	43	20	63
2004/2005	5	13	18
TOTAL	**230**	**127**	**357**

Chapter Four

COFFEE DEVELOPMENT PROGRAMMES

4.0 INTRODUCTION

The Government of Uganda identified coffee as one of the major commodities for strategic intervention in its attempt to reduce poverty at household level. The following challenges notwithstanding: Coffee Wilt Disease and old age of coffee trees.

Cumulatively, since 1993, Coffee Wilt Disease had infected 44.5% of the old robusta coffee tress by 2002, an equivalent to 134 million trees out of the 300 million old Robusta trees. The remaining 166 million trees were also too old for good quality production, as they had surpassed the economic production age of 40 years.

Other production and productivity related challenges include:

- Farmers are not inadequately equipped with appropriate coffee husbandry and profitability enhancement technologies;
- Low soil fertility, which has resulted into poor yields and quality;
- Erratic weather that adversely affect coffee flowering and berry formation.
- Scarcity and lack of affordability and adequate knowledge to agricultural inputs leading to persistence in the use of the low input system; and
- The low coffee prices as a disincentive to new coffee plantings;

Coffee development programmes are geared towards improvement of coffee production and productivity through farmer training and extension liaison, research and policy generation and development and coffee quality improvement and value addition at farm level.

In light of the prevailing challenges, the following programmes were focused on:

- The Coffee Nursery Programme;
- The Coffee Replanting Programme;
- Market Development in New Coffee Areas;
- Promotion of Fertigation Technologies
- Support to New areas in Northern and Eastern Uganda;
- Support to Arabica Coffee Development;
- Socio-Economic Research and liaison with MAAIF and NARO; and
- Promotion and Radio programmes

...valuation was carried out on all the programmes ...ordinators, (DCC's) continued with their role of linking UCDA with the decentralized system, Non-Governmental Organizations and NAADS at District level. Mobilization was also done using radio programmes.

4.1 COFFEE NURSERY PROGRAMME

The immediate objective of the Coffee Nursery Programme is to provide adequate amounts of clean coffee planting material to support the Coffee Replanting Programme in CWD affected districts and introduction of commercial coffee production in new areas.

Government through UCDA has been the major buyer of the coffee plantlets for distribution to farmers. Other ways of procurement though on a very small scale have been though private initiatives by farmers, NGO's, projects and Local Governments utilising LGDP funds.

On the other hand UCDA was the major source of certified coffee seeds for potting on the private coffee nurseries. UCDA continued to support Arabica seed gardens in Zeu and Zombo in Nebbi District and Buginyanya and Bugusege in the Districts of Sironko and Mbale respectively.

4.2 THE COFFEE REPLANTING PROGRAMME

The Replanting Programme that has been going on since 1993 benefited from the Strategic Export Programme intervention since the 2000/01 Financial Year. This intervention is part of Government's plan to reduce poverty in the rural areas. Each household is expected to produce 2 acres of coffee.

The Ministry of Agriculture, Animal Industry and Fisheries, through UCDA has been implementing this intervention with the following objectives:

- Consolidate private sector led nursery capacity to a sustainable output of coffee seedlings per year; and
- To replace old age trees and contain the Coffee Wilt Disease.

The major component of this intervention is to assist coffee farmers to gradually replace coffee trees affected by the CWD and those considered too old to continue being productive. The major activities are procurement and distribution of plantlets to farmers and training of nursery operators and farmers

The table 4.1 below summarizes the planting undertaken during the year 2004/2005 per district. A total of 5,394,926 coffee plantlets, which included 3,665,261 Robusta and 1,729,665 Arabica seedlings were procured and distributed to 21,378 farmers and formation of 507 coffee villages

ETS DISTRIBUTION 2004 – 2005

	Clones	Seedlings	Total	Arabica Seedlings	Total Plantlets	Nursery Operators	No. of Farmers	Coffee Villages
Apac		80,042	**80,042**		**80,042**	7	250	4
Arua				**574,580**	**574,580**	94	1,385	24
Bushenyi	5,500	54,700	**60,200**	**119,150**	**179,350**	12	481	6
Bugiri	39,743	237,192	**276,935**		**276,935**	7	881	14
Hoima	8,100	26,089	**34,189**		**34,189**	9	92	6
Iganga	5,000	12,152	**17,152**		**17,152**	3	101	4
Jinja	25,000	32,173	**57,173**		**57,173**	6	311	6
Kabale				**154,366**	**154,366**	4	475	7
Kamuli	10,000	35,738	**45,738**		**45,738**	3	200	3
Kamwenge	5,000	117,900	**122,900**	**122,942**	**245,842**	27	878	27
Kanungu				**46,596**	**46,596**	4	149	3
Kapchorwa				**34,304**	**34,304**	3	53	2
Kasese				**57,173**	**57,173**	3	118	3
Kayunga		126,237	**126,237**		**126,237**	11	661	11
Kiboga	5,000	23,586	**28,586**		**28,586**	3	125	3
Kisoro				**29,158**	**29,158**	4	113	3
Kyenjojo	45,000	40,759	**85,759**		**85,759**	9	484	9
Lira		45,738	**45,738**		**45,738**	3	264	2
Luweero	133,710	245,242	**378,952**	**69,226**	**448,178**	39	2,321	40
Masaka	104,960	181,442	**286,402**		**286,402**	22	1,190	18
Masindi	15,093	25,500	**40,593**		**40,593**	6	164	6
Mbale				**57,172**	**57,172**	5	430	5
Mbarara	11,000	111,838	**122,838**	**125,450**	**248,288**	12	437	20
Mpigi	11,133	72,030	**83,163**		**83,163**	6	434	5
Mubende	234,778	682,510	**917,288**		**917,288**	62	3,599	50
Mukono	37,169	180,191	**217,360**		**217,360**	30	786	20
Nakasongola		17,152	**17,152**		**17,152**	1	40	2
Nebbi				**114,345**	**114,345**	64	433	122
Ntungamo	20,000		**20,000**	**105,780**	**125,780**	9	682	8
Rakai	33,069	73,525	**106,594**		**106,594**	22	826	21
Rukungiri	10,000	15,000	**25,000**	**19,595**	**44,595**	5	166	4
Sembabule	24,740	67,000	**104,900**		**104,900**	10	449	11
Sironko				**60,603**	**60,603**	7	267	7
Tororo		158,434	**158,434**		**158,434**	9	790	4
Wakiso	17,000	188,936	**205,936**		**205,936**	29	1,257	26
Yumbe				**39,225**	**39,225**	8	86	1
Total	**800,995**	**2,851,106**	**3,665,261**	**1,729,665**	**5,394,926**	**558**	**21,378**	**507**

4.3 MONITORING AND EVALUATION OF THE REPLANTING PROGRAMME

In order to ensure improved performance and enhance accountability, DCC's and UCDA Headquarter staff carried out continuous monitoring, supervision progress on implementation of the replanting lower levels.

To gauge and assess performance of the coffee planted in 2004, an Evaluation exercise was undertaken during the months of April and May 2005 by the multi sectoral team of stakeholders composed of Office of the President, UPANGGO, UCDA, NUCAFE, UCTF and MAAIF that spearheaded the exercise.

The exercise was intended to:

(a) Assess performance and impact of the coffee-replanting programme since May 2004 at farm level;

(b) Examine the performance of various stakeholders in the replanting programme at all levels;

(c) Examine factors leading to the decline in the trend of coffee production; and

(d) Draw conclusions and make recommendations for improvement of the Replanting Programme to UCDA Management.

4.3.1 MAJOR FINDINGS ON PERFORMANCE AND IMPACT OF THE COFFEE REPLANTING PROGRAMME

4.3.1.1 Number of Seedlings Planted and Survival rates

Coffee seedlings distributed ranged from 100-200 per farmer and survival rates from 60% to 80% with *Arabica* districts exhibiting better survival. The varying survival rates were associated with:

- Degree of preparedness by the farmers, both psychologically and technically: Where the farmers had sufficient training and well informed before delivery of the plantlets, the survival rates tended to be correspondingly high;
- Timely planting: Farmers who received the plantlets early during the planting season had better survival. Late planting was mostly registered in the districts including Arua, Nebbi, Apac and Lira;
- Competing demand for labour by other economic enterprises such as Tobacco and food crops in Arua and Nebbi;
- Poor weather in localized areas in the districts of Masaka, Luweero, Rakai, Rukungiri, Ntungamo, Kabale and Sironko;
- Demographic Factors: Older farmers were more committed to the programme with higher survival rates recorded compared to the youth;
- Time lag between training and delivery of plantlets. This time lag was reported to be too short in all districts visited.

ry

l improved in most of the districts, which in turn, led to better survival rates. The training was confined to pre-planting and planting operations, which are however essential for good establishment and initial production. Farmers who attended training programmes displayed better management levels of their plantations and mortality rates of the newly planted coffee were lower.

4.3.1.3 Selection of farmer beneficiaries

Selection of farmer beneficiaries was influenced by:

a) Level of preparedness in terms of farm preparation;
b) Training programmes attended;
c) Poor farmers who cannot afford to buy seedlings on the open market; and
d) Availability of land.

4.3.1.4. Status of Nurseries Activities/Operations

The level of operation was found to be low in most districts visited and no activity at all in some. The massive drop was associated with:

a) Low quotas for the districts;

b) Delayed payments for the coffee plantlets supplied since 2003;

c) General lack of effective market demand from the local farmers. This compels the coffee nursery operators to solely depend on allocations from the Government funded re-planting programmes (under PAF).

4.3.1.5 Coffee Productivity and Production

Declining coffee productivity and production was reported in most districts and the decline was attributed to the following factors:

- The Coffee Wilt Disease;
- Old age of majority of coffee trees (the replanted coffee was only a small proportion of the total coffee tree population);
- Fluctuations in international coffee prices and most particularly the persistent low prices during the previous several years. The low global prices acted as disincentives to production and management of coffee;
- Poor performance of the available coffee varieties, especially in Arabica that have notably degenerated in their potency;
- Effect of pests and disease that greatly devastate the coffee fields when not adequately attended to;
- Stiff competition from other economic enterprises. Tobacco and recently cassava, maize, sugarcanes, etc. are big competitors to coffee; and

especially in 2002 (prolonged dry spell);

Coffee Replanting

Most farmers were willing and enthusiastic to plant more coffee to add on what they had planted. On average, farmers had planted between 200 – 350 coffee trees. However, this still fell short of the targeted 2 Acres per household.

The concept of "coffee farming as a business" was slowly taking root in some of the districts visited. The need for establishment of Farm Level Organizations was also a farmers' concern in some of the sub-counties visited.

4.3.2 Conclusions, Suggestions and Recommendations

- In light of the above findings/observations, the Coffee Re-planting Programme in all districts was on the right course, the recommendations contained therein should be implemented and the weaknesses associated with the programme be minimized.
- Coffee was still a major economic commodity with implications to poverty alleviation and most farmers reported increased household incomes due to coffee production.
- The following proxies on the quality of life reflected that farmers had benefited from the intervention:

- Payment of school fees for their children;
- Buying livestock;
- Building better houses, iron sheets roofed houses;
- Clearing more land for farming;
- Meeting medication bills for farmers' children.
- In some districts, coffee was taken as a store of value, (long term investment), that one can benefit from when old. In others, farmers had started buying seedlings on their own. This has a strong implication that Coffee is a commodity that alleviates poverty.
- In spite of the CWD, farmers were still very willing to even plant more, it is therefore recommended that Government reviews the programme as well with the intention of extending support to farmers for five years or more if the country is to maintain the current export levels.
- However, the level of coffee nursery operations had drastically declined and it is recommended that coffee farmers should be encouraged to set up community based nurseries and ensure timely allocation and supply of certified planting materials for multiplication.

national coffee prices have a bearing on the local exogenous variable, there is need to build in safe guards to ensure that coffee farmers are paid above unit cost of production.

- Furthermore, there is no farm gate price differential offered to farmers and this has a bearing on the quality of coffee at farm level (the current marketing system does not recognize quality coffee). This calls for re-thinking of the current marketing policies and strategies.
- Arrangement needs to be put in place crowd out middlemen who currently take over 50% of the profit in the coffee industry at the expense of farmers.
- The findings revealed low focus on coffee by the extension workers especially NAADS participating districts, to the extent that coffee is rarely selected by the farmers as one of the priority enterprises to seek advisory services. Given the importance of coffee to the economy there is need for tailor made arrangement to strengthen the current momentum on coffee. Individuals interested in planting coffee should be identified, sensitised and trained in readiness for coffee seedling distribution ahead of time and the training should be all embracing, (from production to marketing).
- It was noted in some districts that a few poor beneficiary farmers were reportedly selling seedlings to those who did not get. There is need to give seedlings to those farmers who are economically active, have adequate land, have attended training and are also willing to take up coffee farming as a business.
- Additionally, optimal and timely distribution of plantlets/seedlings per farmer should be ensured in accordance with the demand for the seedlings in order to sustain high levels of production and exports. Two hundred, (200), seedlings per farmer are considered optimal to ensure impact in a short period.
- Coffee like any economic enterprise requires investment. However, the high cost of inputs has tended to bog down investment. This results in low yields and low income to farmers. There is need for Government to ensure easy accessibility to farm inputs such as spray pumps, hand pulpers and insecticides/pesticides through provision of loans and also pursue a viable credit scheme for farmers and nursery operators to acquire farm inputs. This is possible if farmers are organized into Farm Level Organizations.

4.4 MARKET DEVELOPMENT PROGRAMME IN NEW COFFEE AREAS

Coffee production as a perennial cash crop has taken root in the new areas of Northern, Eastern and South-western regions of Uganda. The prevailing coffee marketing problem is largely due to less economic volumes of coffee produced. In response, UCDA initiated the Market Development Programme in the new areas with the objective of:

ging investment in coffee processing & relevant

- Attracting and supporting the private sector in the coffee business in the area;
- Enabling farmers to integrate favourably, and have more influence and negotiation power;

The programme focused on the new coffee districts of Apac, Lira, Kitgum, Gulu, Pader, Busia, Tororo, Pallisa, Kabale and Kisoro.

Group marketing was gradually being embraced for example in Gulu District where almost all coffee farmers formed the Gulu District Coffee Growers' Association and were selling their coffee as a group to Ms. Kawacom. This is expected to lead to the creation of economic stock levels.

Local coffee business skills were gradually developing as traders in other farm produce were also taking on coffee.

Establishment of coffee buying centres was gradually taking place by seasonal hiring of stores in trading centres by local traders and those attracted from the traditional coffee districts. The general improvement in communication has eased accessibility to market information.

4.5 PROMOTION OF FERTIGATION TECHNOLOGIES

Soils in most areas of Uganda are dilapidated due to mineral leaching and soil erosion as a result of poor soil and water conservation and management. Coffee productivity at farm level is low and appropriate farm level technologies are not yet fully utilized to attain maximum productivity.

The programme of promotion and dissemination of Fertigation Technologies was developed with the cardinal objective of enhancing coffee productivity through training and method and result demonstration at farm level.

The programme was embarked on by selection of cooperating farmers and corresponding suitable sites and mapping them out. Baseline information was collected from the farmers and the objectives and methods of operation were well explained to the immediate beneficiaries before establishment of the demonstration sites in the districts of Mukono, Wakiso, Mpigi, Ntungamo, Masindi and Mbarara. Continuous supervision and technical backstopping of DCC's took place throughout the whole process.

Demonstration of efficient utilization of water and manure in soil improvement and water retention is expected to improve the managerial ability of farmers in coffee productivity improvement. However, these efforts have to be replicated establishment of more sites and in all coffee growing districts.

ESEARCH

Coffee Business

In order to update data on costs and margins to coffee production, processing and export marketing, a series of case study surveys are conducted on annual basis. Bias in these surveys is avoided by including at least one district per region in the survey.

Farm level results for the past five years have shown little variability in terms of physical resource allocations of inputs and labour. What comes out from these comparisons is that changes in costs are brought about by changes in wage rates which has varied from Shs. 1,500 – 2,000 per average working man-day of 6 hours in the last coffee years. Prices of other inputs used in farm production have stabilized over the years.

At processor level, the changes in costs have also been marginal in the range of five to ten prevent simply because of efficiency measures put in place in time and resource allocation. The major constraint that have affected performance of some processors is sub optimal use of their hulling machinery due to stiff competition for smaller and ever declining kiboko coffee to process.

At exporter level, vertical and horizontal integration has ensued exporters to break-even in a competitive environment. Efficiency measures too, in expenditure management in their operations have maintained profit making on coffee export business to operating exporters.

Due economies of size and scale, large exporters have enjoyed higher profits than smaller exporters. Differential in capital financing has favoured more the foreign based exporters than domestic ones leading to the over concentration in export business. Consequently over 60% percent of total exports have been controlled by about 6 of the foreign based firms. The over concentration in the coffee trade where the domestic exporters have been disadvantaged will not be sustainable in the long-run. In this regard, it would be advisable for Government to put in measures that ensure equity and efficiency in the coffee trade to all exporters. One policy measure would be to provide low cost capital financing to domestic exporters.

I. Farm Level Costs and Margins

Farm level surveys were conducted in the districts of Masaka, Rakai, Hoima and Kiboga. A random sample of 30 clonal coffee farmers and 30 of the uninfected old coffee farmers were used to generate data. For Arabica coffee, Mbale and Kapchorwa remained the main focused area of study. About 30 farmers from each district were also used in the survey. Data was collected over a period of 3 months using the methods of focused group discussion, participant observation and questionnaires.

Table 4.6 gives results at farm-level and indicates the following:

…TION COSTS AND MARGINS

…s	Physical	Financial
A: **Old Robusta Coffee**	**Man-days/other**	**Financial**
1. Maintenance Cost: Weeding, pruning, etc	120 Man-days	210,000
2. Depreciation of equipment.		100,000
3. Costs of inputs	-	50,000
Total		**360,000**
Yield/ha./year- kg of kiboko	1000 Kg	-
• Cost per kg- Shs	-	360
• Farm-gate price – Shs /kg.		550
• Farmers' margin – Shs /kg		190
Gross income/ha. /year. • Net income/ha. /year - Shs.		**550,000** **190,000**
B: Clonal Coffee		
1. Maintenance cost	320 Man-days	700,000
2. Inputs cost (pesticides, herbicides, fertilizer)	-	150,000
3. Equipment costs: (*Depreciation*)	-	150,000
Total	-	**1,000,000**
• Yield/ha/year	4,000	
• Cost per kg	-	250
• Farm gate price Shs. /kg.	-	550
• **Farmer margin**	**-**	300
▪ **Gross income/ha./year** • **- Net income /ha. /year**		**2,200,000** **1,200,000****
C: Arabica Coffee		
1. Maintenance cost:	220 man-days	385,000
2. Inputs costs	-	200,000
3. Equipment- *depreciation cost*	-	150,000
Total		735,000
-Yield/ha./year- kg- parchment	750 kg.	-
- Cost/ kg - Shs.	-	816
- Farm gate price- Shs./kg		2200
- Farmer margin	-	1,384
-Gross income/ha. /year- Shs.	**-**	**1,650,000**
-Net income /ha. /year- Shs.	**-**	**1,038,000**

Note: Average wage rate = 1,750 per man-day.

- The average yield was estimated at about 1,000 kgs of kiboko for old Robusta, 4,000 kgs of kiboko for Clonal and 750 kgs of parchment for Arabica
- At average input costs and average wage rate of about 1,750 per man-day, the respective gross costs of production per hectare were estimated at Shs. 360,000 for old Robusta, Shs. 1,000,000 for clonal Robusta and Shs. 735,000 for Arabica.
- Based on average yields and gross costs, the respective unit cost of production per Kg was estimated at Shs. 360, 250/- and 816.

... and net margins, the gross revenue for clonal ...ns. 2,200,000 per hectares compared to Shs. 1,650,000 per ha. of Arabica. Higher productivity of clonal coffee makes it more profitable to produce.

- With lower yield and high susceptibility to CWD, its no longer profitable for farmers to continue investing in old Robusta coffee production. Good management and environmental conditions could have favoured the few farmers who are still holding on to it in the districts of Masaka and Rakai. From productivity comparisons though, as results indicate, it wouldn't be economically viable to continue with the old Robusta coffee.

- In terms of profit margins, the margin per kg for old Robusta was Shs. 190, Shs. 300 for clonal Robusta and Shs. 1,384 for Arabica. Higher profit margin for Arabica is due to price premiums offered in the International market that is transmitted into farm-gate prices. Despite low investment cost, farmers continue to enjoy good prices from Arabica coffee.

II. Processor Level Costs and Margins

Processing cost and price structure for Robusta for 04/05 coffee season is summarized in table 4.7.

TABLE 4.7: ROBUSTA PROCESSING COSTS AND MARGINS

COST PARAMETERS	2003/04	2004/05
A: Collection Costs		
(i) Farmer-factory	16.00	20.00
(ii) Commission	15.00	15.00
(iii) Loading and offloading	2.00	2.00
(iv) Cost of Gunny Bags	6.00	10.00
Sub-total (cherry)	39.00	47.00
Clean coffee Equivalent at **(55/54) out-turn**	**70.09**	**87.00**
B: Factory Costs (hulling)		
(i) Salaries + Wages	6.00	10.00
(ii) Operational costs	20.00	10.00
(iii) Depreciation costs	17.00	10.00.
(iv) Sorting cost at Shs.. 1000/ bag	10.00	17.00
(v) Processing losses at (1%) FAQ Value	5.00	6.50
(vi) Administrative costs	1.50	5.00
Sub-total	48.00	**58.5**
Total	**115.00**	**145.50**
Cost of the Money (10)%	11.50	14.55
Total	**126.50**	**160.00**
Farmer price	510	**550**
Clean equivalent at (55/54)	927	**1018.00**
Total Processing cost	127.00	**160.00**
Total processor cost	1,054	**1,178**
FAQ Price	1,090	1,250
Processor Margin	**36.00**	**72.00**

Source: Coffee Industry Data 2004/05

, the total processing costs and margins per kg of ...stimated every coffee season. A random sample of 30-50 processors is used every coffee season to estimate the costs, prices and margins.

During the 2004/05 coffee seasons, a random sample of 40 processors from central and western Uganda was used. Sample processors included those with one and two huller capacities who operated for a period of 6 months for about 5 days per month.

Based on costs at processing level, total collection cost was Shs. 60/= and factory hulling costs estimated at Shs.160/=. Compared to the previous year, there was wide variation due to relative price increase from about Shs. 510 per kg of kiboko to about Shs. 550

In terms of costs, processing cost was estimated at Shs.. 160 per kg of clean coffee. If this cost is considered and average farm-gate price of Ush.550, equivalent to Ush.1018 at out-turn of 54%, the total average processor cost was estimated at Shs.1,178 for the coffee year. Given the cost and average FAQ prices of about Shs. 1,250 the profit margin to the coffee processor were estimated at Shs. 122 per kg of clean coffee. Compared to the previous coffee year, there was a very big improvement due to increase in FAQ prices from a price average of Shs. 1090 per kilo to Shs. 1250, an increase of about 15 percent.

III. Exporter Level Costs and Margins

A: Robusta Coffee

A random sample of 10 exporters was used for the coffee year. Data collection at this level was done on quarterly basis by UCDA field staff and verification was done at the end of the year, where the researchers from UCDA Headquarters undertook a single visit study.

Findings continue to indicate that due to vertical and horizontal integration of the export business by most firms, coffee export business has remained competitive and profitable, despite the high transaction costs involved.

The total collection costs at exporter level was Shs. 38/= per-kilo and export grading cost of Shs. 94.00, giving overall export marketing cost of Shs.145.20 /= per-kilo.

At average export price of 0.84 US cents per kg and average exchange rate of Shs. 1,800 per US$ total receipts per kilo of Robusta coffee was estimated at Shs. 1,512 for the coffee year. Given total exporter costs (collection cost + factory cost + FAQ price) totalling to about 1395.20, the margin to the exporter was about Shs. 117.0 per kilo compared to the past three coffee seasons, the 2004/05 coffee exporter businesses was more profitable as a result of improved world coffee prices.

export marketing cost structure for the coffee year
us year.

TABLE 4.9: ROBUSTA EXPORT COSTS AND MARGINS

COST PARAMETERS	2003 /04	2004/05
A: <u>Collection Costs</u>		
(i) Storage Costs	8.00	5.00
(ii) Commission	15.00	10.00
(iii) Loading and offloading	5.00	3.00
(iv) Cost of Gunny bags	15.00	10.00
(v) Transport Costs	20.00	10.00
Sub-total (I)	63.00	38.00
B: <u>Export Grading Cost</u>		
(i) Salaries + Wages	5.00	5.00
(ii) Maintenance cost	12.00	8.00
(iii) Electricity and water	35.00	30.00
(iv) Communication	3.00	1.00
(v) Fumigation costs	10.00	10.00
(vi) Bagging/marking costs	12.00	10.00
(vii) Office/Rental Costs	4.00	2.50
(viii) Warehouse Costs	5.00	2.50
(ix) Insurance costs	5.00	5.00
(x) Transport costs	10.00	10.00
(xi) Processing losses (1) %	13.13	10.00
Sub-total (II)	114.13	**94.00**
Sub-total (III) = (I + II)	117.13	**132.00**
Cost of the Money at (10)%	17.70	**13.20**
Sub-total (IV) =	**194.83**	145.2
D: - FAQ Price (Shs)	1090	1250.00
- Export Processing Costs	194.83	145.20
Total Exporter Cost	1284.83	**1395.2**
- Export Price US$/kg	0.71	0.84
- Exchange rate US$/Kg	1871	1800
- Export receipts	1328.41	1512
* **Exporter margin**	44.00	117.00
- Less 1% Export Value as Cess	13.00	15.20
** Net **margin**	**31.00**	**101.80**

Source: Coffee Industry Data 2004/05

B: Arabica Coffee

Data on *Arabica* coffee was collected from a sample of a few factories in Mbale dealing in the export of the commodity. Table 4.10 gives the laid out cost and price structure estimated per kilo of green coffee exported (FOT/R), Mbale. Generally, Arabica coffee has been more profitable over the years as a result of relatively better and higher prices received.

The total collection cost for clean *Arabica* equivalent at 80 percent out-turn is estimated at Shillings 73.70/=; and Shillings 185.93/= as export process and grade costs per kg of clean. The two cost components give an amalgamated cost of Shillings 285.59=. Further analysis of the costs indicates that there has been marginal response since 2000/01 coffee season. Reason being that by iness had become too competitive that efficiency by the exporters. What has been reported to be varying the margins is also in the relative change in export prices in the world market.

TABLE 4.10 ARABICA EXPORT COSTS AND MARGINS

COST PARAMETERS	**2003/04**	**2004/05**
A: Collection Costs *(parchment)*		
(i) Storage Costs	15.00	10.00
(ii) Commission	15.00	10.00
(iii) Loading and offloading	2.00	2.00
(iv) Cost of Gunny Bags	15.00	20.00
(v) Transport Costs	15.00	15.00
Sub-Total (I)	62.00	57.00
Total	**77.50**	**73.70**
B: Export Processing Costs		
(i) Depreciation cost	15.00	10.00
(ii) Electricity and water	35.00	55.00
(iii) Communication	3.00	1.00
(iv) Fumigation costs	15.00	10.00
(v) Bagging/marking costs	15.00	20.00
(vi) Processing losses 1.0%	18.89	15.93
(vii) Salaries and Wages	8.00	15.00
(viii) Office/Rental costs	2.00	1.00
(ix) Ware housing costs	10.00	10.00
(x) Insurance costs	5.00	5.00
(xi) Transport costs	10.00	5.00
(xii) Factory operational costs	12.00	15.00
Sub-total (II)	148.89	**185.93**
Add (I + II)	226.12	**259.63**
Add cost of the money at (10)%	22.60	**25.96**
Total	**251.99**	**285.59**
C: - Parchment Price (Shs)	1320	2200
Clean equivalent at 80% out-turn	1650	2,750
Export processing costs	249	**285.59**
Total exporter costs	1899	3,036.00
Export Price US$/kg	1.10	1.98
Exchange rate US$/Kg	1820	1,800
Export receipts	2003	3,564
** **Exporter margin**	103	**528**
Less 1% Cess of Export Value	20	**35.64**
Net Margin	**83**	**492.00**

Source: Exporter Survey: 2004/05

Based on average price estimates of Arabica clean coffee of Shs 2200/= at 80 percent out-turn, process and export grade cost of Shs 285.59/=; the total exporter cost was estimated at Shs 3,036/= per kg of Arabica clean. At average export price of US$ 1.98 US$/kg of clean or Shs. 3,564 /= (at average exchange rate of 1050/= per dollar), the gross profit was Shs. 528. Compared to the previous year, there was bigger improvement of more of about 6 times as result of surge in world prices for A*rabica*. The surge in world prices as indicated ts was due to deficit in forecasts of global coffee

4.6.2 INCIDENCE OF COFFEE WILT DISEASE & ECONOMIC IMPLICATIONS

During the year, follow up surveillance and rapid appraisals on the extent of Coffee Wilt Disease, (CWD), damage continued to be undertaken by UCDA in collaboration with CORI. UCDA field staff together with districts' production department got involved in data collection. Both qualitative and quantitative approaches were used to collect data on the disease extent of spread.

The major objective of these follow up studies remained to:

i) Establish the economic loss of the disease at various levels: farm, district and National levels.

ii) Find out how farmers have continued to cope with the disease problem; and

iii) Recommend policy options for intervention by government and stakeholders in the containment of the disease.

Findings

Table 4.11 shows cross sectional-time series data on the CWD disease infection over the years by districts.

i) The major observation from the field is that the disease could have attained the optimum threshold level of destruction, following the biological function of any biological disease that tapers off over time probably due to environmental factors and mutations.

ii) As earlier studies reveal that, the disease has become a normal disease to the remaining old coffee fields and the trend can be established.

iii) In all districts, observations show that the disease had attained a minimal rate of increase with hardly any additional few trees being affected in the previous 2 to 3 years.

iv) In the new cultivars of clonal coffee, there is evidence of the disease affecting the clonal coffee. According to verifiable scientific basis this could be true. The hope for the coffee industry is that, there are about 493 resistant cultivars that have been generated by CORI and are being evaluated and tested before they are finally released to farmers probably in a few years time. Further observations show that the tolerance level of clonal coffee is very high and farmers can still plant it. Tolerance level of the pioneer clonal coffee is put at about 90% and only a few lines out of the six have shown some level of susceptibility.

v) The disease was still confined to Robusta coffee.

vi) At household level, majority farmers in the affected districts have lost, on average 55%. But some have lost virtually the entire crop. Bundibugyo district, which was the first district to be affected by 1993, has lost almost all the estimated 700 ha of *Robusta* coffee it had originally. As a coping e replaced the area with cocoa and vanilla, especially wamba.

TABLE 4.11 TIME SERIES DATA ON THE IMPACT OF CWD: 2000/01- 2004/05

Districts	**Initial area (Ha)**	**2000/01**	**2001/02**	**2002/03**	**2003/04**	**2004/05**
Mukono	52,000	4%	63%	**65%**	**66%**	67.0%
Mpigi	33,000	5%	62%	57%	65%	66.0%
Mubende	22,000	6%	55%	58%	60%	65.0%
Kiboga	12,000	8%	50%	54%	56%	60.0%
Masaka	34,000	2%	5%	11.2%	15%	16.0%
Rakai	10,000	1%	5%	6.5%	12%	13.0%
Sembabule	4,000	3%	10%	12.5%	15%	16.0%
Luweero	20,000	12%	55%	56.8%	63%	65.0%
Jinja	5,000	2%	5%	22.9%	25%	26.0%
Kamuli	6,000	3%	10%	22.9%	24.5%	25.0%
Iganga	12,000	3%	20%	23.9%	28.0 %	30.0%
Mbale (A)	16,000	0	0	0.0	0	0.0
Kapchorwa (AR)	5,000	0	0	0	0	0.0
Hoima	4,300	9%	40%	50.3%	56.0%	57.0%
Masindi	2,300	7%	35%	45.0%	46.2%	47.0%
Kibaale	5,000	13%	40%	55%	60%	61.0 %
Kabarole (Rb)	500	55%	57%	58.5%	59%	70.0%
Kabarole (Ar)	1,100	0%	0%	0%	0%	
Bundibugyo (Rb)	700	75%	82%	85.0%	85.5%	90.0%
Bundibugyo (A)	900	0%	0%	0%	0%	0.0%
Kasese (Rb)	500	60%	65%	80.0%	81.5%	90.0%
Kasese (Arabica)	4,500	0%	0%	0%	0%	0.0%
Bushenyi	6,000	5%	25%	30.4%	40.0%	44.0%
Mbarara	5,000	4%	30%	33.2%	42.0%	43.0%
Ntungamo	4,000	5%	30%	32.3%	43.0%	45.0%
Rukukungiri	3,000	45%	55%	56.9%	65.0%	70.0%
Arua (Ar)	2,000	0	0	0	0	0
Nebbi (Ar)	1,300	0	0	0	0	0
Total/Average	**272,000**	**5.30%**	**42 %**	**44.50%**	**51.0%**	**55.0%**

SOURCE: UCDA/CORI Diagnostic Surveys

Results indicate that the central and part of the western districts have higher rate of infection of above 60%.

vii) At district level, the disease incidence was variable ranging from about (15-20%)in the low-density areas, to 30-40% in medium density areas and above 60% in high-density areas. Masaka and Rakai remain the two districts in Uganda where the disease effect is minimal. The infection rate of the disease has been marginal since 2002, when the disease attained a cumulative level of 42%, in the range of 0.5 to1% across districts.

disease infection has been established at around ta coffee. In terms, of the initial area of Robusta, estimated at about 242,000 ha. by 1991 Agricultural census, about 123,100 ha of coffee have been lost. If we assume a tree density of 1,100 per ha., the total is about 150 million coffee trees.

ix) If we assumed an average of 0.5 kg of clean per tree per year, an equivalent loss of about 75 tons of coffee is the potential loss to the industry. At average of 820 US$ per ton, this was about 60 million US$ per year. At increasing prices levels, there was an indication of potentially higher revenue losses to the coffee industry and has negative implications to the economy, given that coffee remained a single export commodity that continued to earn over US$ 100 million per year, despite fall in export prices.

xi) In terms of coping mechanisms to mitigate against the disease, effects of the coffee wilt disease, farm-level observation showed that farmers have diversified in other competing and short terms farm enterprises. In Central Uganda common enterprises are cassava, annuals and livestock; Western Uganda, bananas, livestock and annuals, Eastern Uganda, cassava, maize and other annuals. Farmers, while awaiting solutions to Coffee Wilt Disease problem perceive these as short terms measures.

4.7 SUPPORT TO ARABICA COFFEE DEVELOPMENT

The policy on Arabica coffee is to promote planting at a rate of 5 percent per annum to enable increased acreage and hence increased Arabica exports.

The new *Arabica* coffee variety, (Catimors), was approved by the UCDA Board of Directors for commercial growing in the South Western districts of Bushenyi, Mbarara, Ntungamo, Rukungiri and Kanungu.

The Board further recommended that farmer trials be strengthened in the district of Masaka and trials be undertaken in other Robusta growing districts, with cup analysis and market reactions being pillars for final recommendation and way forward to growing the new *Arabica* variety.

4.8 COFFEE VALUE ADDITION AND PROMOTION

Promotion of coffee value addition concentrated mainly on raising awareness with respect to quality improvement at farm level through wet processing methods and participation in the Warehouse Receipts System programme.

In the Robusta areas of the South Western region where the WRS pilot kicked off during July – August 2005, farmers were already aware that it adds value to sell coffee at FAQ level and even more so through acquisition of the Warehouse Receipts that enable independent assessment of quality and quantity for the farmers coffee. Results from the Mbarara WRS pilot revealed that farmers who d sold after getting the Warehouse\receipt were of between Shs. 200 – 400 per kilogramme of Robusta FAQ.

4.9 RADIO PROGRAMMES

Radio programmes continued to be one of the major channels of disseminating information and extending technical guidance to farmers. In an effort to strengthen the reach out to the farmers at the grass root level and communicate in their local languages an additional dialect of Lusoga was added in the programme scheduling to cater for the Nile Basin farmers in Eastern Uganda, particularly covering the districts of Jinja, Kamuli, Kaliro, Iganga, Mayuge and Bugiri.

Also, in an effort to attract the young generation into coffee farming and associated businesses, a-15 minute weekly programme was started on Radio Simba for that purpose.

Chapter Five

COFFEE RESEARCH

5.1 INTRODUCTON

The research activities reported in this chapter were carried out at the Coffee Research Institute (CORI) of the National Agricultural Research Organisation (NARO). Coffee research has continued to focus on the management of the coffee wilt disease (CWD) epidemic under the project "Management of Coffee Wilt Disease Epidemic in Uganda".

5.2 RESEARCH GOAL AND OBJECTIVES

The goal of coffee wilt research is to reduce losses due to the disease, thus reducing poverty and enhancing food security at farm and national level. The specific objectives are to:

- Quantify losses due to the CWD at farm and national level;
- Conduct training and sensitisation of stakeholders on the importance of CWD and the options available for its management;
- Carry out studies on the ethiology, pathogenesis and epidemiology of CWD;
- Evaluate effectiveness of available control measures, and to devise procedures for chemical and cultural control of CWD;
- Screen coffee germplasm for resistance/tolerance against CWD;
- Breed for resistance/tolerance against CWD; and
- Rapidly multiply, transfer and distribute appropriate technologies to combat CWD and its effect.

5.3 RESEARCH FOCUS

The major areas of focus in coffee wilt disease research are:

a) Multiplication, transfer and distribution of appropriate technologies for combating CWD;

b) Studies of the etiology, pathenogenesis and epidemiology of CWD;

c) Screening coffee germplasm for resistance to CWD; and

d) Adaptation trial for new clonal varieties of Robusta coffee.

5.4 ACHIEVEMENTS:

5.4.1 Aerial and baseline surveys of Coffee Wilt Disease (CWD) in Uganda

Further limited surveys to monitor coffee wilt disease spread and impact were conducted during March – June, 2004 in the 14 districts surveyed in the previous surveys and 10 new districts were collected. Results of analysis of the se has spread to all non-traditional Robusta coffee ence in the traditional growing areas previously surveyed has increased by 2-10%.

The socio-economic data shows that although total land holdings for families have not significantly changed, Robusta coffee farm size has continued to decline as a result of destruction by the disease.

5.4.2 DEVELOPMENT OF CWD RESISTANT ROBUSTA CLONES

Effort to develop Robusta coffee lines resistant to coffee wilt disease has to-date identified 650 CWD resistant Robusta coffee clones. These were identified among seedlings of germplasm collection at CORI, and have been planted in mother gardens. 22,799 nodal cuttings of CWD resistant Robusta clones were raised and maintained in the nursery at Kituza. 6,982 nodal cuttings of CWD resistant Robusta clones were planted out for expansion of the mother gardens, and for field evaluation on-station at Kituza

Attempts are being made to confer resistance to CWD to the current commercial Robusta coffee clones through cross breeding. During the period under review, 208 crosses were made between the 6 commercial Robusta clones and the CWD resistant Robusta. To-date, 7,294 hybrid seeds and 6,553 hybrid seedlings from crosses between resistant and susceptible clones are being maintained in the nursery.

5.4.3 ARABICA COFFEE IMPROVEMENT

The Arabica coffee improvement programme continued to focus on the improvement of cup quality, and development of varieties that are resistant to coffee berry disease and coffee leaf rust. Seedlings raised from 59 crosses made among various arabica coffee varieties in the CORI germplasm during the previous reporting period were planted out in the field at Bugusege Coffee Research sub-station.

5.4.5 EVALUATION OF LOWLAND ARABICA COFFEE (Catimors)

The lowland Arabica coffee materials are undergoing evaluation in different agro-ecological zones. On-station sites are located at Kachwekano, Mukono, Mbarara and Bulegeni ARDCs, and the on-farm sites in Rukungiri (8 farms), Wakiso (4 farms), Masaka (5 farms), Mbale (2 farms), Kumi (4 farms), Soroti (4 farms), Mpigi (4 farms), Bushenyi (4 farms), Kyenjojo (4 farms), Hoima (2 farms) and 1 farm each in Tororo, Busia and Luweero districts. Development of pests, diseases and agronomic management packages based on information obtained from the trial sites. Quality analysis results by local and foreign laboratories show the coffee is of acceptable market value with moderate attributes. Additional samples are being prepared for confirmatory tests.

rspecific hybrids)

The mother garden of the 10 selected Arabusta coffee clones consisting of 8 clones with close attributes to Arabica coffee and 2 clones with characteristics close to Robusta coffee has been expanded with additional plantings of 414 rooted cuttings. Field trials consisting of 410 cuttings from 8 clones established in Mukono (Kituza), Mubende and Luweero districts are being evaluated. More cuttings of the 10 clones are being raised in the nursery at Kituza for establishing more on-farm trials. 16,927 more rooted cuttings are ready for field plantings.

5.4.7 UNDERSTANDING THE DISEASE

More progress has been made to understand the nature of the coffee wilt disease in order to develop appropriate control measures. The search for alternate hosts of *F. xylariodes* among 300 suspected plant species found no alternate hosts, thus confirming the organism is specifically pathogenic to coffee. *F. xylariodes* was found to have no special survival propagules in soil, and hence can only survive on soil plant debris.

CWD has no specific pattern of spread in flat areas, but spreads generally down-slope in sloppy areas.

It is confirmed that CWD can be transmitted through cuttings from infected mother bushes.

No insect and nematode vectors of CWD have been identified to-date, but nematode attack on coffee roots provide entry routes of pathogen into the plant, while a host of other pathogenic fungi have been isolated from various insects.

The development of serological methods for CWD detection has progressed with isolation and profiling of *F. xylarioides* proteins that have revealed 2 unique bands. The 2 unique bands are to be used to develop procedures for identification of *F. xylarioides.*

5.4.8 PROMOTION OF COFFEE GROWING IN NON-TRADITIONAL AREAS

CORI has continued with the programme to promote coffee production in the non-traditional coffee growing areas of Northern, North-Eastern, Eastern and South-Western Uganda to reduce the loss in national out-put due to coffee wilt disease. Drought and soil fertility management, as well as improved coffee nursery practices have been identified as the main areas requiring urgent intervention by CORI in Northern, North-Eastern and South- Eastern regions. Meanwhile, the problems of coffee berry disease (CBD) and insect pests ought to be addressed as a pre-requisite for successful re-introduction of coffee in the Kabale-Kisoro areas.

5.4.9 COFFEE TECHNOLOGIES AND INFORMATIO DISSEMINATION ACTIVITIES

CORI staff held sensitisation meetings with extension service delivery stakeholders and district local leadership in Arua, Nebbi and Yumbe districts.

... of trainers workshop on coffee production ... orkers for the districts of Arua, Nebbi, Moyo, Yumbe and Adjuman, and also attended by the technical staff of ABI ARDC was conducted during December 2004.

CORI has trained farmers and other stakeholders who continuously visited the institute for information on various aspects of coffee management and production. A training workshop for extension workers and world vision staff from Masaka district was held in June 2004.

CORI held an open day, which was graced by the Honourable Minister of Agriculture, Animal Industry and Fisheries, and was attended by a number of stakeholders including donors. CORI staff also participated in the Bulindi ARDC Open-day and the World Food Day event in Kasese on October 16, 2004 exhibiting coffee technologies.

To facilitate technology and information dissemination, CORI has produced 21 brochures on various aspects of coffee production for farmers and extension workers.

Chapter Six

ADMINISTRATION AND FINANCE

6.1 APPOINTMENT OF NEW BOARD OF DIRECTORS

The Minister of Agriculture, Animal Industry and Fisheries, Hon. Janat Mukwaya, M.P., inaugurated the new Board of Directors of UCDA, for a three - year term, at a ceremony held at the Coffee House in Kampala on 2nd August 2005.

The following are the members: -

1.	Mr. Paul Sempa Mugambwa	Chairman
2.	Hajj Ishak Lukenge	Member
3.	Rev. Fr. Dr. Joseph Kisekka	Member
4.	Mrs. Faith Mutebi	Member
5.	Mr. Yorokam Abainenamar	Member
6.	Ms. Robina Sabano	Member
7.	Dr. Abdullah Shire	Member
8.	Mr. Joseph Apell	Member
9.	Mr. Zadock Ekirapa	Member
10.	Mr. Kenneth Mugamba	Member
11.	Mr. Henry A. Ngabirano	Managing Director
12.	Mr. Fred Luzinda Mukasa	Board Secretary

In the inauguration speech, the Minister urged the Board to initiate strategies for the coffee sub-sector targeting poverty reduction in rural areas.

The Board will conduct its work mainly through committees. They are: - Finance and Audit Committee; Policy, Development, Regulatory and Quality Committee; and Promotion and Value Addition Committee.

6.2 VALUE ADDITION

6.2.1 Prospects for Instant Coffee Factory

1) As part of bilateral investment in areas of strategic importance to the Ugandan economy, the Governments of Uganda and the Libyan Arab Jamahirriya reached at an understanding to form a shareholding company for purposes of establishing a soluble coffee plant in Uganda.

   A Memorandum of understanding was accordingly signed in Tripoli Libya on August 10, 2005, between The Libyan Arab Foreign Investment Company (LAFICO) on behalf of the Libyan Government, and Uganda Coffee Development Authority (UCDA) the implementing body on the Ugandan side, to form a framework for further negotiations.

   Under the memorandum, both parties were to jointly prepare a feasibility study for the proposed project in participation with an internationally m agreeable to both parties. The results of the ropel further negotiations and work towards the execution of a shareholders agreement governing a joint venture company to be established by the parties for the purpose.

The shareholding company's share capital was agreed to be 85% LAFICO and 15% UCDA out of a possible US $ 20m investment.

A team of officials from Libya paid a visit to Uganda on a follow up mission, whereby a site for the project was identified at Namanve Industrial Park, and an implementing committee established.

2) Soluble Coffee Uganda Ltd. (SCUL), a consortium of Ugandan coffee companies approached the governments of Uganda and Denmark for support to set up a soluble coffee plant.
A government delegation from Denmark subsequently visited following which a series of meetings were held between the visitors, officials of the Ministry of Finance, UCDA, and representatives of SCUL.
The two initiatives are likely to turn Uganda's dream of instant coffee processing into reality.

6.2.2 China Joint Venture

Beijing North Star Industrial Group (BNSIG), a Chinese Joint Venture partner in Beijing Chenao Coffee Company Limited (BCCL) made an offer to UCDA to take 48% of their shareholding, which BNSIG was holding for a nominal 1 RMB. The offer was accepted and arrangements for registration of the new shareholding with the relevant authorities were made.

Mr. Solomon Rutega Sabiiti was subsequently appointed General Manager following restructuring intended to achieve cost cutting within the Company.

The Joint Venture's future prospects look good despite a few constraints like funding and the challenge of transforming a traditionally tea drinking population to coffee drinking.

6.2.3 Wet Coffee Processing

Six out of the sixteen wet-coffee processing plants which, were leased to different coffee farmers, are ready for commissioning. They include: -

- Ankole Coffee Processors/ Savanna Commodities at Ibanda, Mbarara District;
- Four ways Group of Companies at Kalungu, Masaka District;
- West Nile Women's Association, in Arua;
- Kyolaba Farm at Kakiri, Wakiso District;
- Busaanyi Agro Investment Ltd. at Busaanyi, Mpigi District,
- BCU/MTL at Budadiri, Sironko District.

perceived to be one of the of the ways in which quality and therefore benefit from the resultant good prices, a lot of sensitization is still needed if they are to be educated about the benefits of wet processing.

6.3 STAFF MATTERS

6.3.1 New Appointments

1. Mr. William Rugadya was appointed as Senior Internal Auditor with effect from January 2005.Mr Rugadya formerly worked with Mukwano Group Industries as Internal Auditor.
2. Ms Gladys Komugisha joined the organization with effect from March 2005 to fill the newly created position of Procurement Officer. She now heads UCDA's Procurement Unit. Gladys originally worked for Radio West.

The current staffing position as at 30th September 2005 is as follows:

Table 6.1 **UCDA STAFFING POSITION BY DEPARTMENT**

DEPARTMENT	Professional/ Technical Staff	Support Staff	TOTAL
MANAGING DIRECTOR'S OFFICE	4	2	6
FINANCE AND ADMINISTRATION	10	6	16
QUALITY, REGULATORY, & INFORMATION SERVICES	16	5	21
DEVELOPMENT	37	3	40
TOTAL	67	15	83

6.3.2 Promotions

1. The Board accepted Management's recommendation to have the senior officers in the Development Department elevated to principal officer level. To be promoted were Mr. Apollo Kamugisha, Mr. Edward Lutaakome Sentamu and Mr. Ezra Munyambonera. The promotions were to be effected during the new Financial Year.
2. Miss Doreen Rweihangwe was promoted to the post of Principal Quality Controller with effect from 1st October 2005.
3. Mr. Edmund Kananura was promoted to the level of Senior Quality Controller with effect from1st June 2005.

6.3.3 Resignations

1. Mrs. Alice Gowa resigned from her post of Principal Development Officer in January 2005; and
2. The District Coffee Coordinators for Bushenyi and Kyenjojo also resigned.

nsoring one member of staff on a doctorate programme in Economic Policy Formulation offered by Makerere University's Faculty of Economics and Management. Other members of staff have been sponsored on short performance improvement programmes, while a few are pursuing postgraduate studies in different fields, on self - sponsorship.

6.3.5 Medical insurance Scheme

In line with current trends in progressive organizations in the country the Board approved a medical scheme to benefit members of staff and their families, as part of corporate social responsibility. The arrangement will become operational in the new financial year. The scheme is expected to boost health and morale of members of staff, with resultant improvement in organizational productivity and performance.

6.4 INTERNATIONAL MEETINGS

1. Hon. Jovino Akaki (MP), Minister of State for Tourism, Trade and Industry, representing H.E. the Vice President opened the 3^{rd} International IFOAM Organic Coffee Conference held at Entebbe Uganda, between 6 – 8^{th} October 2004. Participants numbering over 200 comprised coffee farmers, traders, roasters, consumers, policy makers, and academicians from around the Globe. He assured the international community that Uganda had put in place policies that effectively address the social and environmental issues in the production process.

   Other speakers included Dr. Gunnar Rundgren the IFOAM President, and Madame Josefa Sacko Secretary General of IACO, who decried the high cost of organic certification to farmers. She suggested that the consumers who demand for the certification meet the associated charges.

   The Conference had a cupping session where coffee experts tasted organically grown coffees from different origins. Burundi and Tanzania took the prizes for best Arabica and Robusta, respectively.

2. The Managing Director represented UCDA at the 91^{st} and 93^{rd} sessions of the International Coffee Council (ICC), which took place in London on 21 – 24 September 2004, and 18 – 20 May 2005, respectively.

   The 91^{st} session elected Mr. Markos Schlagenhof of Switzerland and Mr. Saint – Cyr Djikalou of Cote d'Ivoire, as Chairman of the Council and Executive Board respectively, for the year 2004/ 05. The Executive Director also announced the intention of the USA to rejoin ICO.

3. The Chairman of the UCDA Board of Directors led a Ugandan delegation to the 2^{nd} World Coffee Conference held in Salvador Brazil 24 – 25 September 2005. The host President of Brazil emphasized the need to

stry through provision of good quality coffee by es to growers. He also underscored the need for promotion of domestic coffee consumption in producer countries and emerging markets. Other members of the Uganda delegation included the Managing Director of UCDA, and Mr. Jack Bigirwa, chairman of NUCAFE, who is also the vice chair of Tropical Commodities Group of International Federation of Agricultural Producers (IFAP) responsible for coffee.

4. Uganda participated in the Indian Trade Fair in collaboration with Shegil Ltd. at the invitation of Mr. Charles Walimbwa, the High Commissioner to India. Victoria Coffee displayed the product from Uganda, which was well received by the show goers.
5. Two coffee roasters – Zigoti Coffee and Star Coffee Ltd. participated in the Uganda – Malaysia International Exhibition in Kuala Lumpur in November 2004,where coffee was exhibited along other products from Uganda. This followed a visit to Malaysia for a Smart partnerships dialogue by H.E. the Vice President.
6. Uganda took part in the 'World Ethnic Food Trade Show' in Paris France between 3 – 10th June 2005.The exhibition featured coffee from OAMCAF countries, Ethiopia, and Uganda. Coffee traders and roasters from France and elsewhere have since made follow up contacts in pursuit of Uganda coffee.
7. Uganda participated in the final meeting/workshop of the Global project on ' Coffee Quality Improvement through Prevention of Mould Growth' between 26 – 30th September 2005, in Salvador Brazil. The project covered Brazil, Colombia, Cote d'Ivoire, Kenya, India, Indonesia, and Uganda.

Draft guidelines on the prevention of mould growth (OTA) in coffee throughout the supply chain, which emphasizes GAPs, GHPs, GMPs, and HAACP, were issued to assist coffee producing countries come up with national regulations on coffee. The guidelines were the outcome of a long process of scientific investigation of the supply chain in the seven participating coffee producing countries.

6.5 LOCAL VISITS, WORKSHOPS, AND TRAINING

1. Following the IFOAM Conference in November 2004, workshops on organic coffee were conducted in the districts of Kamuli, Sironko, Rakai and Kyenjojo to sensitize farmers on organic farming. The workshops were sponsored by the Department for International Development and conducted by UCDA in conjunction with EPOPA.

ntary Sectoral Committee on Agriculture visited akai and Sembabule to acquaint themselves with government funded coffee programmes, in particular the replanting programme and the wet coffee processing plants. The Committee assessed the level at which the districts were pursuing the government policies on poverty eradication, agriculture modernization through coffee farming systems and processing. They also discussed with local leaders in the districts about their roles in the implementation of government programmes.

3. UCDA together with other industry stakeholders that included Office of the President, Prime Minister's Office, Ministry of Agriculture, UPPANGO, UCTF and NUCAFE, carried out a monitoring and evaluation exercise to: -

   - Assess the replanting programme with particular emphasis on coffee planted since May 2004;
   - Examine the performance and involvement of various stakeholders at all levels; and
   - Examine factors leading to the decline in the trend of coffee production.

   The results indicated an average survival rate of 75% of all the coffee that was planted.

4. The Warehouse Receipt System (WRS) workshops for warehouse depositors were held in Mbarara and Mbale 23-27th May 2005. The essence of the workshops was to impart knowledge to participants on the importance and benefits of having a collateral sable warehouse receipt system in coffee. Farmers appreciated the programme.

5. UCDA in conjunction with EAFCA organized a two – day training workshop at the UCDA offices in Lugogo 16 – 17 June 2005.The theme of the workshop was ' Coffee Brewing for Excellence'. The target group comprised hoteliers, restaurant owners, food and beverages managers, and coffee equipment manufacturers. Mr. Rhinehart from the Coffee Quality Institute of California USA facilitated the workshop.

6. Coffee exporters held consultative meetings with UCDA Management on 31st August 2005 at which a number of issues related to the current developments in the sub – sector were discussed. Exporters identified a need for Government to continue with the replanting programme in order to counteract the effects of the coffee wilt disease and ageing trees They also promised to work hand in hand with UCDA in enforcement of the coffee regulations.

ns from International Organizations including the International Monetary Fund, Common Fund for Commodities, World Trade Organisation, UTZ - KAPEH, CIRAD, Fair Trade, and World Trade Organisation. The purpose of the visits was to discuss developments or monitor the Authority's progress on different coffee programmes.

2. Other guests came on business prospecting missions on bilateral trade and value addition. They included delegations from Katsuhara Group of Nagoya Japan, Sara Lee International of Netherlands, CCCL Products (India) Ltd., and LAFICO of Libya. A Danish appraisal team also visited to assess prospects of funding a soluble coffee project in Uganda.
3. Leading personalities in the country including members of parliament, civic leaders, Ambassadors and High commissioners accredited to other countries, officials of government and local business leaders and other stakeholders in coffee production and trade, all visited for consultation on different aspects of the sub - sector.

6.7 ASSETS PORTFOLIO

6.7.1 Motor vehicles

Table 6.2 Vehicles Distribution by Department

Department	Vehicle No.	Make	Year of Registration
Managing Director's Office	UAF660K	Toyota Prado	2003
	UAE085E	Mitsubishi Space wagon	1999
Finance & Administration	902UCS	Nissan Patrol	1997
	763UDU	Mitsubishi Pick up	1998
Development.	UAF735B	Isuzu Pick up	2003
	130UBN	Mitsubishi Pick up	1995
	UAA083E	Mitsubishi Pick up	1999
		29 Motor Cycles	
Quality, Regulatory & Information Services.	UAF637C	Isuzu Pick up	2003
	UAA082E	Mitsubishi Pick up	1999
	755UDU	Mitsubishi Pick up	1998

6.7.2 Buildings

UCDA maintains a few properties within Kampala to supplement its income. The Coffee House serves as the Head quarters of the Authority as well as housing other Ugandan coffee organizations. The programme to upgrade them for value enhancement and better income is ongoing.

6.8 MEETINGS OF THE BOD

Seven meetings were held during the period between August 2004 and September 2005. Five of them were for the full Board while the committees of Finance and audit, and Promotion and Value Addition had one meeting each.

STATISTICAL APPENDICES

APPENDIX I

COMPARATIVE MONTHLY & QUARTERLY PROCUREMENT FOR ROBUSTA & ARABICA - 60 Kilo Bags -

MONTH	2004/05			2003/04			2002/03		
	ROBUSTA	ARABICA	TOTAL	ROBUSTA	ARABICA	TOTAL	ROBUSTA	ARABICA	TOTAL
TOTAL	**2,149,403**	**544,575**	**2,693,978**	**2,223,686**	**542,103**	**2,765,789**	**2,284,649**	**444,793**	**2,729,442**
PERCENT	79.8	20.2	100.0	**80.4**	**19.6**	**100**	**83.7**	**16.3**	**100**
OCT	189,216	35,604	224,820	98,105	40,100	138,205	195,609	42,000	237,609
NOV	150,112	50,119	200,231	85,445	50,235	135,680	232,000	43,014	275,014
DEC	185,024	55,728	240,752	261,084	60,005	321,089	290,158	33,100	323,258
Qtr - 1	**524,352**	**141,451**	**665,803**	**444,634**	**150,340**	**594,974**	**717,767**	**118,114**	**835,881**
JAN	175,333	46,523	221,856	271,925	66,204	338,129	271,899	46,107	318,006
FEB	165,201	48,625	213,826	195,203	62,640	257,843	214,532	36,152	250,684
MAR	152,143	55,900	208,043	174,000	54,725	228,725	129,158	35,024	164,182
Qtr - 2	**492,677**	**151,048**	**643,725**	**641,128**	**183,569**	**824,697**	**615,589**	**117,283**	**732,872**
APR	172,854	55,215	228,069	130,129	52,300	182,429	79,100	51,129	130,229
MAY	159,071	56,777	215,848	140,224	57,356	197,580	110,021	55,162	165,183
JUN	201,535	48,123	249,658	287,134	32,417	319,551	220,415	35,234	255,649
Qtr - 3	**533,460**	**160,115**	**693,575**	**557,487**	**142,073**	**699,560**	**409,536**	**141,525**	**551,061**
JUL	267,148	30,148	297,296	265,501	24,595	290,096	230,133	32,435	262,568
AUG	186,530	37,546	224,076	169,026	19,573	188,599	170,799	20,105	190,904
SEPT	145,236	24,267	169,503	145,910	21,953	167,863	140,825	15,331	156,156
Qtr - 4	**598,914**	**91,961**	**690,875**	**580,437**	**66,121**	**646,558**	**541,757**	**67,871**	**609,628**

COMPARATIVE MONTHLY & QUARTERLY EXPORT FIGURES BY TYPE: ROBUSTA & ARABICA - 60-Kilo Bags -

MONTH	2004/05			2003/04			2002/03		
	Robusta	Arabica	Total	Robusta	Arabica	Total	Robusta	Arabica	Total
TOTAL	1,988,360	516,530	2,504,890	**1,979,633**	**543,409**	**2,523,042**	**2,221,440**	**442,448**	**2,663,888**
PERCENT	**79.4**	**20.6**	**100.00**	**78.5**	**24.5**	**100.0**	**83.4**	**16.6**	**100.0**
OCT	152,346	33,587	185,933	97,132	36,642	133,774	183,610	39,276	222,886
NOV	141,435	41,446	182,881	83,445	54,475	137,920	219,276	42,911	262,187
DEC	182,975	54,431	237,406	169,749	58,828	228,577	270,305	32,713	303,018
Qtr - 1	**476,756**	**129,464**	**606,220**	**350,326**	**149,945**	**500,271**	**673,191**	**114,900**	**788,091**
JAN	171,107	43,616	214,723	234,062	61,979	296,041	257,526	45,355	302,881
FEB	167,404	47,714	215,118	179,002	56,191	235,193	186,007	44,713	230,720
MAR	142,214	53,203	195,417	159,839	75,739	235,578	128,546	33,681	162,227
Qtr - 2	**480,725**	**144,533**	**625,258**	**572,903**	**193,909**	**766,812**	**572,079**	**123,749**	**695,828**
APR	156,353	55,035	211,388	122,967	54,602	177,569	77,760	43,511	121,271
MAY	164,849	55,176	220,025	127,546	53,355	180,901	108,783	53,280	162,063
JUN	181,899	47,352	229,251	234,235	28,943	263,178	218,388	35,140	253,528
Qtr - 3	**503,101**	**157,563**	**660,664**	**484,748**	**136,900**	**621,648**	**404,931**	**131,931**	**536,862**
JUL	220,549	30,464	251,013	260,500	23,590	284,090	248,273	36,433	284,706
AUG	183,923	35,524	219,447	169,251	18,114	187,365	181,037	20,155	201,192
SEPT	123,306	18,982	142,288	141,905	20,951	162,856	141,929	15,280	157,209
Qtr - 4	**527,778**	**84,970**	**612,748**	**571,656**	**62,655**	**634,311**	**571,239**	**71,868**	**643,107**

COMPARATIVE MONTHLY EXPORT FIGURES FOR ROBUSTA & ARABICA - 60 Kilo Bags -

MONTH/TYPE	2004/05		2003/04		2002/03		2001/02	
	QTY	VALUE $	QTY	VALUE $	QTY	VALUE $	QTY	VALUE $
TOTAL	**2,504,890**	**162,146,236**	**2,523,042**	**115,704,844**	**2,663,888**	**104,787,094**	**3,146,381**	**83,936,953**
ROBUSTA	**1,988,360**	**105,883,286**	**1,979,633**	**82,611,561**	**2,221,440**	**81,843,934**	**2,715,955**	**64,496,820**
OCT	152,346	5,796,722	97,132	3,781,188	183,610	5,286,220	126,253	2,872,653
NOV	141,435	5,019,760	83,445	3,272,999	219,276	7,194,141	110,778	2,371,332
DEC	182,975	7,427,260	169,749	6,702,634	270,305	9,480,974	230,123	5,003,869
JAN	171,107	7,042,443	234,062	9,653,421	257,526	9,985,540	259,570	5,477,351
FEB	167,404	7,508,274	179,002	7,650,738	186,007	7,801,111	225,036	4,776,016
MAR	142,214	7,003,125	159,839	6,815,144	128,546	4,988,343	161,598	3,521,013
APR	156,353	8,172,737	122,967	5,181,784	77,760	2,732,028	126,648	2,951,933
MAY	164,849	9,568,909	127,546	5,171,813	108,783	4,150,790	201,828	4,663,459
JUN	181,899	12,083,444	234,235	10,625,954	218,388	8,326,258	349,603	8,718,297
JUL	220,549	15,438,553	260,500	11,342,603	248,273	9,544,125	414,028	10,923,700
AUG	183,923	12,827,504	169,251	6,887,833	181,037	6,890,640	284,032	7,277,631
SEPT	123,306	7,994,555	141,905	5,525,450	141,929	5,463,764	226,458	5,939,566
ARABICA	516,530	56,262,950	**543,409**	**33,093,283**	**442,448**	**22,943,160**	**430,426**	**19,440,133**
OCT	33,587	2,444,930	36,642	1,750,046	39,276	1,808,696	25,151	1,139,162
NOV	41,446	3,281,692	54,475	2,687,399	42,911	2,326,753	39,342	1,754,014
DEC	54,431	4,942,417	58,828	3,352,617	32,713	1,751,327	44,978	2,079,527
JAN	43,616	4,413,104	61,979	3,729,106	45,355	2,667,227	54,162	2,517,966
FEB	47,714	4,882,210	56,191	3,564,817	44,713	2,634,521	46,449	2,117,587
MAR	53,203	6,907,721	75,739	5,096,869	33,681	1,862,368	66,725	3,172,346
APR	55,035	7,174,852	54,602	3,585,183	43,511	2,051,205	61,306	2,883,654
MAY	55,176	7,208,840	53,355	3,445,600	53,280	2,789,485	24,607	982,077
JUN	47,352	6,002,324	28,943	2,022,782	35,140	1,659,927	20,180	959,215
JUL	30,464	3,252,408	23,590	1,462,477	36,433	1,634,167	14,424	635,620
AUG	35,524	3,714,390	18,114	985,202	20,155	1,027,348	9,070	315,146
SEP	18,982	2,038,062	20,951	1,411,184	15,280	730,136	24,032	883,819

COFFEE EXPORTS BY TYPE & GRADE FOR THE YEARS: 2001/02 – 2004/05 in 60-kilo bags & US $

TYPE/GRADE	2004/05		2003/04		2002/03		2001/02		4 - Year Average	
	Qty	Value $	Qty	Value $	Qty	Value $	Qty	Value $	Qty	Value $
GRAND TOTAL	**2,504,890**	**162,146,236**	**2,523,042**	**115,722,011**	**2,663,888**	**104,787,094**	**3,146,381**	**83,936,952**	**2,709,550**	**116,648,073**
ROBUSTA	**1,988,360**	**105,883,286**	**1,979,353**	**82,624,653**	**2,220,140**	**81,813,837**	**2,716,005**	**64,499,762**	**2,225,965**	**83,705,385**
Organic	5,793	395,577	1,828	80,568	2,500	120,723	1,440	48,937	2,890	161,451
Washed	1,408	72,143	210	10,232	746	36,514	930	48,777	824	41,917
Sc. 1800	138,309	8,725,037	204,414	9,670,622	196,102	8,387,535	240,546	7,540,043	194,843	8,580,809
Sc. 1700	115,583	6,757,701	89,029	4,142,840	93,001	3,906,042	134,334	3,708,019	107,987	4,628,651
Sc. 1500	1,005,955	56,606,532	1,182,974	51,283,682	1,242,441	47,950,525	1,637,448	40,100,108	1,267,205	48,985,212
Sc. 1400	164,116	8,781,685	44,687	1,843,838	75,945	2,814,631	119,886	2,731,132	101,159	4,042,822
Sc. 1300	6,930	266,437	9,049	378,451	10,891	421,926	22,576	507,581	12,362	393,599
Sc. 1200	377,213	18,832,190	308,145	11,821,423	432,095	15,418,363	428,879	8,612,064	386,583	13,671,010
BHP 1199	90,413	2,893,272	62,394	1,329,337	89,303	1,116,610	72,214	565,461	78,581	1,476,170
Others *	82,640	2,552,712	76,623	2,063,660	77,116	1,640,968	57,752	637,640	73,533	1,723,745
ARABICA	**516,530**	**56,262,950**	**543,689**	**33,097,358**	**443,748**	**22,973,257**	**430,376**	**19,437,190**	**483,586**	**32,942,689**
Organic	10,185	1,523,512	5,104	399,122	4,380	339,947	3,505	223,428	5,794	621,502
Bugisu AA	97,347	11,317,710	97,827	7,102,148	67,031	4,471,640	112,024	6,256,852	93,557	7,287,088
Bugisu A	13,973	1,447,086	50,347	3,729,963	29,295	1,839,612	43,573	2,177,057	34,297	2,298,430
Bugisu B	3,365	315,710	6,884	441,117	7,831	464,920	15,572	759,701	8,413	495,362
Bugisu PB	7,642	784,924	13,230	898,598	9,263	571,396	11,240	543,997	10,344	699,729
Arabica AB	54,028	6,568,457	42,604	3,289,424	26,770	1,846,405	16,390	952,282	34,948	3,164,142
Arabica CPB	10,000	1,301,538	3,269	188,471	801	36,554	960	45,715	3,758	393,070
Mixed Arabica	4,630	320,267	9,269	336,814	8,215	158,664	3,020	100,228	6,284	228,993
Arabica UG	10,396	511,307	6,886	164,989	3,797	133,918	6,895	185,768	6,994	248,996
Wugar	35,032	4,613,866	46,536	3,298,844	47,090	2,922,831	61,020	2,786,273	47,420	3,405,454
Drugar	238,899	26,090,024	243,527	12,803,274	225,921	9,821,370	134,542	5,126,757	210,722	13,460,356
Others **	31,033	1,468,549	18,206	444,594	13,354	366,000	21,635	279,132	21,057	639,569

COFFEE EXPORTS BY DESTINATION IN 2004/05 COFFEE YEAR

"Quantity in 60 - kilo Bags & Value in US $

DESTINATIONS	Quantity – in 60-kilo Bags			% - Market Share	
	Robusta	Arabica	Total	Individual	Cumulative
GRAND TOTAL	1,988,360	516,530	2,504,890	100.00	-
EU	1,590,117	465,541	2,055,658	82.07	82.07
SUDAN	340,177	2,300	342,477	13.67	95.74
USA	9,218	29,932	39,150	1.56	97.30
MOROCCO	18,715	2,580	21,295	0.85	98.15
SWITZERLAND	3,547	9,093	12,640	0.50	98.66
RUSSIA	4,800	1,540	6,340	0.25	98.91
AUSTRALIA	4,352	1,470	5,822	0.23	99.14
ISRAEL	5,694	0	5,694	0.23	99.37
JAPAN	3,600	580	4,180	0.17	99.54
CANADA	1,900	1,600	3,500	0.14	99.68
KENYA	2,827	0	2,827	0.11	99.79
ALGERIA	2,026	0	2,026	0.08	99.87
HONG KONG	787	334	1,121	0.04	99.91
SINGAPORE	0	960	960	0.04	99.95
EGYPT	600	300	900	0.04	99.99
THAILAND	-	300	300	0.01	100.00

CUMULATIVE COFFEE EXPORTS AND VALUE: 2004/05 - 2002/03

COFFEE YEAR 2004/05				
MONTH	**QUANTITY**		**VALUE**	
	- 60 Kilo Bags -	**CUMULATIVE**	**- US Dollar$**	**CUMULATIVE**
OCT.	185,933	185,933	8,241,652	8,241,652
NOV.	182,881	368,814	8,301,452	16,543,104
DEC.	237,406	606,220	12,369,677	28,912,781
JAN.	214,723	820,943	11,455,547	40,368,328
FEB.	215,118	1,036,061	12,390,484	52,758,812
MAR.	195,417	1,231,478	13,910,846	66,669,658
APR.	211,388	1,442,866	15,347,589	82,017,247
MAY	220,025	1,662,891	16,777,749	98,794,996
JUN.	229,251	1,892,142	18,085,768	116,880,764
JUL.	251,013	2,143,155	18,690,961	135,571,725
AUG.	219,447	2,362,602	16,541,894	152,113,619
SEPT.	142,288	2,504,890	10,032,617	162,146,236
COFFEE YEAR 2003/04				
MONTH	**QUANTITY**		**VALUE**	
	- 60 Kilo Bags -	**CUMULATIVE**	**- US Dollar$**	**CUMULATIVE**
OCT.	133,774	133,774	5,531,234	5,531,234
NOV.	137,920	271,694	5,960,398	11,491,632
DEC.	228,577	500,271	10,055,251	21,546,883
JAN.	296,041	796,312	13,382,527	34,929,410
FEB.	235,193	1,031,505	11,215,555	46,144,965
MAR.	235,578	1,267,083	11,912,013	58,056,978
APR.	177,569	1,444,652	8,766,967	66,823,945
MAY	180,901	1,625,553	8,617,413	75,441,358
JUN.	263,178	1,888,731	12,648,736	88,090,094
JUL.	284,090	2,172,821	12,805,080	100,895,174
AUG.	187,365	2,360,186	7,873,035	108,768,209
SEPT.	162,856	2,523,042	6,936,634	115,704,844
COFFEE YEAR 2002/03				
MONTH	**QUANTITY**		**VALUE**	
	- 60 Kilo Bags -	**CUMULATIVE**	**- US Dollar$**	**CUMULATIVE**
OCT.	222,886	222,886	7,094,916	7,094,916
NOV.	262,187	485,073	9,520,894	16,615,810
DEC.	303,018	788,091	11,232,300	27,848,110
JAN.	302,881	1,090,972	12,652,766	40,500,876
FEB.	230,720	1,321,692	10,435,633	50,936,509
MAR.	162,227	1,483,919	6,850,712	57,787,221
APR.	121,271	1,605,190	4,783,233	62,570,454
MAY	162,063	1,767,253	6,940,275	69,510,729
JUN.	253,528	2,020,781	9,986,185	79,496,914
JUL.	284,706	2,305,487	11,178,292	90,675,206
AUG.	201,192	2,506,679	7,917,988	98,593,194
SEPT.	157,209	2,663,888	6,193,900	104,787,095

Monthly Coffee Exports by Individual Firms in (Oct/Sept) 2004/05 – in 60-Kilo Bags

EXPORTERS	G/TOTAL	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
GRAND TOTAL	**2,504,890**	**185,933**	**182,881**	**237,406**	**214,723**	**215,118**	**195,417**	**211,388**	**220,025**	**229,251**	**251,013**	**219,447**	**142,288**
Kawacom (U) Ltd.	**418,358**	38,741	20,727	21,585	24,508	24,047	46,513	34,353	41,378	46,157	41,919	49,842	28,588
Ugacof Ltd.	**388,468**	24,294	29,052	52,529	35,500	47,080	22,656	42,202	38,762	31,658	34,239	22,561	7,935
Olam (U) Ltd.	**365,430**	29,355	20,495	17,894	20,595	36,634	23,773	31,885	31,667	34,326	34,394	57,929	26,483
Kyagalanyi Coffee Ltd.	**359,296**	15,339	13,564	23,707	28,819	35,585	34,260	34,227	34,484	40,216	36,502	35,257	27,336
Great Lakes	**172,312**	10,999	17,405	16,445	20,807	17,940	13,903	13,104	9,386	9,715	15,126	12,506	14,976
Pan Afric Impex	**166,183**	595	2,814	1,002	960	660	9,861	21,366	32,533	24,730	45,587	14,045	12,030
Ibero (U) Ltd.	**161,469**	7,900	15,600	16,324	14,620	10,314	16,546	8,650	10,250	17,895	15,020	13,630	14,720
Job Coffee	**129,356**	10,310	17,882	27,615	24,902	9,328	8,212	9,554	7,010	9,523	3,970	700	350
Kampala Domestic Store	**56,495**	13,993	12,026	12,736	11,376	1,334	-	-	330	2,100	2,250	350	-
Busingye & Co.	**56,182**	2,720	5,420	11,240	6,939	12,130	6,446	4,640	1,400	1,750	1,832	1,665	-
Nakana Coffee Factory	**42,966**	6,201	7,482	12,308	3,854	640	2,360	1,650	1,300	332	850	3,569	2,420
Union Export Services	**31,733**	3,964	3,628	2,952	4,224	3,059	1,585	1,960	1,280	1,954	2,814	3,033	1,280
Mbale Importers & Exporters	**31,000**	3,880	6,000	6,680	5,880	4,800	960	320	1,280	-	1,200	-	-
Wabulungu Multi-purp. Estate	**24,844**	-	-	-	-	-	700	4,534	3,110	4,620	10,500	1,050	330
Simba E.A. Cafe	**22,072**	4,628	1,370	3,008	7,309	2,000	2,727	700	330			-	-
MTL Main Traders	**21,069**	2,199	1,860	2,210	1,890	2,845	2,420	990	3,515	1,600	640	600	300
Bugisu Co-operative Union	**17,090**	1,960	2,560	6,630	1,600	3,060	640	-	-			640	
Lake Land Holdings Ltd.	**13,605**	-	-	-	-	-	-	-	1,050	1,735	3,850	1,750	5,220
Savannah Commodities Ltd.	**12,764**	5,861	2,880	1,581	-	2,442	-		-			-	
Sitanida Agencies Ltd.	**4,875**	2,034	588	-	-	320	300	353	-	640	320	320	
Gumutindo Coffee Co-op	**4,275**	-	-	-	620	900	1,555	900	-	300		-	
Bakwanye Trading Co.	**4,160**	640	960	960	320	-	-	-	960	-	-	-	320
Victoria Coffees Ltd.	**568**	-	568	-	-	-	-	-	-	-	-	-	-
Ziwango Coffee Ltd.	**320**	320	-	-	-	-	-	-	-	-	-	-	-

REALISED AVERAGE COFFEE PRICES PER GRADE PER MONTH 2004/05 – US $ /KILO

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
AVERAGE	0.74	0.76	0.88	0.90	0.96	1.19	1.21	1.28	1.31	1.25	1.26	1.18
ROBUSTA	0.63	0.59	0.68	0.70	0.75	0.82	0.87	0.97	1.11	1.17	1.16	1.08
Organic - Rob	0.87	-	-	1.03	1.09	1.08	-	1.35		1.56	1.51	
Washed - Rob		0.80	0.82	-	-	-	1.25	-	-	-	-	-
Screen 18	0.71	0.73	0.81	0.85	0.95	0.98	1.10	1.18	1.23	1.26	1.35	1.13
Screen 17	0.67	0.66	0.76	0.79	0.82	0.96	1.10	1.13	1.24	1.26	1.28	1.09
Screen 15	0.67	0.62	0.73	0.73	0.78	0.87	1.02	1.03	1.15	1.24	1.21	1.13
Screen 14	0.55	0.55	0.60	0.66	0.69	0.81	0.93	0.95	1.10	1.15	1.20	1.25
Screen 13	0.56	0.51	0.52		~~0.85~~	-	-	-	0.57	0.61	~~1.20~~	
Screen 12	0.62	0.55	0.62	0.62	0.69	0.80	0.86	0.91	1.04	1.09	1.02	1.02
BHP 1199	0.37	0.35	0.37	0.36	0.39	0.45	0.57	0.59	0.72	0.81	0.75	0.69
Others	0.46	0.37	0.33	0.47	0.44	0.39	0.60	0.57	0.72	0.67	0.82	0.76
ARABICA	1.21	1.32	1.52	1.71	1.71	2.17	2.22	2.19	2.11	1.82	1.74	1.79
Organic		1.87	1.94	2.11	2.47	3.00	2.89	2.79	2.61	2.41	2.29	
Bugisu AA	1.43	1.48	1.75	1.85	2.01	2.32	2.57	2.59	2.27	2.28	1.81	2.07
Bugisu A	1.29	1.40	1.54	1.63	1.62	2.01	2.65	-	2.29	2.15	1.96	1.76
Bugisu PB	1.14	1.45	1.57	1.80	2.01	1.62	2.56	-	2.16	-	-	-
Bugisu B	0.68	-	1.60	1.74	1.69	2.01	2.62	-	2.25	-	-	-
Bugisu C	-	1.33	-	-	-	-	-	-	-	-	-	-
Arab – AB	1.31	1.52	1.66	1.93	2.05	-	2.37	2.56	2.54	2.43	2.05	2.14
Arab - CPB	-	-	-	-	-	2.47	2.71	-	2.04	2.02	-	1.86
Wugar	1.53	1.44	1.78	2.14	-	2.11	2.01	2.41	2.58	2.30	2.42	2.50
Drugar	1.09	1.09	1.30	1.38	1.65	2.13	2.25	2.10	2.18	1.84	1.78	1.65
Others	0.40	0.42	0.65	1.09	1.09	0.51	1.07	1.07	0.92	0.94	0.89	0.72

EXPORTS BY GRADE PER MONTH 2004/05 ï 60-Kilo Bags

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Total
GRAND TOTAL	**185,933**	**182,881**	**237,406**	**214,723**	**215,118**	**195,417**	**211,388**	**220,025**	**229,251**	**251,013**	**219,447**	**142,288**	**2,504,890**
ROBUSTA	**152,346**	**141,435**	**182,975**	**171,107**	**167,404**	**142,214**	**156,353**	**164,849**	**181,899**	**220,549**	**183,923**	**123,306**	**1,988,360**
Organic - Rob	1,290	-	-	960	985	1,060	-	100	-	384	1,014		5,793
Washed - Rob	-	940	316	-	-	-	152	-	-	-	-	-	1,408
Screen 19	-	600	-	320	320	-	320						1,560
Screen 18	7,276	11,431	12,726	8,997	16,033	9,592	8,510	8,489	14,082	15,039	18334	7,800	138,309
Screen 17	8,258	7,531	12,413	12,399	8,816	9,337	8,702	10,384	12,772	10,934	4,922	9,499	115,967
Screen 16	-	-	-	-	-	-	300	-	-	-	400	-	700
Screen 15	84,786	68,777	94,302	85,680	85,979	69,284	71,905	84,920	93,568	118,921	91,943	55,890	1,005,955
Screen 14	5,682	7,682	15,674	17,686	19,470	5,940	17,223	16,449	15,790	12,470	22,210	7,840	164,116
Screen 13	720	1,050	1,080	-	1,920	-	-	-	360	1,800	-	-	6,930
Screen 12	30,948	32,969	34,253	33,352	20,156	32,034	19,733	28,559	33,320	45,264	30,785	35,840	377,213
BHP 1199	5,827	4,675	6,711	6,974	8,985	10,120	15,448	8,913	3,170	6,813	8,100	5,277	91,013
Others	7,559	5,780	5,500	4,739	4,740	4,847	14,060	7,035	8,837	8,924	6,215	1,160	79,396
ARABICA	**33,587**	**41,446**	**54,431**	**43,616**	**48,314**	**54,483**	**55,355**	**55,176**	**47,352**	**30,464**	**35,524**	**18,982**	**516,530**
Organic	-	1,730	70	860	1,815	350	1,400	2,410	1,000	200	360	-	10,195
Bugisu AA	10,679	12,673	17,984	14,760	10,647	9,401	5,970	6,480	4,542	2,830	780	1,221	97,967
Bugisu A	1,600	2,720	2,860	1,040	1,564	1,751	450	-	128	320	940	300	13,673
Bugisu PB	360	2,120	1,720	2,090	710	258	360	-	24	-	-	-	7,642
Bugisu B	600	640	1,400	20	990	230	205	-	70	-	-	-	4,155
Arab – AB	2,640	4,120	8,480	10,800	7,906	2,440	4,600	6,220	3,160	620	2,400	960	54,346
Arab - CPB	-	-	-	-	-	1,400	1,080	-	3,240	1,440	-	1,800	8,960
Mixed Arabica	320	960	-	-	-	-	640	320	-	-	640	-	2,880
Wugar	1,410	568	2,390	990	-	5,909	7,615	4,260	4,200	1,440	3,985	2,145	34,912
Drugar	14,778	15,319	16,326	8,360	16,861	29,351	28,605	31,279	25,732	19,064	21,238	11,956	238,869
Others	1,200	596	3,201	4,696	7,221	2,113	4,110	4,207	5,256	4,550	5,181	600	41,651

t Structure for Coffee Production at Farm Level: 1995/96 – 2004/05 –in Shs.

OLD ROBUSTA COFFEE Cost Parameters	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Labour (per ha)	150,000	216,000	225,000	350,000	150,000	180,000	270,000	270,000	210,000
Amortized cost of Establishment	0	0	0	0	0	0	0	0	0
Depreciation (equipment)	75,000	75,000	75,000	50,000	50,000	60,000	75,000	75,000	100,000
Non-labour input cost [fertilizers, pesticides, etc.]	70,000	70,000	0	50,000	30,000	40,000	100,000	100,000	50,000
Total Cost (per ha)	295,000	361,000	300,000	450,000	230,000	280,000	445,000	445,000	360,000
Yield in Kilos of Kiboko or Parchment/ha	1,200	1,100	1,100	1,200	1,000	1,200	1,000	1,000	1,000
Unit Cost (Shs/Kilo)	**245**	**330**	**272**	**375**	**230**	**233**	**445**	445	360
Farm-gate Price (Shs/Kilo of Kiboko/Parchment)	600	650	600	425	270	280	530	500	550
Profits in Shs. Kilo	355	320	328	50	40	47	85	55	190
CLONAL ROBUSTA COFFEE									
Labour (per ha)	290,000	360,000	490,000	630,000	360,000	480,000	648,000	675,000	700,000
Amortized cost of Establishment	50,000	50,000	50,000	50,000	50,000	50,000	0	0	0
Depreciation (equipment)	100,000	100,000	100,000	125,000	100,000	100,000	120,000	150,000	150,000
Non-labour input cost [fertilizers, pesticides, etc.]	190,000	190,000	135,000	100,000	100,000	120,000	200,000	240,000	150,000
Total Cost Per ha	630,000	650,000	775,000	905,000	610,000	750,000	968,000	1,065,000	1,000,000
Yield in Kilos of Kiboko or Parchment/ha	3,000	3,300	3,300	3,600	4,000	4,400	4,000	3,800	4,000
Unit Cost (Shs/Kilo)	**210**	**200**	**234**	**251**	**153**	**170**	242	280	250
Farm-gate Price (Shs/Kilo of Kiboko/Parchment)	600	650	600	425	270	280	530	500	550
Profits in Shs. Kilo	390	450	366	174	117	110	288	220	300
ARABICA COFFEE									
Labour (per ha)	180,000	300,000	350,000	385,000	240,000	270,000	378,000	432,000	385,000
Amortized cost of Establishment	0	0	0	0	0	0	0	0	0
Depreciation (equipment)	125,000	125,000	120,000	150,000	150,000	130,000	150,000	200,000	200,000
Non-labour input cost [fertilizers, pesticides, etc.]	160,000	160,000	85,000	100,000	120,000	160,000	175,000	180,000	150,000
Total Cost per ha	465,000	585,000	555,000	635,000	510,000	560,000	703,000	812,000	735,000
Yield in Kilos of Kiboko or Parchment/ha	750	700	750	750	650	1,000	1,000	950	900
Unit Cost (Shs/Kilo)	**620**	**836**	**740**	**850**	**785**	**560**	**703**	**854**	**816**
Farm-gate Price (Shs/Kilo of Kiboko/Parchment)	1,700	1,800	1,400	1,300	1,000	990	1,200	1,390	2,200
Profits in Shs. Kilo	1,080	964	660	450	215	430	497	536	1,384

Note: Opportunity Cost of Family Labour is estimated at 40 percent and it is incorporated in the cost structure.

E DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED SEPTEMBER 30, 2005, TOGETHER WITH THE REPORT AND OPINION THEREON BY THE AUDITOR GENERAL

AUDITED ACCOUNTS: 2004/05

SUMMARY	PAGE
Auditor General's Report	
Statement of Directors' Responsibility	
Balance Sheet	
Income and Expenditure	
Statement of Movement in Net Surplus/Deficit	
Notes to Financial Statements	
Fixed Assets Schedule	
Expenditure Notes	
Cash Flow	

R GENERAL'S REPORT

Under section 16 (2) of the Uganda Coffee Development Authority (UCDA) Act (Cap. 325), I am required to audit the accounts of Uganda Coffee Development Authority and report to Parliament in accordance with Article 163 (4) of the Constitution not later than six (6) months after the end of the financial year to which they relate.

REPORT

The financial statements of the Uganda Coffee Development Authority (UCDA) for the year ended September 30, 2005 set out on pages 1 to 13 which have been prepared on the basis of accounting policies set out on page 4 have been audited. All the information and explanations that were considered necessary for purposes of the audit were obtained.

Respective Responsibilities of the Directors and Auditors

The Directors are responsible for the preparation of the financial statements, which give a true and fair view of the Authority's state of affairs and its surplus or deficit. The responsibility of the Auditor is to express an independent opinion on the financial statements based on the audit.

Basis of Opinion

The audit was conducted in accordance with International Standards on Auditing. Those standards require that the audit is planned and performed to obtain reasonable assurance that the accounts are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements.

Opinion

In my opinion, the financial statements give a true and fair view of the state of affairs of the Authority as at 30th September 2006 and of its deficit and cash flows of the year that ended and comply with the International Financial Reporting Standards (IFRS) and the Uganda Coffee Development Authority Act Cap. 325.

Emphasis of Matter

Without qualifying my opinion, I draw attention to the following matter:

Joint Venture Losses

As stated in Note 10(a) to the financial statements and the income statement, the Authority entered into Joint Ventures to promote Ugandan coffees in Denmark, China and Egypt. These ventures have resulted into losses because of market penetration in these markets. The Authority is confident that in spite of the under capitalization, it will eventually establish Uganda's coffee in these overseas markets and there after invite sector participants to continue with the promotions.

G. Singh

AG. AUDITOR GENERAL

Kampala - September 01, 2006

DEVELOPMENT AUTHORITY
IRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2005

The Uganda Coffee Development Authority Act requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Authority as at the end of the financial year and of its financial performance. It also requires that the Authority keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Authority. They are also responsible for safe guarding the assets of the company.

The Directors accept responsibility of the annual financial statements set out on pages 1 to 13, which have been prepared using appropriate accounting policies, supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Uganda Companies Act. The Directors are of the opinion that the financial statements give a true and fair view of the financial affairs of the Authority and of its profit for the year. The Directors accept responsibility for the maintenance of accounting records that were relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the twelve-month from the date of this statement.

Paul S. Mugambwa
CHAIRMAN, BOARD OF DIRECTORS

Fred Luzinda-Mukasa
BOARD SECRETARY HEAD OF FINANCE & ADMINISTRATION

September 08, 2006

DEVELOPMENT AUTHORITY

BALANCE SHEET

FOR THE YEAR ENDED SEPTEMBER 30, 2005

(All in Uganda Shillings)

		2004/2005	2003/2004
		Shs.	Shs.
Fixed Assets (Net)	2	**5,976,837,762**	**6,229,814,167**
Investments			
Investment in Joint ventures	10(a)	178,489,294	-99,102,291
Other investments and work in progress	10(b)	626,637,069	1,381,100,407
Current Assets			
Short-term Fixed Deposit	3	70,516,190	67,350,000
Cash at Bank	4(a)	714,507,430	149,706,539
Cash at Hand	4(b)	11,810	3,276,670
Other Debtors	5	210,684,285	146,045,370
Cess Debtors	6(a)	379,885,706	229,183,279
SIP Debtors	6(b)	220,375,801	128,863,009
RBS Funds		0	91,854,480
		1,595,981,222	**816,279,347**
Less Liabilities			
Creditors: Amounts falling due with in one year	7	754,998,277	637,940,887
Net Current Assets		840,982,945	-178,338,460
Creditors: Amounts falling due after more than one year	8	2,700,640,236	2,542,327,668
Net Assets		**4,922,306,834**	**5,147,823,075**
FUNDED BY			
Funds of the Authority		2,216,750,000	2,216,750,000
Net Deficit		-1,322,961,821	-1,097,445,580
C.F.C Counter Funding		266,315,261	266,315,261
Capital Reserves		503,532,492	503,532,492
Asac Funding		746,529,785	746,529,785
Stabex Funding		847,800,000	847,800,000
UCDA Coffee Seedlings	9	1,664,341,117	1,664,341,117
TOTAL		**4,922,306,834**	**5,147,823,075**

Henry Ngabirano

MANAGING DIRECTOR

Fred Luzinda - Mukasa

BOARD SECRETARY / HEAD OF FINANCE & ADMINISTRATION

DEVELOPMENT AUTHORITY

INCOME AND EXPENDITURE STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2005

(All in Uganda Shillings)

	Notes		
REVENUE	1	**2004/2005**	**2003/2004**
		Shs	**Shs**
UCDA Revenue and share of joint venture		3,451,451,427	2,721,576,902
Less: Share of joint venture turnover		153,990,008	172,240,520
Total Operating Revenue		**3,297,461,419**	**2,549,336,382**
OPERATING EXPENSES			
Employment Costs	2	1,374,177,519	1,434,356,213
Maintenance and Consumables	3	139,880,802	176,718,912
Other office Expenses	4	462,104,366	214,109,169
Travel costs	5	25,445,026	36,642,410
Research and Development costs	6	161,150,340	84,084,268
Information Systems	7	47,062,961	41,282,576
Quality and Regulatory	8	78,745,234	51,769,093
Support to coffee Organisations	9	35,450,000	32,942,000
International obligations	10	366,763,600	351,444,379
Depreciation/Provision	11	313,362,505	542,637,467
Total Operating Expenses		**3,004,142,353**	**2,965,986,487**
UCDA Operating Surplus/(Deficit)		**293,319,066**	**-416,650,105**
Share of joint venture loss in china		-80,190,823	-161,510,950
Share of joint venture loss in Egypt		-18,703,122	-14,654,369
Share of joint venture loss in Denmark		-336,036,410	
Gain on foreign exchange		3,612,304	-14,289,711
Non Operating Items		0	0
Net Surplus/(Deficit)		**-137,998,985**	**- 607,105,135**

DEVELOPMENT AUTHORITY
EMENT IN NET SURPLUS/DEFICIT
FOR THE YEAR ENDED SEPTEMBER 30, 2005
(All in Uganda Shillings)

	2004/2005 Shs.	2003/2004 Shs.
Retained deficit at the beginning of the year	-1,097,445,580	-544,109,544
Provision on cess debtors written back		116,998,079
Prior year adjustments	-87,517,256	-63,228,980
Operating Surplus/ (Deficit) for the year	-137,998,985	-607,105,135
Retained deficit at the end of the year	-1,322,961,821	-1,097,445,580

Note: Prior year adjustments are in respect of post audit adjustments

DEVELOPMENT AUTHORITY

NOTES TO THE INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2005

(All in Uganda Shillings)

NOTE. 1: ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The accounts of the Authority are prepared under the historical cost convention.

1.2 DEPRECIATION & IMPAIRMENT

Depreciation is calculated to write off the cost of fixed assets over their expected useful life using reducing balance method at the following annual rates: -

• Commercial Vehicles	25%
• Land and Building	2%
• Plant, Furniture and Equipment	12%
• Motor Vehicles	20%
• Computers & Peripherals	33%

Fixed assets are depreciated fully in the year of purchase and not depreciated in the year of disposal.

The Authority wrote off fixed assets with a net book value of 47.5 million as a result of obsolescence and impairment.

1.3 BAD AND DOUBTFUL DEBTS

Specific provisions have been made for all known doubtful debts in addition to a general provision as estimated by management. Bad debts are written off after approval of the Board of Directors.

1.4 TRANSLATION OF FOREIGN CURRENCIES

Transactions in foreign currencies during year are converted into Uganda Shillings at rates ruling at the transaction dates. Assets and liabilities at the Balance Sheet date, which are expressed in foreign currencies, are translated into Uganda Shillings at rates ruling at the Balance Sheet date. The resulting differences from conversion and translation are recognized within the Income and Expenditure Account in the year they arise.

1.5 CONSOLIDATION OF JOINT VENTURES OPERATION

The Authority participates joint venture companies-Beijing Chenao Coffee Company Ltd in Beijing, and Uganda Egypt Coffee Manufacturing Company (UGEMCO) in Cairo and Mt. Elgon coffee Ltd.

The accounts reflect our share of the joint venture company results that had been consolidated based on the gross equity method.

1.6 **MAJOR ACTIVITIES**

The Government released a sum of Shs 3.82 billion to UCDA under the Coffee Seedling project for poverty alleviation this coffee year. The funds were utilized as follows:

Promotion of Value Addition on Coffee	0.89 billion
Machinery and Equipment	0.069 billion
Replanting Programme	2.86 billion

UGANDA COFFEE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005
(All in Uganda Shillings)

NOTE. 2: FIXED ASSETS SCHEDULE

COST/VALUATION	Land and Buildings	Office Furniture	Computer & Peripherals	Office Equipment	Motor Vehicles	Commercial l Vehicles	Liquoring Equipment	Motor Cycles	Generator	**TOTAL**
At 1st Oct 2004	6,985,884,401	236,150,751	263,501,787	120,438,103	248,159,148	479,051,753	246,068,133	159,118,350	59,429,346	**8,797,801,772**
Additions 2004/2005	12,257,435	4,535,000	1,475,000	11,829,954	0	0	650,000	0	0	**30,747,389**
Disposals 2004/2005	0	-29,450,035	-76,240,864	-40,314,324	-62,690,150	-57,779,947	0	-74,430,090	0	**-340,905,410**
At 30th Sept. 2005	**6,998,141,836**	**211,235,716**	**188,735,923**	**91,953,733**	**185,468,998**	**421,271,806**	**246,718,133**	**84,688,260**	**59,429,346**	**8,487,643,751**
DEPRECIATION										
At 1st Oct. 2004	1,433,032,903	188,611,720	181,228,261	76,122,975	146,217,285	327,887,725	115,015,265	85,454,889	14,416,639	**2,567,987,662**
Disposal Adjustments	0	-23,090,127	-65,026,773	-30,157,057	-52,408,442	-53,441,542		-69,239,358		**-293,363,299**
Depreciation for the Year	111,302,179	5,485,695	23,936,364	5,518,538	18,332,031	36,706,406	15,804,344	13,694,546	5,401,525	**236,181,626**
At 30th Sept 2005	**1,544,335,082**	**171,007,288**	**140,137,852**	**51,484,456**	**112,140,874**	**311,152,589**	**130,819,609**	**29,910,077**	**19,818,164**	**2,510,805,989**
Net Book Value	**5,453,806,754**	**40,228,428**	**48,598,071**	**40,469,277**	**73,328,124**	**110,119,217**	**115,898,524**	**54,778,183**	**39,611,182**	**5,976,837,762**

DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005
(All in Uganda Shillings)

NOTE. 3: SHORT-TERM DEPOSITS

	2004/2005	2003/04
Short-term Fixed Deposit	70,516,190	67,350,000

This is in respect of funds held at Standard Chartered Bank on fixed deposit on behalf Staff Retirement Benefit Scheme.

NOTE. 4 (a): CASH AT BANK

	2004/2005	2003/2004
Stanbic Bank City Branch A/C 0140007511801	273,214,920	24,803,981
Stanbic Bank City Branch A/C 0140007222101	143,946,236	1,973,542
Standard Chartered Bank (Salary Account)	30,743,416	25,935,779
Standard Chartered Bank (Staff Pension Funds)	205,542,955	34,939,025
Standard Chartered Bank (Fuel Card Account)	0	5,905,847
Nile Bank Ltd. (Rent Account)	60,559,903	55,648,365
Housing Finance Company of Uganda Ltd	500,000	500,000
	714,507,430	**149,706,539**
NOTE. 4(b) CASH AT HAND	**11,810**	**3,276,670**

NOTE. 5: OTHER DEBTORS

		2004/2005	2003/04
Staff Advances		58,856,931	63,803,020
Rent Receivable	200,224,354		
Specific provision for rent Debtors	(40,356,000)		
General Provision	(9,641,000)	150,227,354	78,244,350
Bank of Uganda (Greenland Account)	174,597,798		
Provision for bad &Doubtful debt	(174,597,798)	0	0
Others		1,600,000	3,998,000
		210,684,285	**146,045,370**

DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005
(All in Uganda Shillings)

NOTE. 6(a) CESS DEBTORS

		2004/2005	2003/04
Cess Debtors		482,577,434	328,002,826
Specific bad debt Provision	82,697,743		
General provision	19,993,984	102,691,727	98,819,547
		379,885,706	**229,183,279**

The provisions for bad debts in respect of Cess debtors are split into a specific provision catering for exporters who are no longer performing and the general provision is management's estimate on current exporters' Cess balances. Specific bad debts have been taken to court and the cases are not yet decided.

	2004/2005	2003/04
NOTE 6.(b) SIP DEBTORS	**220,375,801**	**128,863,009**

NOTE. 7: CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004/2005	2003/04
PAYE & Graduated Tax	17,053,097	28,292,763
International coffee organization	141,033,600	112,000,000
Inter-Africa coffee Organization	214,600,000	61,200,000
DFCU Leasing facility	63,632,880	60,998,189
RBS Loan	0	91,854,480
DCCs' Gratuity (Contract	0	1,605,200
NSSF Payable	3,151,626	2,951,337
Retirement Benefit Scheme	258,552,411	214,298,939
Prepaid Export Licenses	4,500,000	15,000,000
Accruals	52,474,663	48,753,691
Garbage Collection	0	986,288
	754,998,277	**637,940,887**

NOTE. 8: CREDITORS AMOUNTS FALLING DUE FOR MORE THAN ONE YEAR

	2004/2005	2003/04
Association of Coffee Producing Countries (ACPC)	498,614,200	4 80,592,000
Reuters	121,710,270	104,480,202
International Coffee Organization (ICO)--	540,907,680	501,260,288
Inter Africa Coffee Organization (IACO)	1,487,215,000	1,353,764,057
DFCU leasing facility	52,193,086	102,231,121
	2,700,640,236	**2,542,327,668**

- The obligations to IACO, ICO, and ACPC are contributions arising every coffee year towards their administrative budget. These obligations have accumulated due to insufficient revenue.
- UCDA in the coffee year remitted GBP18, 000 and US$36,000 to ICO and IACO respectively, against part of the year's budget excluding arrears.
- The ACPC has since Jan 2002 collapsed and wound up, and it is management view that the obligation will not be paid
- The non-payments of the obligations to the International Coffee Organization does not affect the going concern of the Authority as at 30th September 2005, as non-payment is of no legal consequence.

NOTE. 9: SUPPORT TO UCDA COFFEE SEEDS

	2004/2005	2003/04
Balance b/f	1,664,341,117	793,126,905
Investment in China	0	0
Wet Processing Machines	0	0
Investment in Egypt	0	118,380,000
Investment in Denmark	0	752,834,212
Bal. C/f	**1,664,341,117**	**1,664,341,117**

Support to UCDA coffee seeds is a component of the Strategic Intervention Programme (SIP) financed by the Government of Uganda.

NOTE: 10(a)
Investments in Joint ventures

	2004/2005	2003/2004
Share of assets in China	211,455,517	223,205,893
Share of Liabilities in China	-546,412,388	- 360,507,232
Share of Assets in Egypt	63,879,915	40,492,725
Share of Liabilities in Egypt	- 14,343,420	- 2,293,677
Share of Assets in Denmark	475,622,140	0
Share of Liabilities in Denmark	- 11,712,470	0
	178,489,294	**- 99,102,291**

NOTE. 10 (b): OTHER INVESTMENTS

	2004/2005	2003/04
Investment in UBIN	16,872,000	16,872,000
Windsor crescent W.I.P	192,357,164	156,433,127
Wet Processing Machines	417,407,905	417,407,905
Investment in Denmark		800,262,375
Others Investments in Egypt		(9,875,000)
	626,637,069	**1,381,100,407**

DEVELOPMENT AUTHORITY
E FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005
(All in Uganda Shillings)

1	**REVENUE**	**2004/2005**	**2003/2004**
	Cess 1%	2,824,055,131	2,155,098,322
	Sundry Income	69,172,956	3,438,886
	Rent Income	317,252,000	338,199,174
	Export/Processing fees	65,345,000	52,600,000
	OPERATIONAL EXPENSES		
2	**Employment Costs**		
	Salaries and Wages	873,349,848	792,182,880
	Emergency Medical Provision	8,753,500	7,738,500
	Performance Allowance	14,242,000	11,144,250
	Public Holiday Expenses	10,122,885	6,637,650
	Leave Allowance	80,574,360	82,686,454
	N.S.S.F. Contribution	76,492,428	77,281,925
	General Staff Welfare	11,793,317	12,873,175
	Welfare Costs (funerals)	3,600,000	4,189,000
	Retirement Benefit Scheme	115,630,320	113,178,132
	Contract Gratuity	9,940,400	131,042,447
	Staff training	13,889,440	
	Outsource Allowance	29,833,020	20,415,200
	Medical refund	131,445,055	120,992,000
	Fuel town running/refund	54,334,700	53,994,600
		1,434,001,273	**1,434,356,213**
3	**Maintenance and Consumables**		
	Repairs - Buildings	22,448,011	42,059,228
	Repairs - Office Equipment	9,755,160	16,193,587
	Other Services/Office Cleaning	10,822,095	12,777,413
	Repair & Maintenance - Cars	20,783,951	21,164,560
	Motor vehicle fuel	47,474,937	54,892,394
	M & S - Auto Supplies	17,426,498	21,084,284
	Vehicle Registration/Licenses	11,170,150	8,547,446
		139,880,802	**176,718,912**
4	**Other office expenses**		
	Telephone, Fax Bills	62,155,112	48,380,120
	Postage, and Delivery	4,150,357	2,842,954
	Professional Fees	24,219,596	37,245,098
	Donations/Contributions	2,600,100	2,426,400
	Insurance	25,881,363	24,617,005
	Utilities - Water	7,130,549	11,778,715

		2004/2005	2003/2004
	Utilities - Electricity	18,498,320	17,992,983
	Bank Charges/Interest Charges	8,035,544	10,923,506
	Property Rates and taxes	21,899,824	10,584,595
	Printing, Clerical Supplies	25,911,080	24,218,220
	News Papers/Periodicals/subs	3,638,770	4,049,370
	Directors Expenses	11,790,655	39,179,288
	Office Security	16,789,800	14,600,000
	Legal Fees	9,950,000	9,636,363
	Foreign Exchange Differences	-144,447,792	-65,694,173
	Interest on loan	33,600,421	2,673,137
	Interest on RBS Loan	9,423,116	18,655,588
		141,226,815	**214,109,169**
5	**Travel Costs**		
	Internal Travel	17,761,026	17,199,100
	External Travel -ICO	4,440,000	4,470,560
	External Travel - IACO	3,204,000	14,972,750
		25,405,026	36,642,410
6	**Research and Development Costs**		
	R and D Nursery Funding		
	Research Activities	11,745,990	1,835,464
	District Coffee Coordinators	43,905,225	43,328,750
	Monitoring & Evaluation	34,551,900	27,304,874
	Replanting Program	17,535,255	6,601,090
	Coffee Promotion	33,137,600	
	Training and seminars	20,274,370	5,014,090
		161,150,340	**84,084,268**
7	**Information Systems**		
	Monitoring Activities		
	Departmental Publications	15,251,500	8,982,750
	Market Evaluation/Stock Survey	9,830,500	10,928,500
	Information Technology Functions	21,980,961	21,371,326
	ICO Publications		
	UCDA annual Report		
		47,062,961	**41,282,576**
8	**Quality and Regulatory**		
	Technical Extension Services	20,136,900	11,311,654
	Export Pre-shipment/Inspection		
	Export Documentation		

		2004/2005	2003/2004
	Export Seals/Supplies		1,456,048
	Specialty & Gourmet Coffee		5,098,627
	Coffee & Quality Enhancement	58,608,334	33,902,764
	Roasting & Brewing		
		78,745,234	**51,769,093**
9	**Support to Coffee Organizations**		
	UCTF Support	12,000,000	11,592,000
	UCFA Support	18,350,000	16,200,000
	Coffee Roasters Association	5,100,000	5,150,000
		35,450,000	**32,942,000**
10	**International Obligations**		
	ICO - Contributions	141,033,600	139,941,014
	IACO - Contributions	225,730,000	211,503,365
		366,763,600	**351,444,379**
11	**Depreciation/Provisions**		
	Land and Buildings	111,302,179	113,323,500
	Office Furniture	11,845,603	6,482,595
	Computers and Peripherals	35,150,455	40,522,782
	Office Equipment	15,679,577	6,042,972
	Motor Vehicle	28,613,750	25,485,481
	Commercial Vehicle	41,044,810	50,388,010
	Liquoring Equipment	15,804,344	17,870,846
	Motor Cycle	18,885,278	18,415,865
	Generator	5,401,525	6,138,097
	Provision for Cess/Rent Debtors	28,553,168	257,967,320
		312,280,689	**542,637,468**

DEVELOPMENT AUTHORITY
CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2005
(All in Uganda Shillings)

RECONCILIATION OF NET SURPLUS FOR THE YEAR
TO CASH FLOWS FROM OPERATING ACTIVITIES

	2004-2005	2003-2004
Net Operating Surplus	271,682,734	- 416,650,105
Depreciation	283,649,520	284,670,148
Provision for bad and doutful Debtors	28,553,168	140,969,243
Change in Foreign Exchange gain	- 78,753,619	
Prior Year Adjustments	87,517,256	- 63,228,980
Increase in Debtors	- 198,030,224	- 151,886,265
Increase in Liabilities	279,696,173	260,841,417
Net Cash inflow from operating Activities	**674,315,008**	**54,715,458**
Net Cash Inflow from Operating Activities	**674,315,008**	**54,715,458**
INVESTING ACTIVITIES		
Construction of Laboratory/Land and Buildings	- 12,257,435	- 53,365,040
Purchase of Computers	- 1,475,000	- 53,211,860
W.I.P on Windsor crescent	- 35,924,037	- 156,433,127
Purchase of furniture t	- 4,535,000	- 1,130,000
Purchase of Motor vehicles		- 1,757,000
Purchase of Liquoring Equipment	- 650,000	
Purchase of Office Equipment	- 11,829,954	- 15,972,708
Purchase of Generator		-
Investment in Egypt		- 118,380,000
Investment in Denmark		- 752,834,212
Purchase of Wet processing Machine		-
NET CASH FROM INVESTING ACTIVITIES	**- 66,671,426**	**- 1,153,083,947**
FINANCING ACTIVITIES		
Lease Repayments to DFCU	- 42,095,514	- 103,906,495
Coffee Seed Account	-	871,214,212
Contribution to Shares in Egypt	-	9,875,000
NET CASH FROM FINANCING ACTIVITIES	**- 42,095,514**	**777,182,717**
NET CASH FLOW	**565,548,068**	**- 321,185,772**
ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENT		
Closing Bank Balances	784,523,620	217,056,539
Closing Cash Balances	471,810	3,276,670
Opening Bank Balance	- 216,170,692	- 540,735,501
Opening Cash Balance	- 3,276,670	- 783,480
DECREASE IN CASH AND CASH EQUIVALENT	**565,548,068**	**- 321,185,772**