Uganda Coffee Development Authority

ANNUAL REPORT

OCTOBER 01, 2005 - SEPTEMBER 30, 2006

VOLUME 15

UCDA
P.O. BOX 7267;
KAMPALA
Tel: 256 041 256940/256198/233073/257139
Fax. 256 041 256994
E-mail: ucda@ugandacoffee.org
Website: www//ugandacoffee.org

on. Hillary O. Onek

ebunya

Page 31 Board of Directors as in the report.- 2004/05

…ort that I urge you to read in order to be abreast with developments in the coffee sub-sector. The coffee year ended September 30, 2006 witnessed a 20% slide in the volume of coffee exports but a 5% increase in value. The fall in volume which is characteristic of perennial crops due to the cyclic nature, coincided with the dry spell that led to flower abortion.

The Board put emphasis on containment of the Coffee Wilt Disease, replacement of the old coffee trees, value addition and promotion; and domestic coffee consumption. Although the wilt is tampering off, research at the Coffee Research Institute in Kituza, Mukono district has come up with 480 coffee lines that are resistant to the disease. Field evaluation and cup characterisation are ongoing before release to farmers. Meanwhile, farmers are advised to continue with phytosanitary practices – uproot and burn insitu any wilt-infested coffee trees.

Given that coffee planted in new areas is at the fruitation stage and below commercial quantities, the Board signed a memorandum of understanding with AGROPEL to develop the market. Farmers' response is very encouraging and within the next 2 years coffee production in these areas will be in the region of 1.2 million bags (72,000 tonnes) per year.

The replanting programme continued but at a slow pace to allow time to assess the performance of coffee planted earlier on; and also to clear the outstanding arrears to nursery operators. To ensure a steady supply of clean planting materials, the Board evolved a community-based nursery programme where production of seedlings is demand driven. Measures to preserve the germplasm of the Clonal coffee mother gardens were also instituted.

To reduce the market information asymmetry hitherto a challenge to farmers, use of the SMS facility of mobile phones was taken advantage of. Farmers and other stakeholders can now access information on coffee prices every day. This has enhanced household income especially for farmer groups that market coffee through the warehouse receipt system.

On behalf of the Board, I wish to express my gratitude to the Minister of Agriculture, Animal Industry and Fishers, Hon. Hillary O. Onek, and the staff of his Ministry for the support and guidance on policy issues. In the same breath, thank the private sector which, through their respective associations, has considerably contributed to the development of the industry. It is my sincere hope and wish that this public-private-partnership is upheld in the coming years for the benefit of the ordinary household.

To my fellow members of the Board, UCDA management and staff, I congratulate you for having successfully ended the coffee year 2005/06. It is my prayer that you meet the challenges ahead of us in 2006/07. For God and my Country.

Paul Sempa-Mugambwa
CHAIRMAN - BOD

ACRONYMS

APEP	-	Agricultural Productivity Enhancement Project
ASAC	-	Agricultural Structural Adjustment Credit
BCU	-	Bugisu Co-operative Union
BOD	-	Board of Directors
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 Organization

UTIVE SUMMARY

MARKETING

1) Coffee exports dropped by 20% during the year from 2.50 million 60-kilo bags in the previous year to 2.00 million bags. Robusta fell from 1.987 m bags to 1.408 m bags while Arabica totalled 0.594 m bags up from 0.518 m. The drop in robusta quantity was attributed to coffee wilt disease, dry spell and a long period of low prices.

2) Albeit the fall in volume the there was a 5% improvement in value, which rose from US $ 162.1 million in 2004/05 to $ 172.3 m. This was due to tight supply in the global market.

3) Unit export price stood at $1.42 per kilo up from $ 1.08 realised a year ago: robusta and Arabica fetched $ 1.23 and $ 1.87 per kilo up from $ 0.89 and $ 1.81 recorded in 2004/05.

4) Farm-gate prices also moved in tandem from and average of Shs. 612, Shs. 1,371 and Shs. 2,095 to Shs 865, Shs. 1,863 and Shs. 2,175 per kilo of Kiboko, FAQ and Arabica parchment respectively.

5) A total of 264 subsector players at post harvest: exporters – 27, export processors – 19, hulleries -212 and roasters – 6, were registered as opposed to 255 in 2004/05. among the exporters, the new firms were Kaginda Coffee Factory, Kaweri Coffee Plantation, Rwenzori Coffee Ltd., and Uganda Medium Industries.

6) The top 5 exporters – Kyagalanyi coffee Ltd., Kawacom (U) Ltd., Pan Afric Impex, Ugacof Ltd., and Great Lakes – handled 70% of the total export volume, indicating further concentration compared to 60% market share in 2004/05.

7) On the other hand, the market share of the top 5 overseas buyers of Uganda coffee fell from 58% a year ago to 43%. These include Ecom Agro industrialist- 13.7% (15.0%), Olam International – 8.8% (15.0%), Sucafina – 7.9% (12.6%), Socadec - 6.8% (7.9%) and Drucafe – 6.5% (4.6%). The figures in parenthesis represent their respective performance in 2004/05.

8) Coffee exports to EU countries, the main destination of Uganda coffee, stood at 1.45 m bags (72.4%) down from 1.83 million bags (72.6%) of total exports in the respective years. The Sudan's market continued to grow from 15% in the previous year to 21.6%.

9) Some Arabica coffee growers in new areas of Kisoro district entered a supply contract with Urth Caffé, an organic coffee outlet in California, USA to supply them with organic coffee. One tonne was supplied at $ 3.5 per kilo.

10) Use of mobile phones to access market information was introduced to farmers, an initiative fully embraced by the trade.

on continued to grow with new coffee shops nd other towns. The youth, as they access the internet, do consume coffee. These cafés also provide R & G coffee to customers to take home. A good cup of coffee – espresso, cappuccino and signature coffee – goes for between Shs 2,500 and Shs. 5,000 depending on the location of the café.

12) The outlook for 2006/07 is promising given the favourable weather forecasts and prospects of good prices. Exportable production was projected to reach 2.6 million bags, 30% higher than what was realised in 2005/06.

QUALITY AND REGULATORY

13) The trading and processing of semi dried kiboko/parchment and the adulteration of pocessed coffee (FAQ) with BHP's and other extraneous matter were the major causes of quality deterioration of coffee. Sensitization workshops to create quality awareness among the traders were jointly organised by local authorities and UCDA. The local leaders took on enforcement of the Coffee Regulations.

14) The processors found handling wet coffee (M.C > 14%) were penalised in accordance with the Coffee Regulations 1994.

15) Exporters instituted stringent internal quality control mechanisms that included high penalties for wet deliveries coffee.

16) Processing charges went up during the year from Shs. 35 per kilo of FAQ in 2004/05 to Shs. 70 in response to an increase in electricity tariffs and loadsheding.

17) There was a 2% drop in the outturn in the Robusta areas mainly due to the prolonged dry spell experienced in robusta growing areas. The percentage of screen 18 continued to be above 10% over the years, which is attributed to the maturity of clonal coffee and improved crop husbandry. On the contrary there was an improvement in Arabica out-turn, especially in Nebbi district where the harvest was plentiful.

18) Generally, the cup taste was clean and better than last year, which is attributed to improved handling practices at all stages in the value chain.

19) Under capacity building, 5 Quality controllers received training in OTA analysis by a team of laboratory experts from Brazil for two weeks. An assessment of UCDA laboratory for testing OTA in coffee was also done; the laboratory and personnel were found to be compliant.

20) Training in basic quality control techniques passed out 40 students – 22 direct from industry and 18 from tertiary institutions of learning. This being the total number of quality controllers since the programme was initiated in 1993 to 397.

...ssing mills continued during the year but only 9 were ...ational. The ongoing replanting exercise focusses on concentrating coffee around these mills to provide red cherries.

DEVELOPMENT

22) The departmental activities focused on farmer extension delivery services; strengthening coffee uptake in new areas; productivity enhancement technologies and developing market infrastructure in new areas in northern Uganda.

23) Under market development in northern Uganda, UCDA signed a memorandum of understanding with AGROPEL Investment Ltd to develop the internal coffee market. A total of 13,900 kilos of Kiboko were purchased at an average price of Shs. 1,070/kg. This has motivated farmers to invest more in coffee growing.

24) Much of the coffee replanting activities centred on payment of arrears to nursery operators. However, 1.83 million plantlets were planted by 13,150 families.

25) To address low productivity and production, fertigation technology was introduced in the districts of Mukono, Luweero, Mpigi, Masindi and Mbarara. These demo sites serve to train farmers on benefits of water and use of organic manure in soil improvement.

26) An assessment of the existing Clonal mother gardens countrywide was done with a view of reviving their productivity to preserve the germplasm. A mechanism for Community Based Nurseries at subcounty level was evolved whereby UCDA provides certified seed, poly pots, rooting hormone and technical extension services to farmer groups to raise seedling for their members on a demand-driven basis.

27) To ensure a steady supply of Arabica seed, a memorandum of understanding (MoU) was signed with Buginyanya Agricultural Research Development Centre. Stumping and maintenance of seed gardens was undertaken and 2,000 kg of seed expected every year.

28) A countrywide coffee production campaign strategy was developed after a series of consultations with the stakeholders. The campaign is envisaged to restore production to the 4.5 m bag mark by 2015. Implementation to be piloted in 10 districts in 2006/07. The strategy addresses the underlying constraints: research, extension, input-credit and farmer organization.

29) Surveillance and field diagnostic studies of coffee wilt disease revealed that since 1993, 52% of the old Robusta coffee trees have been destroyed. But its incidence is on the decline and some of affected trees sprouted.

RESEARCH

30) Research undertaken at the Coffee Research Institute (CORI) concentrated on coffee wilt disease for increased productivity of the smallholder farmers by controlling its spread and impact. To achieve this, research centred on: -

(a) Development and release of CWD resistant Robusta lines

- 2,124 wilt resistant Robusta lines have been identified to-date, 3,612 mother bushes of these lines planted out in 5 mother gardens at Kituza.

h characteristics and susceptibility to pests and other
;

(b) Development and release of the TUZA Arabica and Arabusta coffee lines:

- Field evaluation of TUZA Arabica continued at Mukono, Mbarara, Bulegini ARDCs and Kachwaekano. 10 Arabusta coffee lines found to be resistant to Coffee Wilt Disease are undergoing field evaluation on-station at Kituza and at several locations in Kyenjojo, Bushenyi, Kanungu, Mubende, Luweero and Sironko districts.

(c) Development of Arabica coffee lines that are resistant of coffee berry disease and leaf rust through hybridization of the commercial lines SL 14 and KP423 with catimors continued. 146 Arabica hybrids have been developed to-date and are at evaluation stage at Kituza, Bugusege and Bulengegeni.

(d) Prevention of CWD spread

- Research work undertaken during the year confirmed that stems, branches, roots and coffee husks from infested coffee trees are the primary sources of CWD. It was confirmed that plant parts provide medium for survival of *F. xylarioides* but the pathogen's survival outside the host is minimal
- Under field conditions pathogens don't survive beyond a year. Therefore, replanting in previously infected plots can be done after a year provided the stumps were removed.

(e) Development and dissemination of appropriate technologies:

- CORI established 12 farmer field schools in 6 districts (Bugiri, Mukono, Kayunga, Masaka, Rakai and Bushenyi) to promote participatory technology generation and dissemination in the coffee communities. Training manuals, brochures, posters, leaflets on aspects of production were developed to facilitate information dissemination.

ADMINISTRATION AND MANAGEMENT

31) Staff matters:-

- The Board renewed the contract of the Mr. I. David KIWANUKA for another 3 years as the Manager in charge of Quality, Regulatory and Information Services. Also renewed were the contracts of the 27 District Coffee Coordinators.
- The three officers formally on the global OTA project were absorbed in the mainstream as quality controllers; and 7 DCCs were appointed for the districts of Bugiri, Gulu, Kyenjojo, Mbarara, Rakai, Ntungamo and Rukungiri.
- Two Quality Controllers were trained by CIRAD as Trainers of Trainers in liquoring and quality control in France for one month under the IACO/ADB Capacity Building Project.

ller trained in improvement of organoleptic quality of ce.

- Two officers undertook study tour in Peru where they interacted with farmers organised under the Central Piurana de Cafeterelos on the certification process of specialty coffees.

- On coffee consumption, one Board member and UCDA staff visited Pinhal and Sao Paolo in Brazil to familise themselves with the strategy for stepping domestic coffee consumption.

32) Value addition and promotional efforts continued the year. Uganda consolidated its position in the Chinese joint venture by taking 99% of the shares and opening up an office in Shangai. The coffee roastery in Beiging became ISO 9001 certified in quality.

33) Actively participated in the international coffee meetings by ICO, IACO, SCAA, SCAE and EAFCA.

34) UCDA in conjunction with APEP held a series of stakeholder consultative meetings in which APEP's activities were review and a way forward for the coffee industry chartered. To revamp productivity and production, a coffee production campaign was proposed for 2006/07.

Chapter One
COFFEE SUBSECTOR POLICIES

1.1 INTRODUCTION

The coffee sub sector continues to play a dominant role in the economy in terms of foreign exchange earnings and as a provider of household income on a sustainable basis. Given its importance, the Board put in place policies and consolidated the old ones to enhance the performance of the industry. Emphasis was placed on: Coffee Replanting, Quality Improvement, Information Dissemination, Value Addition, and Promotion of Domestic Coffee Consumption. UCDA also continued to foster collaborative linkages with the private and public sector stakeholders.

1.2 Coffee Replanting

The policy is to gradually replace the old coffee trees and those destroyed by Coffee Wilt Disease (CWD) at a rate of 5% annually in Robusta and 2% Arabica in 20 years, with the genetically pure and high-yielding varieties.

The improvement in coffee prices gave support to the replanting programme in the face of a slack in SIP funds. Farmers and NGOs have continued to implement the programme utilizing their own funds. To make seedlings available and affordable to farmers, the concept of community based nurseries and rehabilitation of Clonal mother gardens was adopted.

With the Community based nurseries, certified elite seed, polypots and technical support are provided to groups of farmers initially. While in the case of mother gardens that had been neglected due to low coffee prices, rehabilitation is being encouraged to preserve germplasm. UCDA is to avail rooting hormones and polypots as well. This approach is envisaged to ease propagation and distribution of coffee seedlings to farmers and thus increase farm productivity.

At a rate of 2% per annum, the proportion of Arabica coffee is envisaged to increase from the current 15% to 25% of the total coffee production. Biological research at the Coffee Research Institute (CORI), Kituza is geared towards developing new Arabica varieties (TUZZA) suitable for the predominately robusta growing areas.

The coffee replanting programme also encompasses planting coffee in new areas such as the Mid-North and Eastern Uganda as a fall-back against CWD which is endemic in the soils in traditional robusta areas.

1.3 Quality Improvement

While quality is a shared responsibility by all players within the supply chain, UCDA Board put in place specific guidelines to be observed at each stratum. At the farm level, good agricultural practices to ensure sustainability and traceability are underscored. A number of farmers are encouraged to engage in production of coffee for the specialty markets – Organic, Fair-Trade, Utz Kapeh, etc., based on the experiences drawn from Burundi, Tanzania and Peru. Harmonization of the certification processes is being sought at NOGAMU to reduce the costs involved.

…roportion of robusta through wet coffee processing …t towards the completion of the installation process of the wet coffee machines was undertaken. It is envisaged that if all the machines become operational, washed coffee will go up by 4000 metric tonnes.

1.4 Marketing and Information Dissemination

A market development policy, especially in the new coffee growing districts of Apac, Lira, Kitgum, Gulu, Pader, Busia, Tororo, Pallisa, Kabale and Kisoro where quantities are still too small to attract serious buyers, was formulated. The objective is to guarantee the farmers in these areas of a reliable market and thus continue with coffee production. In this arrangement seed capital amounting to Sh. 15 million was given out to a prominent buyer to mobilize coffee from the farmers.

Taking advantage of the growing popularity of mobile phones in the countryside, UCDA signed a memorandum of understanding with Trueafrican to provide market information to stakeholders through the SMS facility. In the internal market, farmers and traders alike do access price indicators on a daily basis. This has greatly reduced market information asymmetry, which hitherto compromised the bargaining power of farmers.

The Warehouse Receipt Project was extended for one year up to September 2007 to address the critical areas identified in the evaluation report. The main objective of the extension is to establish and operationalize the regulatory bodies given that the Warehouse Receipt Act is already in place. The Warehouse System is envisaged to improve quality, promote bulk marketing and access to trade finance.

1.5 Value Addition

The policy of adding value to Uganda coffee was pursued during the year by inviting foreign investors to establish a soluble coffee plant in the country. A memorandum of understanding was signed between Uganda Government and LAFICO of Libya. The TATA Group of India also held discussions with Uganda Government expressing their interest to establish a similar plant in the country.

A policy to undertake generic promotion of the private sector to produce coffee for the domestic coffee consumption was undertaken. This policy was geared towards increasing the level of consumption by 2% per annum which was also important for the Commonwealth Heads of States Meeting (CHOGM) to be held in 2007.

1.6 Research

A specific policy to support research was undertaken through inclusion of funds in the UCDA 2005-06 budget and work plans. Additional support was also expected to be extended through the Government budget towards the coffee sub sector. This was to enable the development and release of new robusta tolerant or/and resistant to CWD and Arabica varieties which are more high yielding. On farm trials for the new *Arabica* coffee variety (Tuzza Arabica) continued to be promoted in the gazetted mid-altitude areas of South Western districts of Bushenyi, Mbarara, Ntungamo, Rukungiri and Kanungu.

Chapter Two

COFFEE MARKETING

2.0 GENERAL PERFORMANCE

The coffee year (Oct/Sept) 2005/06 under review witnessed a rise in global coffee prices, which resulted in a 5.0% increase in foreign exchange earnings from US $ 162.0 million to $ 170.4 m.

In contrast, the corresponding volume of export fell by almost 20% from 2.50 million 60-kilo bags in 2004/05 to 2.0 m bags. Robusta quantities fell from 2.0 m bags to 1.4 m bags while that of Arabica went up by 15% from 0.52 m to 0.59 m bags. This drop in volume during the year was attributed mostly to the prolonged drought that led to flower abortion and poor bean formation thus affecting yield.

The average export price in 2005/06 stood at US 142 cents/kilo, which was 31.3% up compared with the 108 cents realized last year. There was an increase of 3.0% in the Arabica unit price from 181 cents last year to US cents 187/kilo. Similarly, Robusta unit price rose sharply from 89 cents to 123 cents (98%) attributed to a global Robusta supply squeeze.

2.1 COFFEE PROCUREMENT

Marketed production in terms of FAQ and Arabica parchment totalled 2.2 million bags, a drop 19.3% compared to what was recorded last year. The drop in quantity, which is also reflected in export performance, is attributed to: -

- The prolonged dry spell that led to flower abortion and poor bean formation. According to the Uganda National Household Survey (UNHS) for 2005/06, 48% of the households indicated that drought adversely hit the agricultural sector.
- The effect of a long period of low prices to farmers that compromised husbandry practices, and in some cases farmers literally abondoned coffee shambas. Farmers acknowledge that since 1998/99 farm-gate prices were below the cost of production;
- The declining soil fertility against a backdrop of old coffee trees; and
- The Coffee Wilt Disease, which was estimated in 2005 to have cumulatively destroyed 52% of the old robusta trees since 1993.

Table 2.1 Coffee Procurement by type: 2001/02 - 2005/06 - 60-kilo bags.

Coffee Year	Coffee Type		TOTAL	%-Age Change
	Robusta	Arabica		Over Previous yr
Average	**2,211,217**	**514,193**	**2,725,410**	
2005/06	1,550,497	624,724	2,175,221	(19.26)
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

...provement in the volume of arabica that came on ...he previous year. The improvement was due to the relatively good weather in Arabica growing areas, new arabica coffee trees coming into production and the relatively better arabica prices over the years. The five-year procurement average stood at 2.73 million bags (163,525 tonnes) comprising 2.21 million bags (132,600 tonnes) of Robusta and 0.51 million bags (30,925 tonnes) of Arabica as indicated in table 2.1.

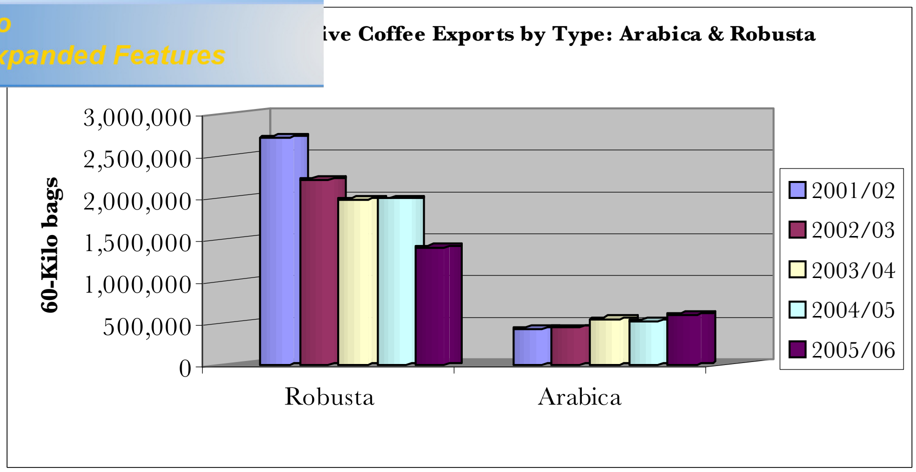
Table 2.2 represents comparative procurement figures on a monthly basis for the years 2005/06 and 2004/05. Coffee deliveries were highest in November (265,327 bags), the main harvesting period in Central and Eastern regions. This coincided with the good prices on the global market, which prompted farmers to offload the stocks in their possession.

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

MONTH	2005/06			2004/05		
	Robusta	Arabica	Total	Robusta	Arabica	Total
TOTAL	**1,550,497**	**624,724**	**2,175,221**	**2,149,403**	**544,575**	**2,693,978**
OCT.	80,151	50,125	130,276	189,216	35,604	224,820
NOV.	200,178	65,149	265,327	150,112	50,119	200,231
DEC.	136,100	75,124	211,224	185,024	55,728	240,752
QTR - 1	**416,429**	**190,398**	**606,827**	**524,352**	**141,451**	**665,803**
JAN.	160,127	75,455	235,582	175,333	46,523	221,856
FEB.	95,078	81,003	176,081	165,201	48,625	213,826
MAR	100,197	72,528	172,725	152,143	55,900	208,043
QTR - 2	**355,402**	**228,986**	**584,388**	**492,677**	**151,048**	**643,725**
APR.	84,540	76,574	161,114	172,854	55,215	228,069
MAY	105,196	49,310	154,506	159,071	56,777	215,848
JUN.	162,282	20,075	182,357	201,535	48,123	249,658
QTR - 3	**352,018**	**145,959**	**497,977**	**533,460**	**160,115**	**693,575**
JUL	180,032	20,235	200,267	267,148	30,148	297,296
AUG.	155,345	20,001	175,346	186,530	37,546	224,076
SEPT	91,271	19,145	110,416	145,236	24,267	169,503
QTR - 4	**426,648**	**59,381**	**486,029**	**598,914**	**91,961**	**690,875**

2.20 COFFEE EXPORT PERFORMANCE

A total of 2,002,324 60-kilo bags of coffee were exported to all destinations during the year, representing a 20% drop from 2,504,890 bags recorded in 2004/05. Exports comprised: Arabica - 594,010 bags, an increase of 15.0% compared to 516,530 bags realised in 2004/05; and Robusta – 1,408,104 bags, a drop of 29% from 1,988,360 bags over last year. Figure 1 below represents the export performance of Robusta and Arabica coffee quantities in the last 5 years. Robusta continued to display a negative trend while arabica is on the increase. The decline in robusta is largely due to the prevelance of CWD and the drought being experience in the Robusta areas.



The corresponding earnings from coffee rose by 5% from US $ 162 million in 2004/05 to $ 170 m this year. The improvement was generally a result of the rise in international coffee prices prompted by supply tightness from major origins.

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

	2005/06		2004/05		%-Age Change	
MONTHS	**Qty**	**Value $**	**Qty**	**Value $**	**Qty**	**Value $**
GRAND	**2,002,324**	**170,344,187**	**2,504,890**	**162,078,550**	**(20.0)**	**5.0**
OCT.	121,696	9,279,495	185,933	8,248,721	(34.5)	12.5
NOV.	182,053	14,472,486	182,881	8,301,451	(0.5)	74.3
DEC.	180,344	14,849,849	237,406	12,369,677	(24.0)	20.1
Qtr - 1	**484,093**	**38,601,830**	**606,220**	**28,919,849**	**(20.1)**	**33.5**
JAN.	228,714	19,679,281	214,723	11,450,326	6.5	71.9
FEB.	165,762	16,113,588	215,118	12,390,484	(22.9)	30.0
MAR	155,960	14,630,894	195,417	13,932,031	(20.2)	5.0
Qtr - 2	**550,436**	**50,423,763**	**625,258**	**37,772,841**	**(12.0)**	**33.5**
APR.	146,642	13,714,424	211,388	15,347,589	(30.6)	(10.6)
MAY	123,321	10,967,328	220,025	16,777,748	(44.0)	(34.6)
JUN	187,448	14,574,446	229,251	18,067,505	(18.2)	(19.3)
Qtr - 3	**457,411**	**39,256,198**	**660,664**	**50,192,842**	**(73.3)**	**(21.8)**
JUL.	176,310	13,711,673	251,013	18,618,507	(29.8)	(26.4)
AUG	175,526	14,380,876	219,447	16,541,894	(20.0)	(13.1)
SEP	158,548	13,969,847	142,288	10,032,617	11.4	39.2
Qtr - 4	**510,384**	**42,062,396**	**612,748**	**45,193,018**	**(16.7)**	**(6.9)**

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 $ 1.08 per kilo in 2004/05 to $ 1.42, reflecting a 31.5% rise. The rise in price was more pronounced in robusta coffee grades, from an average of $ 0.89 in 2004/05 to $ 1.23, which was 38.2% up. Arabica prices rose marginally by 3.3% from $ 1.81 per kilo to $ 1.87.

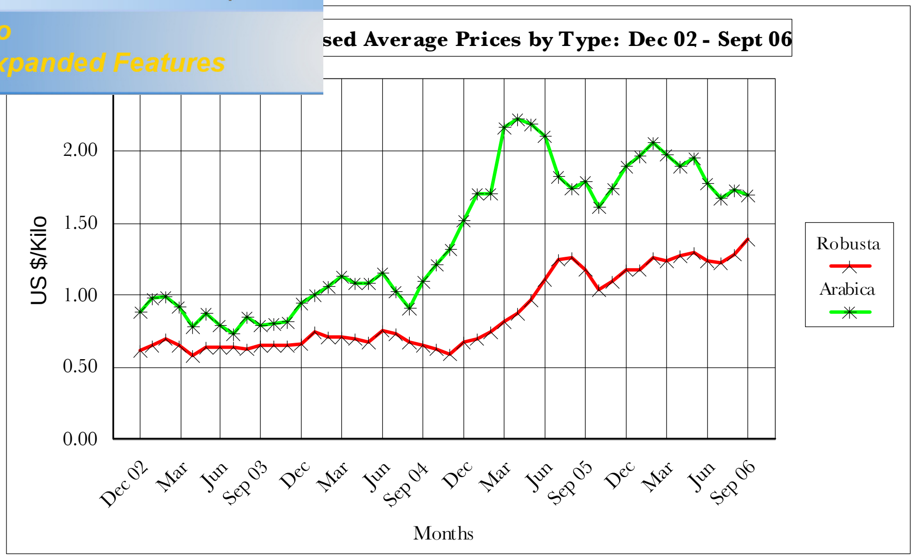
ports by Type, Grade, Value & Unit Price:

60-Kilo bags, US $ & $/Kilo –

TYPE/GRADE	2005/06			2004/05		
	Qty	Value $	Price $/Kg	Qty	Value $	Price $/Kg
GRAND TOTAL	**2,002,324**	**170,343,586**	**1.42**	**2,504,890**	**162,146,235**	**1.08**
ROBUSTA	**1,408,314**	**103,873,269**	1.23	**1,986,890**	**105,883,285**	**0.89**
Washed Rob	1,962	126,030	1.07	1,408	72,143	0.85
Organic Rob	4,838	428,973	1.48	5,793	395,577	1.14
Screen 18	118,533	9,967,671	1.40	138,309	8,725037	1.05
Screen 17	60,516	5,092,713	1.40	115,583	6,757,701	0.97
Screen 15	717,512	54,913,753	1.28	1,005,955	56,606,532	0.94
Screen 14	59,943	4,485,275	1.25	164,116	8,781,685	0.89
Screen 12	293,697	20,474,060	1.16	377,213	18,832,190	0.83
BHP 1199	60,460	3,143,988	0.87	90,413	2,893,372	0.53
Other Rob.1	97,783	5,507,243	0.94	81,170	2,552,612	0.54
ARABICA	**594,010**	**66,470,317**	**1.87**	**518,000**	**56,262,950**	**1.81**
Organic Arabica	17,145	2,497,411	2.43	10,185	1,523,512	2.49
Bugisu AA	98,000	12,788,321	2.17	97,347	11,317,710	1.94
Bugisu A	17,119	2,107,281	2.05	13,973	1,447,086	1.73
Bugisu PB	11,437	1,545,961	2.25	7,642	784,924	1.71
Bugisu B	1,420	182,594	2.14	3,365	315,710	1.56
Bugisu C	1,250	121,865	1.62	-	-	-
Bugisu E	320	12,699	0.66	-	-	-
Arabica - AB	73,835	9,529,338	2.15	54,026	6,568,457	2.03
Mixed Arabica	6,700	598,676	1.49	-	-	-
Arabica - CPB	8,015	1,048,138	2.18	-	-	-
Wugar	40,500	5,378,792	2.21	35,032	4,613,866	2.20
Drugar	264,505	27,395,405	1.73	238,899	26,090,024	1.62
Other Arabicas	53,764	3,263,836	1.01	57,531	3,601,661	1.04

** Others refers to coffee sold on sample basis

Chart 2.1 shows the movement of the monthly realised average FOR/T export prices for the period December 2002 - September 2006 for both arabica and robusta coffee from Uganda. Generally, prices exhibited a positive trend but in February 2006 those of arabica started falling from $ 2.06 per kilo to $ 1.70 at the close of the season. This was in response to an anticipated increase in arabica supply. Robusta fundamentals remained supportive as major robusta coffee producers recorded low production.



2.22 REGISTRATION OF SECTOR PARTICIPANTS

There was an increase in the number of registered post harvest industry players this year 2005/06 from 255 to 264. The increase was mainly in the category of primary processing facilities that totaled 212, up from 202, a 5% increase. These comprised: 4 three-huller, 54 two-huller and 152 single-huller factories. Table 2.5 gives a comparative breakdown in the number of players.

Load shedding affected the operations of factories during the year resulting into a 10% increase in operational costs, which was borne by farmers. Fuel pump prices prices also contributed to the cost of operations in use of generators and transportation of coffee.

TABLE 2.5 REGISTERED OF SECTOR PARTICIPANTS

CATEGORY	2002/03	2003/04	2004/05	2005/06
1. Exporters	31	29	28	27
2. Export grade factories	24	18	19	19
3. Hulleries	240	230	202	212
4. Roasters	7	10	06	06
Total	**302**	**287**	**255**	**264**

2.23 PERFORMANCE BY INDIVIDUAL EXPORTERS

Kyagalanyi Coffee Ltd. exported the highest volume of coffee amounting to 350,333 bags, representing a market share of 17.5% of total exports. These were followed by Kawacom (U) Ltd and Pan Afric Impex with14.8% each. The five best exporting companies had a combined market share of 70%, which 2% higher than last year, a tendency of concentration.

Y INDIVIDUAL EXPORTERS - Oct/Sept 2005/06

		Qty	% - Age Market Share	
			Individual	Cumulative
	GRAND TOTAL	**2,002,324**	**100.0**	**-**
1	Kyagalanyi Coffee Ltd.	350,333	17.50	17.50
2	Kawacom (U) Ltd.	296,925	14.83	32.33
3	Pan Afric Impex Ltd.	295,652	14.77	47.09
4	Ugacof Ltd. .	262,370	13.10	60.19
5	Great Lakes	197,337	9.86	70.05
6	Olam (U) Ltd	178,069	8.89	78.94
7	Ibero (U) Ltd.	111,224	5.55	84.50
8	Job Coffee	60,681	3.03	87.53
9	Lake Land Holding Ltd.	37,005	1.85	89.38
10	Nakana Coffee Factory	36,017	1.80	91.17
11	Savannah Commodities	33,936	1.69	92.87
12	MTL Main Trading	33,115	1.65	94.52
13	Union Export Services.	30,523	1.52	96.05
14	Wabulungu Multi-purpose	26,783	1.34	97.39
15	Kampala Domestic Store	22,717	1.13	98.52
16	Mbale Importers & Exporters	15,300	0.76	99.28
17	Gumutindo	6,160	0.31	99.59
18	Bakwanye Trading Co. Ltd.	1,920	0.10	99.69
19	Kaweri Coffee Plantation	1,500	0.07	99.76
20	Victoria Coffees Ltd.	1,425	0.07	99.83
21	Rwenzori Coffee Co. Ltd.	1,002	0.05	99.88
22	Sitanida Agencies Ltd.	990	0.05	99.93
23	Kaginda Coffee Factory	700	0.03	99.97
24	Uganda Medium Industries	340	0.02	99.99
25	Zigoti coffee Works	300	0.01	100.00

2.24 COFFEE EXPORTS BY DESTINATION

Most of Uganda coffee was exported to European Union[1] (EU) countries, which accounted for a 72% market share of the total exports (1.45 million bags) down from 81% last year. This was followed by Sudan with a market share of 21.6% (433,029 bags) up from 13.7% last year. Other African countries- Morocco and Egypt- imported 12,358 and 933 bags, respectively during the year.

Table 2.7 Uganda Coffee Exports to all Destinations - 60-Kilo bags –

DESTINATION	QTY	% - AGE MARKET SHARE	
	60-KILO BAGS	INDIVIDUAL	CUMULATIVE
GRAND TOTAL	**2,002,324**	**100.00**	
EU[1]	1,449,360	72.38	72.4
SUDAN	433,029	21.63	94.0
SWITZERLAND	34,836	1.74	95.7
USA	34,490	1.72	97.5
SINGAPORE	16,868	0.84	98.3

[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

[illegible]	12,358	0.62	98.9
[illegible]	10,710	0.53	99.5
AUSTRALIA	3,999	0.20	99.7
CANADA	2,264	0.11	99.8
ISRAEL	2,178	0.11	99.9
HONG KONG	1,299	0.06	100.0
EGYPT	933	0.05	100.0

2.25 COFFEE EXPORTS BY OVERSEAS BUYERS

Table 2.8 represents overseas coffee buyers by quantity, individual and comulative market shares. Collectively, the top 10 buyers had a market share of 66.4% down from 78% recorded in the previous year.

Ecom Agro Industrialists topped the list of buyers with 13.8% (15.1%) followed by Olam International – 8.8% (15.0%), Sucafina – 7.9% (10.5%), Socadec – 6.8% (2.6%), and Drucafe – 6.5% (4.6%) as represented in the table 2.8 below. The figures indicated in parentheses represent the performance of those buyers in the preceding year. A large number of those in the category of others are small roasters that buy one or two 20 tonne-containers directly from origin and the dealers in specialty coffees.

Table 2.8 OVERSEAS BUYERS OF UGANDA COFFEE: 2005/06 - 60 -kilo bags.

	Overseas Buyers	Qty	Percentage Market Share	
		60-Kilo Bags	Individual	Cumulative
	GRAND TOTAL	2,002,324	100	
1	Ecom Agro industrialist	275,999	13.78	13.78
2	Olam International	176,204	8.80	22.58
3	Sucafina	158,062	7.89	30.48
4	Socadec	135,624	6.77	37.25
5	Drucafe	129,861	6.49	43.74
6	Cofftea (Sudan)	125,010	6.24	49.98
7	Louis Dreyfus	105,266	5.26	55.24
8	Bernard Rothfos	103,832	5.19	60.42
9	Volcafe	63,373	3.16	63.59
10	Decotrade	55,904	2.79	66.38
11	Icona Café	53,047	2.65	69.03
12	El Mathahib	49,300	2.46	71.49
13	Others	570,842	28.51	100.00

2.26 SPECIATY COFFEE

A total of 27,320 bags of various specialty coffee grades worth US$ 3.48 million was exported to during the year. These include Organic Bugisu, which fetched the highest average price of US$ 2.56 per kilo, 39 cents higher than Bugisu AA at US$ 2.17. Organic Okoro fetched US$ 2.36 per kilo against US$ 2.21 a kilo for Wugar (15 cents higher). Bugisu AA that went to the niche market segment realised an average price of US$ 2.26 a kilo against US$ 2.17 for the conventional market (a premium of 9 cents).

rage of $ 1.48 cents a kilo, which was 25 cents higher sta coffee of $ 1.23 during the year. However, the volue for organic robusta dropped from 5,793 bags in 2004/05 to 4,838 bags (20%) – table 2.4 above.

A total of 1,962 bags of washed Robusta valued at $ 126,030 were exported during the year with an average price of US$ 1.07 per kilo, up from 1,408 bags ($ 72,143) in 2004/5 and 210 bags worth $ 10,232 in 2003/04. The quantity of washed robusta coffee is envisaged to increase further as more wet mills under the Strategic Export Programme are established. And coffee planted around these mills comes into production. The wet mills that are operational had a problem of obtaining adequate red cherries for processing this year.

2.30 PRICE MOVEMENT

2.31 LOCAL PRICES

Table 2.9 gives monthly realised average farmgate prices during the year for Kiboko (dry cherries), FAQ (clean Coffee beans) and arabica parchment. There was an appreciable increase in robusta coffee prices at the farm gate: Kiboko prices averaged Shs. 865 per kilo, which was up by Shs. 213 compared to the previous year and FAQ prices averaged Shs. 1,863 per kilo compared to Shs.1,371 last year. Arabica parchment prices rose by Sh 80/= from an average of Shs. 2,095 per kilo last year to Shs 2,175/=.The rise was more pronounced in Robusta, which was in line with high global Robusta prices attributed to tightness in the global supply of robusta during the year.

However, farmers participating in production of specialty certified coffees received as high as Shs. 1,300 per kilo of kiboko and Shs. 3,500 for arabica parchment in Mt. Rwenzori region under the Rwenzori Fine coffee project.

TABLE 2.9 MONTHLY AVERAGE FARMGATE PRICES – Shs/Kilo

2005/06	Robusta		ARABICA
	Kiboko	F.A.Q	Parchment
Oct – 05	775	1,650	2,350
Nov – 05	975	1,860	2,350
Dec – 05	1,000	1,975	2,300
Jan – 06	1,000	2,075	2,600
Feb – 06	900	1,900	1,450
Mar – 06	700	1,750	2,200
Apr – 06	730	1,800	2,250
May – 06	700	1,900	2,100
Jun – 06	1,050	1,750	2,100
Jul – 06	700	2,000	2,100
Aug – 06	850	1,850	2,150
Sep - 06	1,000	1,850	2,150
AVG: 2005/06	**865**	**1,863**	**2,175**
AVG 2004/05	**612**	**1,371**	**2,095**

...ntage share in the FOR/T, Kampala price in the last ...lly dropped from 80% in 2004/05 to 79%, a result of appreciation of the local shilling against the US dollar. That notwithstanding, farmers still command a good share and because of this, farmers' demand for planting materials to enhance productivity and production has increased.

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	
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
2005/06	1,863	2,351	79

2.40 GLOBAL SITUATION

The global coffee exports in 2005/06 totaled 87.21 million bags, a drop of 2.63% compared to 89.56 bags recorded in 2004/05. Arabica and Robusta exports in coffee year 2005/06 amounted to 58.46 million bags and 28.75 million bags, respectively compared with 59.35 million bags and 30.20 million bags in 2004/05.

The ICO composite indicator price averaged 91.44 US Cents per pound in 2005/06 compared with 85.30 cents for 2004/05 and 57.77 cents in 2003/04[2].

Global production in 2005/06 was pegged at 106 million bags against a consumption level of 115 million bags, resulting in a global deficit of 9 million bags. This situation is nonetheless projected to stabilize in 2006/07 coffee year where production is estimated at 120 million bags against a consumption uptake of around 118 million bags. Prices are projected to remain as they are in the near future but for changes in exogenous factors and speculations.

2.50 DOMESTIC COFFEE CONSUMPTION

Domestic coffee consumption continued to increase with a number of new cafés mushrooming in major towns. New cafés such as Pap Café, Bakers World, Nandos, Boldwin's Café and others have been set up on top of the old ones – Bancafe and 1000 Cups. These have attracted a number of customers, especially the youth. A good cup of coffee sells between Sh. 2,000 - 5,000/=.

The growth in the number of supermarkets, the main distribution channel of coffee products, in the country has made coffee available in most parts of the country. The main brands being sold in these supermarkets include Nescafe, Star Coffee (both instant and R & G), Africafe, Elgonia, Elgon Pride, Nguvu, Kahawa Maluum (Uganda Bugisu Coffee Beans) and lately One Café. Different supermarkets displayed quite a variety of coffee brands on their shelves catering for the diverse tastes and preferences

[2] See ICO website for details

ch as Shoprite and Uchumi (Garden City) display as s that cater for all income groups of customers.

2.60 CLOSING STOCKS

Table 2.11 represents the coffee stock position as at the close of the coffee season, September 30, 2006. Stocks at the export level were estimated at 265,227 bags of exportable grades, comprising - Robusta 174,423 bags and Arabica 90,804 bags. The high stock level especially for Arabica was mostly attributed to rising global prices prompting speculative exporters to stockpile in anticipation for yet higher prices.

Table 2.11 COFFEE STOCK MOVEMENT – 60-Kilo Bags –

Oct/Sept. 2005/06	Robusta	Arabica	Total
Opening Stock	152,240	90,090	242,330
Total Production[3]	1,550,497	624,724	2,175,221
Availability	**1,702,737**	**714,814**	**2,417,551**
Domestic Consumption	120,000	30,00	150,000
Exports (Oct/Sept)	1,408,314	594,010	2,002,324
Closing Stock –Sept 30.	174,423	90,804	265,227

2.60 OUTLOOK FOR 2006/07

Despite the drought experienced in 2005/06, coffee exports are projected to go up by 30% to reach 2.6 m bags on the account of the good husbandry practices arising from the favourable prices; and a forecast of good weather in 2007 as reported by the Meteorology Department. The coffee campaign, which started in 2005/06 in ten NAADS districts is also expected to result into higher farm productivity and production.

On the global scene, coffee production in Oct/Sept. 2006/07 is estimated at 118[4] million 60 kg bags, an increase of around 10% compared to 2005/06. This increase is attributed to an increase in Brazilian production due to the biennial cycle, characteristic of Arabica production; and production in Vietnam, which is estimated at 16.5 million bags.

Coffee stocks held by importing countries were reported to have fallen to 18.9 million bags[5], the lowest in many years, because of the supply-demand imbalance experienced in 2005/06.

[3] This represents mainly coffee procurement or marketed production.
[4] ICO Coffee Market Report
[5] ICO Coffee Market Report

hapter Three

QUALITY AND REGULATORY SERVICES

3.1 TECHNICAL EXTENSION SERVICES

Extension technical services aimed at equipping the sector players with good processing, handling and storage techniques were provided. Partcicular emphasis was placed on demonstrating the correct use of moisture anlysers and adjustment of the hullers. Over 150 buying stores, 212 hulleries, 20 central washing stations, 19 export grading plants, 27 exporting companies and 12 roasters were visited.

3.2 QUALITY AWARENESS AND ENFORCEMENT OF COFFEE REGULATIONS

The processing, handling and trading in semi dried kiboko and parchment continued to be the major cause of quality deterioration of coffee traded in the internal market. The adulteration of processed coffee (FAQ) with BHP's and other extraneous matter by some unscrouplous dealers also aggravates the deterioration of quality.

Sensitization workshops for the stakeholders were jointly organised by local authorities and UCDA in the districts of Kamuli, Jinja, Bushenyi, Mubende and Mpigi. It was resolved that the local authorities would enact and implement coffee by-laws to underpin the current Coffee Regulations.

Those dealers and processors found handling wet coffee (M.C > 14%) were penalised by suspending their operations for at least two weeks. Masaka district authorities in a joint effort with Masaka Coffee Buyers and Processors Association; and UCDA continued to man check points along the highways as a measure to curb the movement of poor quality coffees through the district. Those traders who were transporting poor quality lots were prosecuted in court of law where they paid hefty fines.

Similarly, poor FAQ deliveries to the export grading factories received high penalties as a deterrent to dealing in poor quality coffee. The exporters were advised to always reject poor deliveries so that these coffees are denied a market. The exporters were also advised to implement strict in-process quality control measures.

3.3 EFFECTS OF LOAD SHEDDING

The on-going nation-wide power shortage and load shedding have greatly undermined the coffee processing performance. Most hulleries could only operate on alternate days in line with rationing, and even then the supply is often intermittent. Envitably, milling charges rose from an average of Shs. 30/- per kilogramme of FAQ in the 2004/05 to Shs. 60/= in 2005/06. This led to a general decrease in the number of active processing units on top of depressing farm-gate prices.

3.4 FIELD EVALUATION

3.4.1 Volume of the crop

The prolonged dry spell experienced during the year in most coffee growing and the effect of CWD in the Robusta resulted in a drastic drop in coffee production from 2.7 million bags to around 2.40 m bags, as measured by procurement figures. The drop was more in robustas, arabicas rose from 0.52 m bags to around 0.66 m.

n the out-turn and screen size distribution, was done during the beginning, peak and tail end of season in all the coffee growing zones. Samples were analysed in the UCDA laboratory at moisture contents below 13.0 %. The green coffee was not subjected to gravimetric sorting. Table 3.1 gives the percentages of out-turn and screen distribution over the years for natural Robusta in the various regions.

Table 3.1 %-AGE OUT-TURN & SCREEN DISTRIBUTION OF NATURAL ROBUSTA

COFFEE ZONE[6]	COFFE YEAR	OUT-TURN	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	56.5	11.6	65.3	22.3	0.8
	2005/06	55.5	11.7	58.9	27.3	2.1
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	56.0	12.8	64.3	21.8	1.1
	2005/06	54.0	9.4	62.6	26.3	1.7
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
	2005/06	54.0	12.5	59.2	32.1	2.6
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
	2005/06	54.1	12.7	63.2	23.0	1.1
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	57.0	14.3	64.5	20.0	1.2
	2005/06	55.0	11.9	65.1	21.9	1.1

Overall, there was a drop in out-turn in virtually all coffee growing regions except the Central region, which was largely due to the drought experienced during the year. Similarly, screen retention for Sc. 15 and above fell in all regions except Central, and the proportion of Sc. 12 went up, a function of weather.

Table 3.2 gives the average out-turn for Washed Arabica in 2005/06. The outturn in the Arabica areas was generally good. In Nebbi district which had a bumper crop due to favourable weather, the out-turn increased to 80.2 % from 78.6 % in the previous year.

---

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

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

TTURN OF WASHED ARABICA:2001/02 – 05/06

		2002/03	2003/04	2004/05	2005/6
1. Mbale	81.0	80.5	79.9	80.1	79.6
2. Kapchorwa	81.0	81.0	80.2	80.8	80.0
3. Nebbi	80.0	79.9	80.3	78.6	80.2
4. Kisoro	81.8	81.7	81.0	82.0	81.0

3.4. LIQUOR OF EXPORT COFFEE

Table 3.3 shows the liquor report for the various coffee grades exported in 2005/06 compared to the previous years. Generally, the cup taste was clean and had improved over the previous season. This was attributed to improved post handling practices at all stages in the value chain, a result of UCDA's vigilance in enforcement of coffee regulation and the high penalties levied by at the export grading factories for poor quality coffee.

TABLE 3.3 PERCENTAGE OF CLEAN CUPS IN 2002/03 – 2005/06 SEASONS

TYPE	GRADE	2002/03	2003/04	2004/05	2005/06
Bugisu Arabica	AA	96.5	99.3	95.9	95.5
	A	95.8	98.9	96.1	97.2
	AB	94.5	95.8	93.9	92.4
	PB	98.4	91.2	95.6	98.1
	B	96.9	97.1	98.6	92.9
Other Arabicas	Wugar	95.8	95.2	95.5	96.5
	Drugar	89.5	91.0	86.9	90.3
Natural Robusta	Sc 18	88.3	90.8	86.8	87.8
	Sc 17	89.0	94.0	89.7	86.4
	Sc 16	89.6	94.0	92.8	97.6
	Sc 15	87.7	91.5	87.9	89.1
	Sc 14	87.3	94.0	87.1	89.2
	Sc 13	90.5	91.5	89.3	90.5
	Sc 12	88.0	93.0	87.2	88.4
Washed Robusta	Sc 18	100.0	100	100	100.0
	Sc 15	100	100	100	100.0
Organic Coffee	Bugisu Arabica	100	95.2	100	96.4
	Okoro Arabica	100	90.5	100	100.0
	Robusta	80.0	100	89.3	95.2

Table 3.4 shows a summary of the cup defects on a monthly basis in the standard Natural Robusta grade (screen 15), The main defects were Taints – 44.1%, Earthiness – 33.1%, Over fermentation – 14.1% and Potato – 7.8 %. These defects are attributed to poor drying, handling and storage practices. Taints and earthiness are mainly picked up from poor drying yards and unsuitable storage facilities.

TABLE 3.4: SUMMARY OF STANDARD GRADE CUP IN 2005/06

MONTH	O/F	POT	TAINTS	EARTHY	OTHER*	TOTAL	
						DEFCTIVE	CLEAN
Oct	3	1	11	5	-	20	308
Nov	5	4	12	10	-	31	182
Dec	7	7	17	4	-	35	476
Jan	5	6	35	31	-	77	687

[illegible]	[illegible]	[illegible]	19	17	-	45	375
[illegible]	[illegible]	[illegible]	19	13	-	35	336
[illegible]	[illegible]	[illegible]	11	14	-	29	223
May	5	3	33	17	-	58	460
Jun	24	8	44	30	-	106	748
Jul	12	8	31	41	1	92	705
Aug	13	7	37	25	-	82	779
Sep	17	3	31	18	-	69	337
Total	**101**	**53**	**300**	**225**	**1**	**679**	**5,616**
% defects	**14.9**	**7.8**	**44.1**	**33.1**	**0.1**	**-**	**-**

- Others includes Woody, Winey, Bitterness, Harsh, Fruity, Grassy and Musty.

3.5 COFFEE REFERRED FOR REPROCESSING

During preshipment inspection of coffee export lots, a total of 58,968 bags did not conform to the export standards and were therefore referred for reprocessing. Table 3.5 below shows the comparative number of bags referred for reprocessing over the years.

The main faults that led to referrals continued to be wetness (32.5 %), followed by Discoloureds (26.7 %) poor screen retention (22.9 %), pods (11.5 %), Floats (3.5 %) and Extraneous matter (2.9 %). Although there was a fall in total volume of exports, there was an increase of 13, 979 bags (31.1%) in the number of bags referred for reprocessing over the previous season. This increase was mainly due a marked increase in the dicoloureds/blacks.

The faults are attributed to poor processing techniques at the export grading plants mainly due to acceptance of poor quality FAQ deliveries, which were highly penelised. The coffee was dried and/or reprocessed to meet acceptable export standards.

TABLE 3.5 COFFEE BAGS REFERRED FOR REPROCESSING OVER THE YEARS

FAULTS	2001/02	2002/03	2003/04	2004/05	2005/06
Wetness	26,163	23,186	22,828	20,511	19,185
Poor Retention	6,600	8,202	12,396	10,220	13,502
Discoloureds/Blacks	9,374	1,605	6,425	7,384	15,747
Floats/BHP	3,840	320	1,097	Nil	2,030
Pods	680	1,280	3,200	4,354	6,784
Extraneous matter	1,440	10,631	8,251	2,520	1,720
TOTAL	**48,097**	**45,224**	**54,197**	**44,989**	**58,968**

3.6 MICROBIOLOGY AND MYCOTOXIN LABORATORY ACTIVITIES

3.6.1 Laboratory

- Under the proficiency test analysis, 5 additional rounds involving 30 samples from Brazil were analyzed. The results of all the rounds were consistent with those from other participating countries in the Mould Project.
- Following one of the recommendations of the Global FAO Mould project, programmes for Control and Monitoring of OTA in the entire supply chain

...l training in Mould prevention in coffee is ongoing. A ...orting factories as a guide in control of mould (OTA) has also been drafted.

- A Laboratory policy manual and a Standard Operation Procedures manual that show in detail, the procedures to follow when carrying out the laboratory operations have also been drafted.

3.6.2 Training

A student of Food Science and Processing from Kyambogo University received his industrial in analytical procedures in the Microbiology laboratory where an investigation on the occurrence of OTA in green coffee beans was done. Forty eight (48) samples were analyzed using the fluorometer method.

A team of laboratory experts from Brazil provided training for 2 weeks to UCDA and UNBS staff in OTA analysis. They also took an assessment of UCDA OTA laboratory in readiness testing OTA levels in coffee.

3.7 DEVELOPMENT OF WASHED COFFEE

Installation works of the 16 wet processing units obtained under the Strategic Export Programme (SEP) in 2003 continued; 9 were completed of which 5 are operational. Two other mills await the completion of electrical wiring to begin operations. The rest are at various stages of installation as shown in table 3.6 below.

TABLE 3.8: STATUS OF WET MILLS UNDER THE SEP

BENEFICIARY	DISTRICT	T/HR*	STATUS
1. Mt View Farm	Bushenyi	3.5	Wiring (electrical) to be done
2. Mt View Farm	Bushenyi	1.0	Wiring (electrical) to be done
3. West Nile Womens Assoc.	Arua	3.5	Complete
4. Four Ways Group	Masaka	3.5	Complete and operating
5. Victoria Coffees Ltd	Mukono	3.5	Installation in progress
6. Busaanyi Agro. Investments	Mpigi	3.5	Installation in progress
7. Savannah Commodities	Ibanda	3.5	Complete and operating
8. Savannah Commodities	Ibanda	1.0	Complete and operating
9. Kabasekende Enterprises	Hoima	1.0	Civil works have stalled
10. Kabagala Estates	Masaka	1.0	Civil works have stalled
11. Bugisu Pulperies	Mbale	1.0	EIA in progress
12. Kyolaba Farm	Wakiso	1.0	Complete
13. Zinunula Coffee Ltd	Luweero	1.0	Civil works have started
14. BCU (Mtl Traders Ltd	Sironko	1.0	Complete 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

The onging coffee replanting programme focuses on creation of catchment areas for red coffee cherries aroud these wet mills. The mills that are operational had a problem of having adequate supply of cherries for optimal operations.

3.9. TRAINING IN BASIC QUALITY CONTROL TECHNIQUES

A total of 40 quality controllers comprising of 22 from the industry and 18 ftom institutions of tertiary learning were trained in basic quality control systems during the xporters to source well trained quality controllers for . Table 3.9 shows the number of quality controllers trained since the programme began.

TABLE 3.9 NUMBER OF TRAINEES IN BASIC QUALITY CONTROL COURSE

YEAR	INDUSTRY	INSTITUTIONS	TOTAL
1993-1996	43	04	47
1996/1997	21	14	35
1997/1998	04	04	08
1998/1999	13	17	30
1999/2000	56	17	73
2000/2001	19	29	48
2002/2003	26	09	35
2003/2004	43	20	63
2004/2005	5	13	18
2005/2006	22	18	40
TOTAL	**252**	**145**	**397**

Chapter Four
COFFEE DEVELOPMENT PROGRAMMES

4.0 INTRODUCTION

4.1 Coffee Development

The major coffee development activities implemented during the year targeted farmer extension delivery services (training, farm visits, method demonstrations and radio programmes); strengthening coffee uptake in new areas; productivity improvement technologies and developing market infrastructure for new coffee growing areas (Mid North and new Arabica areas); development of new strategies for reviving coffee re-planting; and Monitoring and Evaluation.

Coffee production remained on a declining course despite the efforts of previous re-planting. Coffee output during 2005/06 dropped to 2.40 million bags from 2.70 million bags in 2004/05 as measured by market production. The sharp fall was largely attributed to effects of a combination of prolonged drought, the Coffee Wilt Disease, declining soil fertility and high incidences of pests and diseases in the arabica areas.

However, coffee production projections in 2006/07 remain positive as indicators show good weather conditions, and improved husbandry practices due to good prices. More coffee trees are expected to continue entering into production. Production in 2006/07 is projected at 2.9 million bags.

TABLE 4.1 COFFEE PRODUCTION OUTLOOK

Type of Coffee	Initial Area (ha.)	Net area in Hectares after CWD discount effect (of 52)%	Yield (FAQ Green Coffee) Kg/ha	Estimated Output (Tonnes)
1. Traditional Robusta	242,000	116,000	550	63,000
2. Clonal Robusta	60,000	47,000	1800	84,600
3. Old Arabica	30,000	30,000	600	18,000
4. Newly planted Arabica	10,000	10,000	1000	10,000
5. Net Area /Output		196,000		175,600
Volume Equivalent (Million 60 kilo bags)				2.93

Considering area and output, despite the high mortality rate of the previous replanting programme, the net surviving coffee from new plantings would sustain export volumes to a level above 2.5 million bags.

4.2 COFFEE REPLANTING

Activities undertaken during 2005/06 were limited to payment arrears for plantlets earlier supplied; Monitoring and Evaluation; and reviewing the strategy for sustaining the replanting programme. The main activities undertaken included sensitizing and mobilizing coffee farmers to continue planting. A total of 1,826,025 plantlets were planted by 13,150 farmers as detailed in Table 4.2 below.

FEE TREES PLANTED IN 2005/06

District	Source of Plantlets		Total	No. of Farmers
	UCDA	Private	Planted	
Arua		57,350	57,350	425
Bugiri	-	18,300	18,300	131
Bushenyi	-	78,900	78,900	564
Hoima	-	36,480	36,480	261
Jinja	-	16,000	16,000	114
Kalangala	-	2,200	2,200	16
Kabarole	-	27,800	27,800	199
Kamwenge	-	26,400	26,400	200
Kyenjojo	-	18,000	18,000	129
Kapchorwa	-	79,500	108,500	781
Kisoro	-	12,050	12,050	86
Kibaale	-	11,690	11,690	84
Kayunga	-	13,000	13,000	93
Kanungu	-	600,350	600,350	4,385
Kamuli	-	28,560	28,560	204
Luweero	-	65,500	65,500	471
Masaka	-	48,000	48,000	343
Masindi	-	1,500	1,500	10
Mayuge	-	14,600	14,600	104
Mbale	-	109,505	109,505	782
Manafwa	-	86,200	86,200	616
Mubende	59,750	79,000	138,750	991
Mbarara		36,000	36,000	257
Mukono	9,000	68,000	77,000	550
Nakaseke	-	11,990	11,990	86
Nakasongola	-	20,000	20,000	143
Nebbi	-	92,400	92,400	660
Rakai	-	60,000	31,000	221
Rukungiri	-	16,000	16,000	114
Tororo	4,000	-	4,000	1
Wakiso	10,000	8,000	18,000	129
TOTAL	**82,750**	**1,743,275**	**1,826,025**	**13,150**

An Assessment of MAAIF divested Clonal coffee nurseries was carried out with the following results:- Out of the 20 nurseries 6 were still well maintained and operational, 12 were abandoned and overgrown but redeemable; and 3 were completely destroyed. There is therefore a good potential to bring many of them back into production to preserve the germplam.

AIF DIVERSTED COLNAL COFFEE NURSERIES

District	Site Location	Name of Nurserey Operator (Lease	Estimate No. of Mother Bushes (2006)	Status of Mother Garden (E,G, F,P, A)	Production Capacity ('000 Cuttings per annum)	Status of Nursery (Good, Fair, Poor, Abandoned)	Effective Demand for Coffee from the Nursery (High, Medium Low, None)	
Jinja	Nakabangho	Muwangala Rose	1,800	E	51	G	L	Operating, redeemable
Kamuli	Nawanyago VTC	Mukoza Kifuse	1,200	F	40	A	L	Diversified into cocoa & tree seedlings
Kamuli	Kasozi	Kuluse Norah Ibanda	NIL	N/A	NIL	A	L	Completely destroyed
Mayuge	Ikulwe DFI	Tibadhukira K. Sarah	3,000	F	95	A	L	Leasee abandoned site
Mukono	Mukono ARDC	Ssozi B. Francis	3,000	F	81	F	L	Operating, redeemable ARDC took over site
Mpigi	Mpigi DFI	Lubega John	3,000	G	104	F	L	Redeemable
Rakai	Kalisizo	Uwabani N. Sylivia	2,950	G	80	G	M	Operating, redeemable awaits
Masaka	Masaka DFI Kamenyamiggo	Nyamwegyendaho A.M.	3,000	G	108	P	L	Redeemable
Mityana	Mityana DFI	Hakuza A. Nkeza	6,000	G	162	G	M	Operating, redeemable
Mubende	Mubende	Sabiiti Joseph	1,500	A	45	A	NONE	Abandoned
Luwero	Bukalasa DFI	Semakula Catherine	5,000	G	135	G	M	Operating, redeemable
Kiboga	Kacwangozi	Lukwago C.B.M.	2,000	A	54	A	L	Abandoned due to land dispute
Masindi	Kihonda	Olupot Michael	NIL	N/A	_	N/A	L	Destroyed
Hoima	Bulindi	Nyakoojo Lawrence	1,000	A	27	A	L	Abandoned
Kyenjojo	Katooke	Katimbale E.	1,121	F	30	F	L	Redeemable
Bushenyi	Rubare	Tumushabe Jenina	900	A	24	A	N	Abandoned
Rukungiri	Kashenyi	Rutaro Joan	800	G	16	A	N	Abandoned
Mbarara	Kinoni	Katabarwa George	1,200	F	32	A	N	Abandoned, concentrating on seedlings

[illegible]	[illegible]	[illegible]	NIL	A	30	A	L	Displaced by road infrastructure
[illegible]	[illegible]	[illegible]	2,000	A	55	A	L	Abandoned

	Status of Mother Garden/Nursery	Effective Demand
KEY:	G - Good	M - Medium
	F – Fair	L - Low
	P – Poor	N - None

- Developed a mechanism for community based coffee nurseries where farmers will establish their own nurseries and plant the raised plantlets on a demand driven basis. UCDA will however contribute the elite coffee seed, poly pots, shade tree seeds and technical services.
- Identified support requirements for CORI to enable final trials of CWD resistant clones and propagation of the cultivars for replication to other nurseries countrywide and rehabilitation of Arabica seed gardens (Buginyanya and Zombo).
- The private sector, particularly the coffee exporters, has become more involved in organizing and supporting community groups to continue planting, processing and marketing. Those on board include Kawacom (U) Ltd., Olam (U) Ltd., Ibero (U) Ltd./Kaweri Coffee Farmers' Alliance, Kyagalanyi Coffee Ltd., Kampala Domestic Store under Busaanyi Agro investment, Savannah Commodities and APEP as detailed in Table 4.4 below.

TABLE 4.4 INVOLVEMENT OF PRIVATE SECTOR IN COFFEE REPLANTING

Organization	District of operation
IBERO	Luweero, Kamuli, Masaka
Kawacom	Nebbi, Kapchorwa and Bushenyi
APEP	Masaka, Kamuli, Arua, Nebbi
Olam (U) Ltd.	Semuto, Nakaseke district.
Kyagalanyi Coffee Ltd.	Nakanyonyi, Mukono district.
Kampala Domestic Stores/Busaanyi	Mpigi and Mityana
Kaweri Coffee Farmers' Alliance	Mityana and Mubende
Savannah Commodities	Mbarara and Ibanda

- UCDA in collaboration with other stakeholders developed a national strategy for improving production and export volumes from the current 2.0 million bags to 4.5 million bags by the year 2015/16. Implementation of the strategy will address the underlying constraints in Research, Extension, Input-Credit and Farmer Organizations that affect production.

D LIAISON

During the year, a total of 1,388 farm-visits, 966 method demonstrations and conventional training seminars were undertaken in 38 out of the 51 traditional coffee growing districts.

DCCs participated in training and extension liaison, which were organized by Local Governments and NGOs to provide extension services to coffee farmers under the APEP and NAADS programmes on coffee productivity enhancement. In this regard, over 300 technology development sites were established in Eastern, Central and South Western regions with APEP.

A demonstration on productivity enhancement of old traditional robusta coffee through stumping and good husbandry practices was undertaken at Buzu Farm, Nakisunga Sub-county in Mukono district for farmers to adopt. Similar Coffee Rehabilitation Demos are to be replicated in other areas in the coming financial year.

4.3. COFFEE DEVELOPMENT IN NEW AREAS

4.3.1 Production

Coffee production activities were intensified in new coffee areas in Eastern and Mid-Northern regions through training and sensitization of farmers and Local Leaders in Good Agricultural Practices, (GAPS), for sustainable production.

An assessment of the potential for coffee growing in Teso Region was carried out.. Results indicated that coffee growing is viable in some parts of Teso where farmers should use elite Robusta in agro-forestry conditions and soil re-conditioning. Follow up and establishment of research trial plots in Teso and other areas on Mid-Northern Uganda will be done in collaboration with CORI.

4.3.2 Marketing

The Market Development effort focused on the new coffee districts of Apac, Lira, Kitgum, Gulu, Pader, Busia, Tororo, Pallisa, Kabale and Kisoro where quantities were too small to attract the private sector.

In order to maintain farmers' interest in coffee growing, UCDA entered a memorandum of understanding with AGROPEL INVESTMENTS LIMITED to develop the internal coffee market in the new areas. A revolving fund of Shs. 15 m was put in place and a total of 13,899 kilogrammes of Robusta Kiboko coffee at Shs 1,070 per kilo was procured. The price compared favourably with what prevailed in the traditional robusta coffee areas, Shs. 1050. Farmers in Mid-Northern districts of Lira and Apac benefited from this arrangement in 2005/06 coffee year.

Constraints faced in coffee marketing in new areas included small quantities of coffee, the dispersed farmers' households spread over a wide area, which resulted in increased collection costs, thus depressing farm gate prices. Despite these problems, UCDA/AGROPEL INVESTMENT marketing initiative has prompted farmers in to continue investing in coffee growing.

Some Arabica coffee farmers in Kisoro district entered into a contract with Urth Caffé, an organic coffee shop outlet in California, USA to supply it with coffee. One

per kilo during the year. Internal domestic marketing
is however still at the embryo stage of development.

Use of mobile phone based SMS market information delivery mechanism was introduced to farmers in new areas as well. This facility provides prompt market information on coffee prices. It is envisaged to improve internal marketing and production.

4.4 PROMOTION OF FERTIGATION TECHNOLOGIES

To address low productivity and quality arising from adverse weather and declining soil fertility, UCDA introduced fertigation technology demonstration sites in the districts of Mukono, Wakiso, Mpigi, Masindi and Mbarara as indicated in Table 4.5 below.

TABLE 4.5 FERTIGATION TECHNOLOGY DEMONSTRATION SITES

District	Subcounty	Parish	Village	Name of Farmer
Mukono	**Ntenjeru**	**Bugoye**	**Bugoye**	**Mrs. Mukasa**
Wakiso	**Wakiso**	**Bakka**	**Busawuli**	**Capt. Kafeero Kiwanuka**
Mpigi	**Muduuma**	**Tiribogo**	**Galabi**	**Mulangira Genza**
Masindi	**Nyagahya**	**Biizi**	**Biizi**	**Mr. John Bagada**
Mbarara	**Rugando**	**Kitungulu**	**Kapereza**	**Mr. Jordan Namanya**

The fertigation demonstration sites were used to train farmers on the benefits of efficient utilization of water and locally available organic manure in soil improvement, water retention for enhancement of coffee productivity and quality.

Results from the demonstration sites indicate a yield improvement from as low as 1 kg to an average of 3 kg of Kiboko per tree for those who adopted the technology, showing that productivity can easily be doubled or tripled with fertigation. The farmers who had adopted fertigation technology had coffee plots showing better tolerance to water stress, reduced flower abortion and increased fruit setting – hence improvement in productivity.

Adoption of fertigation technology by farmers was however slow due to limited coverage of demo sites and expenses attached to the technology.

4.5. SUPPORT TO ARABICA COFFE DEVELOPMENT

A Memorandum of Understanding (MoU) was undertaken to formalize modalities for production and procurement of Arabica seed from Buginyanya Agricultural Research Development Centre was undertaken.

During the year, seed money amounting to Shs. 4.97 million was released to Buginyanya ARDC for stumping and maintenance of the seed gardens. It is expected that 2,000 kg (two tonnes) of breeders' seed will be procured annually by UCDA for distribution to nursery operators.

...n-farm trials for the new *Arabica* coffee variety (Tuza ...oted in the gazetted mid-altitude areas of the South Western districts of Bushenyi, Mbarara, Ntungamo, Rukungiri and Kanungu. Preliminary assessment of field results from Masaka and Bushenyi show that Tuzza Arabica has only one major season of about 6 months ranging from April to October. It is tolerant to drought and Coffee Wilt Disease. The yield range is (30-40) bags per hectare per year compared to an average of about (12-15) bags of parchment of traditional Arabica coffee under average management conditions.

Due to the good field performance, (mainly high productivity and resistance to pests and diseases) observed on farms in the above gazetted zone, many farmers in other traditionally *Robusta* areas particularly in the districts of Masaka, Luweero, Mpigi, Kabarole, Nakasongola and Eastern Uganda have expressed a lot of interest in planting the new Tuza *Arabica*. The challenge therefore remains on establishment of more on-farm trials in the interested districts and quickening cup analysis and market reactions to enable commercial growing based on good cup quality and market acceptability.

4.6. MONITORING AND EVALUATION OF THE REPLANTING PROGRAMME

Monitoring and Evaluation of the Replanting Programme continued to be undertaken, with an objective of receiving feedback from all the districts about the performance of coffee planted under the Government supported Strategic Export Programme (SEP), which started in 2001 and ended in 2004. It was also intended to seek views on how the programme could be revived.

The following were the major findings:

- Most of coffee planted under this programme was bearing fruits. The average survival rate was 70%. The districts in eastern Uganda of Kapchorwa and Sironko had the highest survival rate in the range 80-90% while marginal areas of Lira and Apac had the lowest of between 50-60%.
- The average reported yield of Kiboko coffee per hectare per year ranged between 2,500 kg to 5,000 kg, depending on the period of establishment and level of farm management.
- The average reported income per household that carried out replanting ranged between Shs. 800,000/= to Shs. 1,200,000/= depending on acreage and type of coffee. Arabica farmers reported relatively high incomes per unit of production as a result of Arabica good prices.
- Over the years, before the onset of the Coffee Wilt Disease the average annual Robusta production had been 2.7 million bags per year. By 2005/06 the Coffee Wilt Disease had cumulatively destroyed 52% of Robusta coffee. This meant that without replanting, the annual exports could have reduced in the same proportion by about 1.4 million bags, implying that replanting also accounted for about 1.4 million bags of the total of the 2 million bags exported during the 05/06 Coffee Year.
- Coffee was still ranked as a major household income earner for coffee farmers.

ow willingness to plant coffee but were constrained by ncomes;

- The Local Governments were willing to give the programme maximum support despite the limited resources at their disposal;
- Other coffee multiplication and distribution models such as community based nurseries were seen as appropriate avenues for improving the efficiency and effectiveness of the replanting programme at farmers level;
- It was suggested that the private sector (Coffee Exporters and Farmer Organizations) and NGOs be fully integrated as partners in the new coffee production strategy.
- Intercropping and diversification were identified as coping mechanisms for farmers to remain in coffee and avoid the disappointments from other crops as was the case with Vanilla, Moringa and Aloe Vera.
- Stakeholders requested Government to put in place a mechanism for providing sustainable funding of the Replanting Programme.

4.7 PESTS AND DISEASES IN ARABICA COFFEE GROWING AREAS

A comparative assessment of the effect of pests and diseases on *Arabica* coffee productivity was carried out in the districts of Mbale and Kapchorwa. Spraying resulted into a yield variation of 20 - 40% between farmers who sprayed and those who didn't.

There was an improvement in general coffee practices as a result of remunerative farm gate prices during the past three years. Other factors observed that could be contributing to low productivity at farm level include poor soil conditions, limited use of fertilizers and insufficient agronomic practices.

The major challenge identified was lack of an effective input credit system to enable the farmers' access the required chemicals.

4.8 THE COFFEE WIL DISEASE (CWD)

Surveillance and field diagnostic studies on the disease continued to be undertaken by UCDA, CORI and Extension workers to update on the cumulative infection levels since 1993.

Results indicated that the cumulative infection level of CWD since 1993 was estimated at 52% by 2005/06 of total Robusta area, which was initially estimated at 242,000 ha. or 300 million trees compared to 50% in 2004/05 coffee year, 47% in 2003/04 coffee year, 45% in 2002/03 coffee year and 42% in 2001/02 coffee year – *(UCDA/CORI Baseline Surveys)*.

Compared to the previous years, the disease effect, year-on-year had been confirmed to be on a diminishing trend. In some districts, the earlier affected coffee trees had sprouted indicating some resistance build up against the disease. Year to year,

infection had remained at 2% in 2005/06 down from
3/04.

TABLE 4.6 CUMULATIVE COFFEE WILT DISEASE INFECTION LEVEL

Region/District	Initial Area (Ha)	Cumulative Infection (%)				
		2001/02	2002/03	2003/04	2004/05	2005/06
Central						
Mukono	54,000	65.00	65.60	71.00	71.00	71.00
Luweero	20,000	60.00	62.50	68.20	68.2	68.2
Mpigi*	33,000	62.00	65.00	68.50	65.00	68.50
Rakai	8,000	5.00	6.50	12.00	6.50	12.00
Sembabule	3,500	10.00	12.45	18.00	12.45	18.00
Masaka	40,000	5.00	11.20	15.00	11.20	15.00
Kalangala	3,500	0.00	0.00	0.00	0.00	0.00
Western						
Mubende	21,000	58.00	58.80	67.30	67.30	67.30
Kiboga	10,000	50.00	54.20	68.20	68.20	68.20
Hoima	4,000	40.00	50.30	52.50	52.50	52.50
Masindi	2,100	35.00	45.00	47.50	47.50	47.50
Kabarole	2,500	65.00	66.20	67.20	67.20	67.20
Bundibugyo	1,500	82.00	90.00	90.00	90.00	90.00
Kibaale	5,000	45.00	55.00	65.50	65.50	65.50
South Western						
Mbarara	5,000	25.00	32.30	47.50	47.50	47.50
Bushenyi	6,000	25.00	30.40	48.20	48.20	48.20
Ntungamo	4,000	30.00	33.20	45.50	45.50	45.50
Rukungiri	3,000	55.00	56.90	68.50	68.50	68.50
Kabale	0.00	0.00	0.00	0.00	0.00	0.00
Kisoro	0.00	0.00	0.00	0.00	0.00	0.00
Eastern						
Jinja	5,000	10.00	22.85	30.00	31.00	33.00
Iganga	12,000	10.00	23.90	44.00	45.00	45.00
Kamuli	6,000	20.00	28.85	35.00	36.00	36.00
Mbale	16,000	0.00	0.00	0.00	0.00	0.00
Kapchorwa	6,000	0.00	0.00	0.00	0.00	0.00
North Western						
Arua	4,000	0.00	0.00	0.00	0.00	0.00
Nebbi	2,500	0.00	0.00	0.00	0.00	0.00
National Average		42.00	44.50	47.00	50.00	52.00

The cumulative infection level of 52% translates into 126,000 hectares of Robusta that have been lost to the disease. At an average yield of old Robusta taken of 550 kg of green coffee per hectare, this is equivalent to 69,000 tonnes of green coffee. At average export price of green coffee of $ 1,230 during the coffee season, this is equivalent to $ 85 m.

Yield and output simulations show that replanting has had an impact in the recent output levels by about 50% of which 44% is attributed to Clonal coffee and 6% to new Arabicas.

n messages through the Radio media complemented other means of reaching out to farmers. The DCC's together with the UCDA Headquarters technical staff participated in production and airing of the programmes.

Topics covered included among others - good husbandry practices and pests and disease control, post harvest handling and mould prevention in coffee, quality and price relations, farmer-group formation, Warehouse Receipt System (WRS), market information and coffee farming as a Business.

The Table 4.7 below gives the spread and frequency of the programmes aired during 2005/06.

TABLE 4.7 FREQUENCY OF COFFEE PROGRAMMES ON RADIO STATIONS

Radio Station	Dialect	Number of Programs Run
Radio Uganda	Lumasaba	21
Radio Paidha	Alur	15
Busoga Peoples Radio	Lusoga	21
CBS	Luganda	12
Radio West	RRRR	30
Radio Simba	Luganda	21
Radio Budu	Luganda	9
Total		129

The following were the major achievements registered from the radio programmes:

- Improved coffee husbandry practices, received better prices and coffee farming taken as a business;
- About 500 farmer groups were mobilized in all coffee growing districts, an avenue that will be used as an entry point for extension delivery and technology transfer;
- Farmers and traders at the local level got the skills to download market information from the mobile phones SMS and this has improved their negotiating power with buyers;
- Stakeholders were kept informed of coffee prices and market trends in the coffee industry.

Chapter Five

COFFEE RESEARCH

5.1 INTRODUCTION:

This chapter reports on various research undertakings and achievements by the Coffee Research Institute (CORI) of the National Agricultural Research Organization (NARO). As in the previous year, much of the activities still focused on addressing the problem of the coffee wilt disease (CWD) epidemic on Robusta coffee.

5.2 RESEARCH GOAL AND OBJECTIVES

The goal of coffee wilt disease research is to achieve sustainable increase in productivity of coffee for small holder farmers a by controlling spread and reducing impact of CWD.

The specific objectives of CWD research are to:

- Quantify losses due to the CWD at farm and national level;
- Understand the nature of the disease and its mechanisms of spread (Etiology, pathogenesis and epidemiology);
- Identify sources of resistance to CWD through screening of local and foreign coffee germplasm;
- Develop alternative coffee cultivars adaptable to traditional Robusta coffee growing areas (Lowland Arabica and Arabusta coffee cultivars);
- Confer CWD resistance onto current commercial Robusta coffee lines through hybridization;
- Evaluate effectiveness of available control measures, and to devise procedures for chemical and cultural control of CWD;
- Rapidly multiply, transfer and distribute appropriate technologies to combat CWD and its effect; and
- Conduct trainings and sensitization of stakeholders on the importance of CWD and the options available for its management.

5.3 RESEARCH FOCUS

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

i. Development and release of CWD resistant Robusta coffee lines;

ii. Development and release of lowland Arabica and Arabusta coffee lines;

iii. Development and transfer of appropriate technologies for combating CWD:

iv. Prevention of CWD spread by identifying the various sources and mechanisms of disease spread and incorporating findings into disease management strategies;

v. Adaptation trial for new Clonal varieties of Robusta coffee:

G 2005/2006:

gress was made in various aspects of CWD research as follows:-

5.4.1 Development of CWD resistant Robusta coffee clones:

Considerable progress has been made to identify CWD resistant Robusta coffee lines amongst local drawn from Kawanda coffee germplasm, and from "wilt hot-spots" from farmers' fields. Foreign germplasm materials were imported from CIRAD and Ivory Coast. 2,124 Robusta coffee lines resistant to coffee wilt disease have been identified to-date. A total of 3,612 mother bushes of these have been planted out in 5 mother gardens at CORI, Kituza.

191 of the CWD resistant Robusta coffee lines have been planted out for field evaluation on-station at Kituza. Assessments of growth characteristics, susceptibility to other pests and diseases, and yield are in progress.

The materials are also being multiplied through nodal cuttings for the establishment of on-farm trials in various agro-ecological zones.

TABLE 5.0. CWD RESISTANT ROBUSTA COFFEE CLOES IDENTIFIED AND PLANTED OUT IN GARDENS AT CORI, KITUZA.

KAWANDA GERMPLASM COLLECTION			
Mother garden	***Entries***	***Individual (survivors)***	***No. of Bushes***
Mother garden 1	32	71	461
Mother garden 2	21	86	401
Mother garden 3	44	353	914
Total	*97*	*510*	*1776*
FARMERS' COLLECTIONS FROM WILT "HOT-SPOTS"			
Mother garden	***Entries***	***Individual (survivors)***	***No. of Bushes***
Mother garden 1	1	3	17
Mother garden 3	22	22	115
Mother garden 5	53	600	769
Extension (Clone)	82	318	318
Mother garden 1	54	671	671
Total	***212***	***1614***	***1836***
GRAND TOTAL	***309***	***2124***	***3612***

A mother garden of CWD resistant Robusta coffee lines at CORI, Kituza. This and other mother gardens are subsequently to provide cuttings for mass multiplication of the materials

Plate 5.2:

CWD resistant Robusta coffee lines undergoing field evaluation on-station at CORI, Kituza.

5.4.2 Incorporation of CWD resistance into current commercial Robusta coffee clones

Progress has also been made to introduce resistance traits to CWD into the current commercial Robusta coffee clones through hybridization with some of the identified CWD resistant materials. During the period under review, 896 hybrid seedlings obtained from the crosses were planted out for field evaluations. Additional 4,328 more hybrid seedlings from crosses between resistant and susceptible clones are available in the nursery for field plantings.

5.4.3 Development of CWD resistant Lowland Arabica (TUZA varieties):

Data collection continued in field evaluations of lowland Arabica coffee (TUZA) varieties on-station at Kachwekano, Mukono, Mbarara and Bulegeni ARDCs, and 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.

varieties over current commercial Arabica coffee lines tablished.

Table 2 Yields of lowland Arabica (TUZA) and current commercial Arabica coffee varieties at Kawanda and Bugusege

Location	TUZA (kg/ha)	SL-14 (kg/ha)	KP-423 (kg/ha)
Low altitude (Kawanda)	1014	141	240
Medium altitude (Bugusege)	4455	2323	2362

Quality analysis results by local and foreign laboratories have consistently shown TUZA samples from mid-altitude areas to be of acceptable quality. Quality tests for low altitude areas are yet to be concluded.

Agronomic management packages specifying plant population density (spacing), canopy management, soil fertility management and shade requirements have been assembled. Pests and diseases management packages for the TUZA varieties have also been completed.

FIGURE 5.3: A FARMER IN RUKUNGIRI RELISHES A GOOD HARVEST OF THE NEWLY DEVELOPED LOWLAND (TUZA) ARABICA VARIETY.

5.4.4 Development of CWD resistant Arabusta coffee lines

The Arabusta coffee lines are inter-specific hybrids derived from crosses between Arabica and Robusta coffee. 10 lines with satisfactory quality and yields were selected for advancement, 8 of which had Arabica coffee characteristics and taste, while 2 lines had Robusta coffee characteristics and taste. These were found resistant to CWD and are undergoing field evaluation veral locations on-farm in Kyenjojo, Bushenyi, and Sironko districts.

During the reporting period, more field trials were established in Hoima and Kabale districts to cater for their respective agro-ecological conditions. Data were collected at all sites, and are undergoing analysis.

5.4.5 Development of other Arabica coffee lines:

The development of Arabica coffee lines that are resistant to coffee berry disease (CBD) and coffee leaf rust through hybridization of current commercial Arabica lines (SL14 and KP423) with catimors have continued. Activities during the reporting period concentrated mostly on selection of parental combinations with desired complementary attributes, controlled crosses, propagation and evaluation of hybrid progenies.

146 Arabica hybrids have been developed to-date and are undergoing evaluation on-station at Kituza, Bugusege and Bulengeni.

5.4.6 Prevention of CWD spread through establishment of sources and mechanisms of its spread

Considerable progress was made to understand the nature of the coffee wilt disease in order to develop appropriate measures to control its incidence and spread.

During the period, no alternate hosts or vectors of CWD have been identified. Stems, branches, leaves, roots and coffee husks from infected plants, and infected seedlings have been confirmed as primary sources of CWD infection. It has also been confirmed that plant parts provide the mechanism for survival of *F. xylarioides*, while the pathogen has been shown that its survival outside the host is quite low.

Under field conditions, the pathogen does not survive for more than one year, therefore replanting of previously infected plots can be done after one year on condition that stumps have removed. It was also experimentally confirmed that infected farm tools such as machetes transmit CWD.

A serological method for CWD detection using molecular and immunological techniques has been developed. This will greatly reduce the time and costs of CWD detection in infected plant parts and soils.

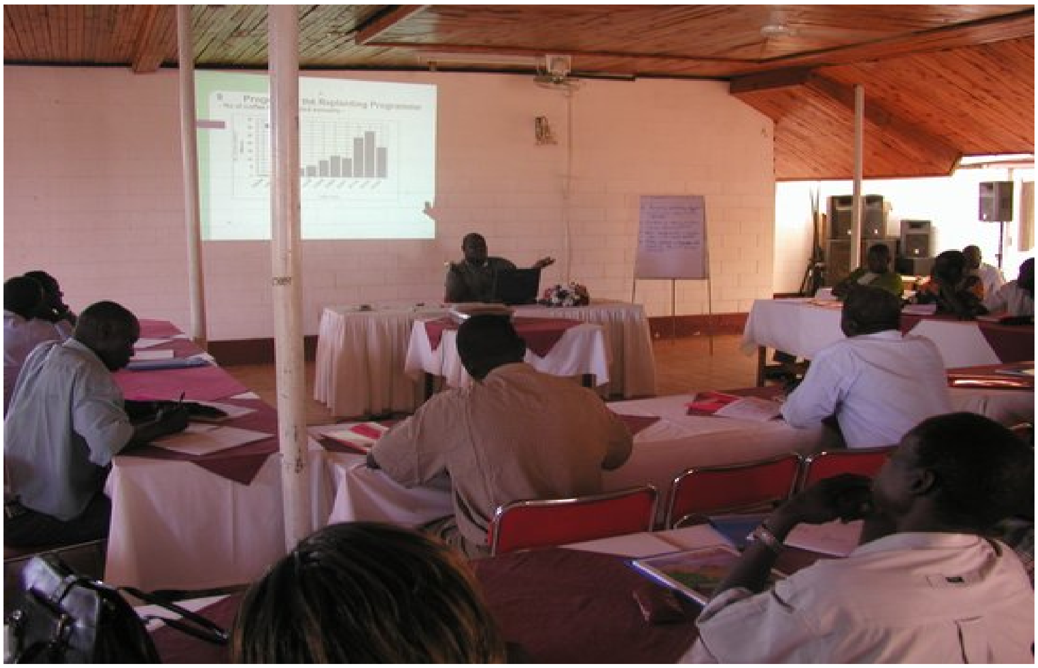
5.4.7 Evaluation of marigolds and Pseudomonas bacterial for suppression of CWD incidence in coffee fields (Biological CWD control)

Studies to investigate the effective of marigolds and Pseudomonas for biological CWD control was conducted in-vitro using marigold extracts and Pseudomonas cultures in bio-assays, and under controlled conditions using marigold plantings and Pseudomonas sprays in the screen house. In both instances, marigolds and Pseudomonas bacteria were found to suppress CWD incidence. CWD occurrence was however not prevented in either case. The efficacies are to be further investigated under field conditions.

; in non -traditional areas

ORI conducted a training of trainers (TOT) course on coffee production technologies for 60 extension workers from the districts of Amolatar, Apach, Gulu, Kaberamaido, Katakwi, Kitgum, Kumi, Lira, Pader and Soroti.

Figure 5.4: A section of the participants at the Lira TOT workshop – ST Lira Hotel, Lira Municipality.



5.4.9 COFFEE TECHNOLOGIES AND INFORMATION DISSEMINATION ACTIVITIES:

CORI has established 12 farmer field schools (FFSs) in the 6 districts of Bugiri, Mukono, Kayunga, Masaka, Rakai and Bushenyi. These field schools were intended to promote participatory technology generation and dissemination within coffee farming communities.

CORI has also produced training manuals, brochures, posters and leaflets on various aspects of coffee production to facilitate information dissemination at different levels.

Chapter Six

ADMINISTRATION AND FINANCE

6.0 ADMINISTRATION

6.1 Staff Matters

Table 6.1 Staffing Levels By Department

DEPARTMENT	**Professional/ Technical Staff**	**Support Staff**	TOTAL
Office of Managing Director	4	2	6
BS/ Finance & Administration	9	6	15
Quality, Reg, & Info. Services	17	6	23
Development	37	3	40
Total	67	17	84

6.1.1 Renewal of Contracts

- The Board approved renewal of the contract of Mr. I. David KIWANUKA, the Manager - Quality, Regulatory and Information Services Department, for another term of 3 years with effect from 2nd December 2005.
- 27 District Coffee Coordinators had their contracts renewed for a two-year term.
- The DCCs of Arua, Hoima and Kabale were placed on trial pending submission of performance reports from the Development Department as a condition of renewal of their contracts. This arose due to their unsatisfactory performance.

6.1.2 New Appointments

- Mrs. Rita Kyamuhangire-Nanakya was appointed Quality Controller/OTA while Miss Clare Rwakatogoro and Mr. Laban Mujjabi were appointed Assistant Quality Controllers/OTA. These officers have been working on the Global OTA project, which came to an end on September 30, 2005.
- The following were also appointed District Coffee Coordinators (DCCs):-
  - Okurut David - Bugiri/Busia/Tororo
  - Ongaba William Pike - Gulu/Kitgum/Pader
  - Mwesige Peter - Kyenjojo/Kamwenge
  - Muhanguzi Fred - Mbarara/Isingiro/Ibanda/Kiruhura
  - Arinaitwe Warren - Ntungamo
  - Walusansa Patrick - Rakai
  - Twehikire Edward - Rukungiri/Kanungu

6.1.3 Training

Under the skills development programme of UCDA, the following members of staff received training during the year in their areas of operation.

- Ms Doreen Rweihangwe, the Principal Quality Controller, and Mr. Rashid Kanakulya Luswata, the Quality Controller, attended a one-month Trainer of Trainers course in Liquoring and Quality Control at CIRAD in France from January 30 to February 28, 2006 under the IACO/ADB Capacity Building

… train Coffee Quality Controllers in Eastern Africa – Ethiopia and Uganda.

- Ms Joan Katumba attended a Customer Care Course organized by Uganda Manufacturers' Association.
- Mr. Edmund Kananura – Senior Quality Controller participated in the training on "improvement of organoleptic quality of African Robusta through selected markets" project. UCDA is a member of the project together with CORI, CIRAD France, and Seville University.

6.1.4 Study Tours and Workshops

The following members of staff undertook study tours to build capacity to improve of the performance of UCDA and the coffee sub sector as a whole: -

- Mr. Julius Madira – PMEO and Mr. Ezra Munyambonera – Principal Research Officer, visited coffee farmers in Northern Peru, who are organised under Central Piurana de Cafeterelos (CEPICAFE), to study the different certification systems for the coffee specialty market segments. The study established that production of coffee for the specialty markets was feasible subject to critical volumes.
- Mr. James Kizito – Mayanja – PMA, visited Pinhal and Sao Paolo in Brazil, to understudy strategies used to increase domestic coffee consumption. The tour established that the coffee industry in Brazil was highly mechanized. Several strategies to improve the level of domestic coffee consumption such as targeted training were in place on top of high-level technology for coffee roasting.

6.1.5 Management Meetings

Management continued to hold regular meetings aimed at reviewing the performance of the annual work plans. The names of the UCDA Senior staff are as listed in the table below.

Table 6.2 List of Senior Members of Staff

No	Name	Title
1	Mr. H. Ngabirano	Managing Director
2	Mr. F. Luzinda-Mukasa	Board Secretary/Head of Finance and Administration
3	Mr. I. David KIWANUKA	Quality, Regulatory & Information Services Manager
4	Mr. E.S. Lutaakome	Ag Development Manager
5	Mr. M. S Wasswa	Principal Administration Officer
6	Mr. J. Madira	Principal Monitoring and Evaluation Officer
7	Mr. H. Tayebwa	Principal Accountant
8	Mr. F. Sewaya	Principal Research Officer
9	Mr. A. Kamugisha	Principal Development Officer
10	Mr. J. M. Kizito	Principal Market Analyst
11	Ms. D. Rweihangwe	Principal Quality Controller
12	Mr. J. Luswata	Principal Technical Officer
13	Mr. E Munyambonera	Principal Research Officer
13	Mr. E Kananura	Senior Quality Controller
15	Mr. E Ayiga	Senior Technical Officer
16	Mr. William Rugadya	Senior Auditor

...of which 12 were the regular monthly meetings, 4 ...udget process. And there were three general staff meetings were also held during the year.

6.1.6 Resignations

A total of 7 officers left the services of UCDA as indicated below:

- Mr. George Lukwago - Development Manager, Mr. Dick Wadada - Senior Quality Controller, Mr. Richard Mukasa - Quality Controller and Mrs. Albertina Kakuba - Quality Controller resigned to take up other challenging jobs.
- The DCC for Kamuli, Mr. Galisansana Vincent resigned to take up a political office as Vice Chairman of the District and Mr. Kennedy Senoga, the DCC Rakai took up another job with Kaweri Coffee Farmers Alliance (KCFA), Mr. Frank Twebaze the DCC for Kyenjojo, left for further studies.

6.2 VALUE ADDITION

6.2.1 China Joint Venture

- The process of registering the company in which Uganda holds majority shares (99%) was completed. Mr. Solomon Rutega, the General Manager, was also granted diplomatic status.
- Activities of the joint venture were further consolidated by opening an office in Shanghai to coordinate its operations.
- The roasting factory owned by the venture was ISO 9001 certified for quality and became the second factory to be certified in Beijing.
- Roasted Uganda coffee is now served in 23 outlets in Beijing and Shanghai.
- Over 600 metric tonnes of Uganda coffee have been shipped to China by the private sector to-date.

6.2.2 Egypt

- Over 30 metric tonnes of coffee were bought by the venture during the year and the outlets serving Uganda coffee have increased to 25.

6.2.3 Denmark

- The operations of the Joint Venture in Denmark were transferred to Uganda; and a roasting factory was established at Bugolobi within the former Coffee Marketing Board premises, the Tri-Star.
- As result of a survey conducted by the Joint Venture coffee produced under the brand of 'One Café' is being produced in Tororo by Elgonia Industries in conjunction with One Café International of Denmark**.**

6.2.4 Soluble Coffee

- A Memorandum of Understanding (MoU) was signed with Libya, and a feasibility study was commissioned. The feasibility study showed that the manufacture of soluble coffee was viable.

...ies from India was involved in discussions with ...ilar venture, with assistance of UCDA and signed an agreement to establish as spray-dried coffee plant of 3,600 tonnes in Uganda in Jinja district.

6.2.5 Other Value Addition Efforts

The following value addition efforts were registered during the year by the private sector:

- Rwenzori Commodities produced the 1st Ugandan Freeze-dried Coffee Brand 'African Coffee 100% Arabica' for its marketing outlets in the UK and South Africa.
- A coffee brand 'One Café' produced by Elgonia Industries in Tororo started producing roast & ground coffee for export; and Elgonia Industries won the Local international Award for innovative Packaging.
- Zigoti Coffee established an outlet in Nagoya, Japan that serves ready to drink and roasted coffee to Japanese Nationals.
- Gumutindo coffee been developed as a single origin brand and placed on shelves in UK and Germany by Café Direct.
- Three new World Class cafes: Rwenzori Coffee Shop, Bold Win's Café, and Café PAP were opened up in Kampala to boost domestic coffee consumption. This brings the number of such Cafés in Kampala to five after Bancafé and 1000 cups.
- Kawacom (U) Ltd. Won the Presidential Gold Award 2005, for being the best coffee exporting company, at a function organised by Uganda Export Promotion Board (UEPB). They also won themselves a ticket to China to explore trading opportunities.

6.3 INTERNATIONAL MEETINGS

- IACO

The 45th IACO General Assembly took place on November 20 – 25, 2005 in Abidjan under the chairmanship of Mr. Paul Antone Bohoun Boubare, Minister of the Economy and Finance in Cote d'ivoire. The Assembly run concurrently with the 6th Africa Coffee Research Network Annual General meeting. The General Assembly chose Ethiopia for the next Chairmanship, and Addis Ababa as the venue for the 2006 meeting ACRN undertook to compile and circulate the findings on OTA to members for the benefit of policy makers. The UCDA board Secretary Mr. Fred Luzinda Mukasa and Principal Quality Controller Ms. Doreen Rweihangwe represented Uganda at the meetings.

The 2nd meeting of the Steering Committee on capacity building under ADB/IACO arrangement, chaired by Mme. Josefa SACKO, the IACO Secretary General, also took place in Abidjan on November 22, 05. Uganda along with Cote d'Ivoire, Cameroon and Zambia were chosen as the Regional training centres to cater for coffee growers' training needs.

A, Ambassador Kabonero and Mrs. Susan Muhwezi, the Special Presidential advisor on AGOA, visited URTH CAFFE Company, to concretize plans to promote Uganda coffee in Los Angeles, California. A promotion strategy drawing heavily on the support of business chambers, celebrities in television and film industries, as well as music, sports and churches in Los Angeles to promote the product around the theme of eco - tourism, was developed. Urth Caffe serves more than 6,000 clients per day at its outlets in California, some of whom will be attracted to visit the proposed eco – lodge in Kisoro district.

- EAFCA

UCDA participated in the 3rd EAFCA conference and exhibition held at Ngurdoto Mountain Lodge in Arusha, Tanzania during February 14 -18, 2006. Dr. Ali Mohammed Shein, the Vice President of The Republic of Tanzania Opened the conference.

Dr. Ogwang, the Ag. Director of CORI and member of the UCDA BOD, together with Dr. Hakiza, gave presentations on the progress of coffee research with particular emphasis on coffee wilt disease, at the 2nd Scientific Conference held at Arusha. Ambassador Ali Mchomo, the CFC Managing Director, who gave the keynote address, highlighted the opportunities for commodity driven industrialization of the African coffee sector. The conference stressed the need for traceability and sustainability as a way of ensuring food safety and health, value for money, consistency of the cup, market sensitivity i.e. having thorough knowledge of consumers' tastes and preferences.

Other participants from Uganda included; Mr. Yorokam Abainenamar, a member of the UCDA BOD, Mr. Kizito Mayanja of UCDA, Mr. David Barry of Kyagalanyi Coffee Ltd., Mukono district, Mr. Allan Tullip of Kawacom (U) Ltd and Messrs Luigi Giainnazzi and Dick Wadada of MTL Ltd. of Mbale.

- Uganda North America association Convention 2006

UCDA participated in the Uganda North America association Convention 2006, which took place in New York. Uganda coffee was availed to the convention goers throughout the period by Nile commodities, Inc., one of the leading manufacturers of corporate brand coffee. Nile Commodities, Inc. also packs for wholesalers and retailers in the USA, Canada and UK.

6.4 LOCAL VISITS, WORKSHOPS AND TRAINING

- UCDA in conjunction with the Agricultural Productivity Enhancement Project (APEP), held a Stakeholders' workshop on November 10, 2005,in Kampala. The workshop aimed at reviewing APEP 2006 coffee programmes and to chart a way forward for the industry. The Government of Uganda was requested to commit itself to the revival of the coffee replanting programme in a bid to replace the diseased and wilted coffee trees.
- UCDA management addressed participants at the 3rd Conference of Ugandan Ambassadors and High Commissioners, held in Kampala on 12th January 2006,

coffee sub – sector. The Ambassadors resolved to
heir respective countries of accreditation.

- Six Quality Controllers attended training sessions in analysis of samples using the High Performance Liquid Chromatography (HPLC), and verification of the Quality Assurance System and the standard operating procedures for carrying out *mycotoxin* analysis in April 2006. The training was conducted by Dr. Vargas Eugenia and Eliena Santos from the Department of Quality Control and Food Supply in Brazil.
- UCDA participated in a fair – trade and UTZ Kapeh workshop that was organised by the National Organic Agricultural Movement of Uganda (NOGAMU) in May 2006. The workshop mainly concentrated on the code of conduct, which is based on the 3 pillars of sustainability - economic, social and environmental.
- Coffee Stakeholders in Uganda were involved in workshops in June, to discuss developments in the sub – sector. YCDA and Café Africa an

6.5 Debt Collection

6.5.1 CESS Debtors

CESS debtors were reduced to a minimum reflecting balances of the active exporters save for the core of Shs 82 m of dormant balances that have been referred to court for invoking the performance bonds.

6.5.2 Rent Debtors

Rent debtors have been reduced from a gross figure of Shs 200m to Shs 100m during the year. Management is applying more effort in order to minimize the amount.

6.6 Assets Management

6.6.1 Vehicles

- UCDA retired the lease for Isuzu pick-ups Reg. Nos. UAF 735 B and UAF 637 C earlier secured from Dfcu Limited.
- A new station wagon was secured under a lease arrangement from DFCU limited.
- Mitsubishi pick – up Reg 763 UDU and 130 UBN were disposed off through competitive bidding. Nissan Patrol 902 UCS is yet to find a buyer.
- A process to procure two new pick ups was initiated.

6.6.2 Land and Buildings

The programme to upgrade residential properties for better income is ongoing.

- Plot 42 Windsor Crescent, Kololo

Work on Plot 42 Windsor crescent Kololo was completed, and the premises were rented out to M/S Land 'O' Lakes Inc., with effect from 1ST March 2006, for an initial period of 3 years.

e, Kololo

ted plans to have the above property redeveloped. Preliminary work will start as soon as funding sources have been identified.

- Other Properties

Routine maintenance continued for other properties, which retained full occupancy.

6.7 BOD ACTIVITIES

6.7.1 Field Visits

Members of the Board of Directors visited the Districts of Wakiso, Mukono, Jinja, Tororo, Mbale, Sironko and Kapchorwa in January 2006 to acquaint themselves with the progress of the coffee projects in these districts. The projects include: -

- Bukenya Estate at Manyangwa Gayaza, Wakiso district, and MTL in Mbale who recently rehabilitated washing stations. Victoria Coffees Ltd. at Naggalama Mukono district, are still in process.
- Kyagalanyi coffee Ltd. with an initiative of involving farmers in an out growers' scheme to feed the wet processing factory at Nakanyonyi Mukono district.
- A fertigation demonstration site in Ntenjeru Mukono district and a coffee nursery at Nakabango Jinja district.
- Shire International Coffee roasting factory in Tororo.
- Elgonia Coffee Roasters who were in advanced stages of implementing a joint venture arrangement with Danish coffee roasters.
- CORI Kituza in Mukono and Buginyanya coffee research station.

The following were identified as areas where action was required: -

- Deliberate effort made to establish coffee villages around wet processing factories to accord them enough catchment areas for supply of cherry.
- Coffee exporters should be encouraged to support coffee production and reduce poverty through community initiatives like the one started by Kyagalanyi Coffee Ltd. at Nakanyonyi, Mukono District. One way of doing this could be to interest them into taking over the MAAIF divested nurseries.
- There was need to support private entrepreneurs in the bid to revive wet mills, through loan guarantees both for completion of civil works and crop finance.
- More support to coffee research should be emphasized.
- Funds should be provided for the revival of the MAAIF divested coffee nurseries as one of the means to re–ignite the replanting program.
- Emphasize good agricultural practices such as mulching, application of manure, and planting of shade trees for marginal and new coffee areas such as Tororo District.

etings were held during the year whose details are as shown in the table below.

Table 6.3 showing frequency of meetings

Nature of Meeting	Frequency
Full BOD	7
Finance & Audit	1
Value Addition	2
Policy, Development, Regulatory & Quality	1
Total	11

The following were the key outcomes of the BoD's deliberations:-

- Endorsed a decision by Government to co-invest in a soluble coffee plant in Uganda, with Libya. A Shareholders' Agreement by which UCDA will hold 15% shares in trust was accordingly concluded.
- Took a policy decision of a segregated approach to Joint Ventures, whereby UCDA is to fund the promotional aspects, while the private sector handles the commercial side.
- Approved a new salary structure intended to allow upward progression to members of staff as a means to boosting morale and motivation in the workforce.
- Approved a medical insurance scheme for members of staff and their families, as part of corporate social responsibility.
- Approved additional funds towards completion of renovations and upgrading of Plot 42 Windsor Crescent, Approved funds to support coffee research efforts by CORI Kololo.
- Approved establishment of demonstration sites for technology development.
- Approved Budget and work plans for FY 2006/07.

6.8 OBITUARY

The Uganda coffee fraternity lost one of the progressive farmers in West Nile Region, Mr. Mungu – Acel from Nebbi District, who also represented Arabica coffee farmers on the UCDA BOD.

STATISTICAL APPENDICES

APPENDIX I

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

MONTH	2005/06			2004/05			2003/04		
	ROBUSTA	**ARABICA**	**TOTAL**	**ROBUSTA**	**ARABICA**	**TOTAL**	**ROBUSTA**	**ARABICA**	**TOTAL**
TOTAL	**1,609,226**	**624,724**	**2,175,221**	**2,149,403**	**544,575**	**2,693,978**	**2,223,686**	**542,103**	**2,765,789**
PERCENT	**72.0**	**28.0**	**100.0**	**80.0**	**20.0**	**100.0**	**80.4**	**19.6**	**100**
OCT	80,151	50,125	130,276	189,216	35,604	224,820	98,105	40,100	138,205
NOV	200,178	65,149	265,327	150,112	50,119	200,231	85,445	50,235	135,680
DEC	136,100	75,124	211,224	185,024	55,728	240,752	261,084	60,005	321,089
Qtr - 1	**416,429**	**190,398**	**606,827**	**524,352**	**141,451**	**665,803**	**444,634**	**150,340**	**594,974**
JAN	160,127	75,455	235,582	175,333	46,523	221,856	271,925	66,204	338,129
FEB	95,078	81,003	176,081	165,201	48,625	213,826	195,203	62,640	257,843
MAR	100,197	72,528	172,725	152,143	55,900	208,043	174,000	54,725	228,725
Qtr - 2	**355,402**	**228,986**	**584388**	**492,677**	**151,048**	**643,725**	**641,128**	**183,569**	**824,697**
APR	84,540	76,574	161,114	172,854	55,215	228,069	130,129	52,300	182,429
MAY	105,196	49,310	154,506	159,071	56,777	215,848	140,224	57,356	197,580
JUN	162,282	20,075	182,357	201,535	48,123	249,658	287,134	32,417	319,551
Qtr - 3	**352,018**	**146,959**	**498,977**	**533,460**	**160,115**	**693,575**	**557,487**	**142,073**	**699,560**
JUL	180,032	20,235	200,267	267,148	30,148	297,296	265,501	24,595	290,096
AUG	155,345	20,001	175,346	186,530	37,546	224,076	169,026	19,573	188,599
SEPT	91,271	19,145	110,416	145,236	24,267	169,503	145,910	21,953	167,863
Qtr - 4	**485,377**	**60,236**	**486,029**	**598,914**	**91,961**	**690,875**	**580,437**	**66,121**	**646,558**

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

MONTH	2005/06			2004/05			2003/04		
	Robusta	Arabica	Total	Robusta	Arabica	Total	Robusta	Arabica	Total
TOTAL	1,408,314	594,010	2,002,324	1,988,360	516,530	2,504,890	**1,979,633**	**543,409**	**2,523,042**
PERCENT	**70.3**	**29.7**	**100**	**79.4**	**20.6**	**100**	**78.5**	**24.5**	**100**
OCT	71,774	49,922	121,696	152,346	33,587	185,933	97,132	36,642	133,774
NOV	121,407	60,646	121,696	141,435	41,446	182,881	83,445	54,475	137,920
DEC	132,336	48,008	243,392	182,975	54,431	237,406	169,749	58,828	228,577
Qtr - 1	**325,517**	**158,576**	**486,784**	**476,756**	**129,464**	**606,220**	**350,326**	**149,945**	**500,271**
JAN	156,047	72,667	228,714	171,107	43,616	214,723	234,062	61,979	296,041
FEB	91,747	74,015	165,762	167,404	47,714	215,118	179,002	56,191	235,193
MAR	86,973	68,987	155,960	142,214	53,203	195,417	159,839	75,739	235,578
Qtr - 2	**334,767**	**215,669**	**550,436**	**480,725**	**144,533**	**625,258**	**572,903**	**193,909**	**766,812**
APR	76,946	69,696	146,642	156,353	55,035	211,388	122,967	54,602	177,569
MAY	89,157	34,164	123,321	164,849	55,176	220,025	127,546	53,355	180,901
JUN	167,401	20,047	187,448	181,899	47,352	229,251	234,235	28,943	263,178
Qtr - 3	**333,504**	**123,907**	**457,411**	**503,101**	**157,563**	**660,664**	**484,748**	**136,900**	**621,648**
JUL	149,759	26,551	176,310	220,549	30,464	251,013	260,500	23,590	284,090
AUG	147,366	28,160	175,526	183,923	35,524	219,447	169,251	18,114	187,365
SEPT	117,401	41,147	158,548	123,306	18,982	142,288	141,905	20,951	162,856
Qtr - 4	**414,526**	**95,858**	**510,384**	**527,778**	**84,970**	**612,748**	**571,656**	**62,655**	**634,311**

COFFEE EXPORTS BY TYPE & GRADE: 2000/01 - 2005/06

	2005/06	2004/05	2003/04	2002/03	2001/02	2000/01	AVERAGE
GRAND TOTAL	**2,002,324**	**2,504,890**	**2,523,042**	**2,663,888**	**3,146,381**	**3,074,773**	**2,652,550**
ROBUSTA	**1,408,314**	**1,990,378**	**1,979,353**	**2,220,140**	**2,716,005**	**2,618,222**	2,155,367
Washed Rob	1,962	1,408	210	746	930	2,540	1,193
Organic Rob	4,838	5,793	1,828	2,500	1,440	5,020	3,570
Screen 18	118,533	138,309	203,814	196,102	240,546	236,797	188,959
Screen 17	60,516	115,583	89,029	93,001	134,334	70,510	93,829
Screen 15	717,924	1,005,955	1,182,974	1,242,441	1,637,448	1,560,548	1,224,548
Screen 14	59,943	164,116	44,687	75,945	119,886		92,915
Screen 12	285,833	377,213	308,145	432,095	428,879	591,936	404,017
BHP 1199	60,460	90,413	62,394	89,303	72,214	52,277	73,084
Other Rob.[1]	97,371	84,658	77,223	77,116	57,752	98,594	79,711
ARABICA	**594,010**	**514,512**	**543,689**	**443,748**	**430,376**	**456,551**	**498,683**
Organic Arabica	19,955	10,185	5,104	4,380	3,505	620	7,042
Bugisu AA	97,850	97,347	97,827	67,031	112,028	57,621	88,297
Bugisu A	17,119	13,973	50,347	29,295	43,573	27,769	30,329
Bugisu PB	11,437	7,642	13,230	9,263	11,240	7,514	10,049
Bugisu B	1,420	3,365	6,884	7,831	15,572	17,725	9,156
Bugisu C	1,250	973	960	1,260	2,345	2,645	1,572
Bugisu E	320	-	20	-	22	320	114
Arabica - AB	73,835	54,026	42,604	26,770	16,390	14,915	38,103
Mixed Arabica	6,700	4,630	9,269	8,215	3,020	-	5,227
Arabica - CPB	8,015	10,000	3,269	801	960	1,920	4,161
Wugar	40,500	35,032	46,536	47,090	61,020	70,758	49,748
Drugar	264,505	238,899	243,527	225,921	134,542	241,746	224,857
Other Arabicas	51,424	38,440	24,112	15,891	26,159	12,998	28,227

[1] Other Robusta refer to Sc. 1899, Sc 1599 and mixed grades preferred by buyers.

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

	2005/06		2004/05		2003/04		2002/03	
	QTY	VALUE $	QTY	VALUE $	QTY	VALUE $	QTY	VALUE $
TOTAL	**2,002,324**	**170,343,587**	**2,504,890**	**162,146,236**	**2,523,042**	**115,704,844**	**2,663,888**	**104,787,094**
Robusta	**1,408,314**	**103,873,270**	**1,988,360**	**105,883,286**	**1,979,633**	**82,611,561**	**2,221,440**	**81,843,934**
OCT	71,774	4,469,897	152,346	5,796,722	97,132	3,781,188	183,610	5,286,220
NOV	121,407	8,093,316	141,435	5,019,760	83,445	3,272,999	219,276	7,194,141
DEC	132,336	9,381,631	182,975	7,427,260	169,749	6,702,634	270,305	9,480,974
JAN	156047	11,016,259	171,107	7,042,443	234,062	9,653,421	257,526	9,985,540
FEB	91,747	6,912,473	167,404	7,508,274	179,002	7,650,738	186,007	7,801,111
MAR	86,973	6,490,296	142,214	7,003,125	159,839	6,815,144	128,546	4,988,343
APR	76,946	5,868,690	156,353	8,172,737	122,967	5,181,784	77,760	2,732,028
MAY	89157	6,946,257	164,849	9,568,909	127,546	5,171,813	108,783	4,150,790
JUN	167,401	12,428,399	181,899	12,083,444	234,235	10,625,954	218,388	8,326,258
JUL	149,759	11,050,922	220,549	15,438,553	260,500	11,342,603	248,273	9,544,125
AUG	147,366	11,452,930	183,923	12,827,504	169,251	6,887,833	181,037	6,890,640
SEPT	117,401	9,762,200	123,306	7,994,555	141,905	5,525,450	141,929	5,463,764
ARABICA	**594,010**	66,470,317	516,530	56,262,950	**543,409**	**33,093,283**	**442,448**	**22,943,160**
OCT	49,922	4,809,598	33,587	2,444,930	36,642	1,750,046	39,276	1,808,696
NOV	60,646	6,379,170	41,446	3,281,692	54,475	2,687,399	42,911	2,326,753
DEC	48,008	5,467,617	54,431	4,942,417	58,828	3,352,617	32,713	1,751,327
JAN	72,667	8,663,022	43,616	4,413,104	61,979	3,729,106	45,355	2,667,227
FEB	74,015	9,201,115	47,714	4,882,210	56,191	3,564,817	44,713	2,634,521
MAR	68,987	8,140,598	53,203	6,907,721	75,739	5,096,869	33,681	1,862,368
APR	69,696	7,845,734	55,035	7,174,852	54,602	3,585,183	43,511	2,051,205
MAY	34,164	4,021,072	55,176	7,208,840	53,355	3,445,600	53,280	2,789,485
JUN	20,047	2,146,047	47,352	6,002,324	28,943	2,022,782	35,140	1,659,927
JUL	26,551	2,660,751	30,464	3,252,408	23,590	1,462,477	36,433	1,634,167
AUG	28,160	2,927,946	35,524	3,714,390	18,114	985,202	20,155	1,027,348
SEP	41,147	4,207,647	18,982	2,038,062	20,951	1,411,184	15,280	730,136

APPENDIX VI

MAIN BUYERS OF UGANDA COFFEE IN 2005/06 – 60-KILO BAGS

COFFEE BUYERS	**TOTAL**	**Oct. 05.**	Nov. 05	Dec. 05	Jan. 06	Feb. 06	Mar. 06	Apr. 06	May 06	Jun. 06	Jul. 06	Aug. 06	Sep. 06
GRAND TOTAL	**2,002,324**	**121,696**	**182,053**	**180,344**	**228,714**	**165,762**	**155,960**	**146,642**	**123,321**	**187,448**	**176,310**	**175,526**	**158,548**
ECOM AGROINDUST	**275,999**	19,020	28,755	46,.955	34,538	25,878	21,878	29,281	17,541	15,453	16,872	8,643	11,185
OLAM INT.	**176,204**	15,080	12,308	6,000	18,428	3,520	18,867	9,651	8,367	17,347	22,328	15,969	28,339
SUCAFINA	**158,062**	7,912	7,198	6,272	35,114	21,201	6,082	10,139	2,330	9,070	9,038	32,168	11,538
SOCADEC	**135,624**	3,574	7,332	26,953	19,095	9,755	5,045	3,435	5,645	24,635	13,348	4,593	12,214
DRUCAFE	**129,861**	5,830	16,440	4,260	11,520	12,010	15,364	8,135	4,103	10,733	14,935	5,269	21,262
COFFTEA (SUDAN)	**125,010**	2,410	12,410	12,950	6,270	23,420	11,900	1,750	13,650	14,000	15,750	7,000	3,500
LOUIS DREYFUS	**105,266**	5,355	10,380	9,640	5,635	14,825	14,265	27,375	9,591	2,010	0	640	5,550
BERNHARD ROTHFO	**103,832**	2,200	6,830	8,464	20,420	4,600	6,830	12,554	13,888	12,776	5,766	5,964	3,540
VOLCAFE	**63,373**	8,940	5,800	3,260	6,260	5,940	5,760	300	5,980	3,762	4,292	6,675	6,404
DECOTRADE	**55,904**	3,560	9,280	1,800	3,960	1,800	1,664			7,200	7,200	11,160	8,280
ICONACAFE	**53,047**	960	1,970	3,970	5,850	5,671	2,020	6,624	5,960	7,542	3,200	6,720	2,560
ELMATHAHIB	**49,300**	2,450	3,150	2,100	5,250	2,100	7,000	5,250	4,150	6,300	5,250	5,250	1,050
ELITE	**23,377**				2,756	1,234	4,774	1,002	0	2,060	3,050	5,439	3,062
HACOFCO	**20,344**	5,190	1,990	1,630	3,090	1,630	970		0	1,520	1,850	1,874	600
AZIENDE	**19,685**	1,610	600	620	620	940	300	1,275	1,295	1,600	1,965	3,350	5,510
ROBUSTA TRADE I	**19,270**		1,720	2,100	2,100		1,050	350	3,850	2,100	0	3,550	2,450
COFFY HANDELS	**16,885**		00	0	1,440	4,660	4,309	3,596	0	0	0	2,880	2,880
KRAFTS JACOBS	**7,734**		0	320	320			0	0	640	320	960	5,174
WALTER MATTER	**6,340**			960	640			320	960	640	960	1,540	320
TWIN TRADE	**4,200**				300	600	600	900	300	300	0	600	600
PRISMA	**3,600**											1,080	2,520
SELECT SERVICE	**2,724**	600	620			600	350						554
OTHERS	**446,683**	37,005	55,270	42,090	45,108	25,378	26,932	24,705	25,711	47,760	50,186	44,202	22,336

CUMULATIVE COFFEE EXPORTS AND VALUE: 2005/06 - 2003/04

MONTH	QUANTITY		VALUE$	
COFFEE YEAR 2005/06				
	- 60 Kilo Bags -	**CUMULATIVE**	**- US Dollar$**	**CUMULATIVE**
OCT.	121,696	121,696	9,279,495	9,279,495
NOV.	182,053	303,749	14,472,486	23,751,981
DEC.	180,344	484,093	14,849,849	38,601,830
JAN.	228,714	712,807	19,679,281	58,281,111
FEB.	165,762	878,569	16,113,588	74,394,699
MAR.	155,960	1,034,529	14,630,894	89,025,593
APR.	146,642	1,181,171	13,714,421	102,740,014
MAY	123,321	1,304,492	10,967,328	113,707,342
JUN.	187,448	1,491,940	14,574,446	128,281,788
JUL.	176,310	1,668,250	13,711,673	141,993,461
AUG.	175,526	1,843,776	14,380,876	156,374,337
SEPT.	158,548	2,002,324	13,969,847	170,344,184
COFFEE YEAR 2004/05				
MONTH	**QUANTITY**		**VALUE$**	
	- 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

Monthly Coffee Exports by Individual Firms in (Oct/Sept) 2005/06 – in 60-Kilo Bags

COFFEE EXPORTERS	TOTAL	Oct. 05.	Nov. 05	Dec. 05	Jan. 06	Feb. 06	Mar. 06	Apr. 06	May 06	Jun. 06	Jul. 06	Aug. 06	Sep. 06
GRAND TOTAL	**2,002,324**	**121,696**	**182,053**	**180,344**	**228,714**	**165,762**	**155,960**	**146,642**	**123,321**	**187,448**	**176,310**	**175,526**	**158,548**
Kyagalanyi Coffee Ltd	**350,333**	20,360	25,570	9,370	21,994	34,254	39,263	27,553	21,105	34,585	41,585	41,374	33,320
Kawacom (U) Ltd.	**296,137**	19,686	28,317	48,295	34,873	25,878	21,878	31,636	20,341	19,633	16,872	17,093	11,635
Pan Afric Impex Ltd.	**296,090**	24,274	40,205	38,902	27,245	16,310	15,975	15,685	18,211	34,146	29,402	15,325	20,410
Ugacof Ltd.	**262,370**	8,004	18,278	18,700	42,908	27,883	12,594	19,771	13,946	30,630	10,226	36,230	23,200
Great Lakes	**197,337**	11,282	15,681	13,002	17,436	11,528	17,254	18,193	15,544	20,157	19,802	21,440	16,018
Olam (U) Ltd.	**178,069**	15,080	9,133	1,860	17,468	6,700	20,007	11,051	8,367	14,147	28,048	18,189	28,019
Ibero (U) Ltd..	**111,224**	5,120	7,310	10,984	23,120	6,170	4,344	6,660	11,520	12,076	8,296	8,904	6,720
Job Coffee	**60,866**	4,910	5,964	11,431	8,030	6,528	5,042	350	3,150	3,489	2,734	4,748	4,490
Lakeland Holdings Ltd.	**37,005**	4,065	3,350	4,020	3,650	2,610	3,985	3,990	2,665	2,270	3,040	400	2,960
Nakana Coffee Factor	**36,182**	350	2,800	6,530	6,000	5,156	1,400	654	1,964	3,304	2,680	4,354	990
Savannah Commodities	**33,936**	2,880	3,820	2,540	7,310	3,580	1,310	3,575	350	3,951	3,781	839	
MTL Main Trading	**33,115**	1,070	3,960	3,950	5,230	4,180	3,931	2,880	2,240	640	320	320	4,394
Union Export Services	**30,523**	1,260	2,650	2,120	1,960	2,930	1,867	334	1,960	4,700	4,664	2,880	3,198
Wabulungu Multipurpose Estate	**26,783**		6,650	2,100	2,450	4,555	2,100	1,050	350	2,658	3,820	1,050	
Kampala Domestic	**22,717**	1,610	2,995	5,850	4,150	3,400	3,770	500		442			
Mbale Importers and	**15,300**		4,080		2,360	2,240	320	640			720	2,380	2,560
Gumutindo	**6,160**				1540	600	920	1220	940	620	320		
Bakwanye	**1,920**	320	320		640	640							
Kaweri Coffee Plantation	**1,500**					300		900					300
Victoria Coffees Ltd.	**1,425**	1,425											
Rwenzori Coffees	**1,002**								668				334
Sitanida	**990**		320		350	320							
Kaginda Coffee Export	**700**		350	350									
Uganda Medium Ind.	**340**			340									
Zigoti Coffee Works	**300**		300										

APPENDIX VIII

C EXPORTS BY GRADE PER MONTH 2005/06 – 60-Kilo Bags

			c	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Total
GRAND TOTAL	**121,696**	**182,503**	**180,344**	**228,714**	**165,762**	**155,960**	**146,642**	**123,321**	**187,448**	**176,310**	**175,526**	**158,548**	**2,002,324**
Robusta	**71,774**	**121,845**	**132,336**	**156,047**	**91,747**	**86,973**	**76,946**	**89,157**	**167,401**	**149,759**	**147,366**	**117,401**	**1,408,314**
Organic – Rob	330	-	-	350	664	350	480	964	1,010	-	690	-	4,838
Washed – Rob	-	-	-	-	940	-	900	-	122	-	-	-	1,962
Screen 18	4,783	17,890	9,511	10,618	6,497	7,276	11,840	10,371	14,518	7,380	5,765	12,084	118,533
Screen 17	1,764	7,005	2,974	6,558	320	5,134	2,921	5,193	9,558	6,897	7,240	4,952	60,516
Screen 15	40,193	64,580	88,693	79,912	57,724	33,003	26,037	46,330	85,371	78,743	72,740	44,598	717,924
Screen 14	1,780	4,260	1,800	7,700	1,970	7,700	3,705	2,450	6,150	700	13,418	8,310	59,943
Screen 12	17,554	22,568	19,184	24,074	9,537	16,140	22,099	15,779	31,200	35,647	35,932	37,053	286,767
BHP 1199	1,290	4,290	3,300	8,695	5,580	7,770	5,625	2,400	5,000	6,015	6,435	4,060	60,460
Others	3,760	814	6,874	18,140	8,515	9,600	3,339	5,670	14,472	13,267	5,146	6,344	97,371
ARABICA	**49,922**	**60,646**	**48,008**	**72,667**	**74,015**	**68,987**	**69,696**	**34,164**	**20,047**	**26,551**	**28,160**	**41,147**	**594,010**
Organic	-	330	3,635	7,590	2,810	3,160	2,250	-	180	-	-	-	19,955
Bugisu AA	7,118	12,814	12,320	14,463	12,875	7,696	9,497	7,070	2,557	4,150	1,150	6,140	97,850
Bugisu A	-	1,000	960	3,477	1,140	1,280	990	958	790	740	3,850	1,934	17,119
Bugisu PB	-	1,020	1,420	720	2,130	2,867	780	650	120	-	130	1,600	11,437
Bugisu B	-		-	80	740	100	50	-	-	-	450	-	1,420
BUG C	-	700	-	-	-	200	-	-	-	-	350	-	1,250
Arab – AB	4,610	6,570	7,070	13,620	11,670	8,670	5,880	960	4,295	1,590	3,490	5,410	73,835
Arab CPB	-	-	-	2,130	2,100	1,080	2,380	325	-	-	-	-	8,015
Mixed Arabica	640	-	-	470	640	1,110	960	1,280	320	640	320	320	6,700
Wugar	2,160	5,430	4,275	2,090	11,325	5,720	2,800	5,650	700	350	-	-	40,500
Drugar	31,480	25,582	15,928	22,779	26,014	29,999	37,539	14,861	9,955	14,468	16,608	19,292	264,505
Others	3,914	7,200	2,400	5,248	2,571	7,105	6,570	2,410	1,130	4,613	1,812	6,451	51,424

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

Cost Parameters	996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Labour (per ha)	150,000	216,000	225,000	350,000	150,000	180,000	270,000	270,000	210,000	300,000
Amortized cost of Establishment	0	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	125,000
Non-labour input cost [fertilizers, pesticides, etc.]	70,000	70,000	0	50,000	30,000	40,000	100,000	100,000	50,000	90,000
Total Cost (per ha)	295,000	361,000	300,000	450,000	230,000	280,000	445,000	445,000	360,000	515,000
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	1,200
Unit Cost (Shs/Kilo)	**245**	**330**	**272**	**375**	**230**	**233**	**445**	445	360	429
Farm-gate Price (Shs/Kilo of Kiboko/Parchment)	600	650	600	425	270	280	530	500	550	865
Profits in Shs. Kilo	355	320	328	50	40	47	85	55	190	436
CLONAL ROBUSTA COFFEE										
Labour (per ha)	290,000	360,000	490,000	630,000	360,000	480,000	648,000	675,000	700,000	910,000
Amortized cost of Establishment	50,000	50,000	50,000	50,000	50,000	50,000	0	0	0	0
Depreciation (equipment)	100,000	100,000	100,000	125,000	100,000	100,000	120,000	150,000	150,000	160,000
Non-labour input cost [fertilizers, pesticides]	190,000	190,000	135,000	100,000	100,000	120,000	200,000	240,000	150,000	195,000
Total Cost Per ha	630,000	650,000	775,000	905,000	610,000	750,000	968,000	1,065,000	1,000,000	1,265,000
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	5,000
Unit Cost (Shs/Kilo)	**210**	**200**	**234**	**251**	**153**	**170**	242	280	250	253
Farm-gate Price (Shs/Kilo of Kiboko/Parchment)	600	650	600	425	270	280	530	500	550	865
Profits in Shs. Kilo	390	450	366	174	117	110	288	220	300	602
ARABICA COFFEE										
Labour (per ha)	180,000	300,000	350,000	385,000	240,000	270,000	378,000	432,000	385,000	500,000
Amortized cost of Establishment	0	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	220
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	225,000
Total Cost per ha	465,000	585,000	555,000	635,000	510,000	560,000	703,000	812,000	735,000	945,000
Yield in Kilos of Kiboko or Parchment/ha	750	700	750	750	650	1,000	1,000	950	900	1,100
Unit Cost (Shs/Kilo)	**620**	**836**	**740**	**850**	**785**	**560**	**703**	**854**	**816**	**859**
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	2,095
Profits in Shs. Kilo	1,080	964	660	450	215	430	497	536	1,384	1,506

bour is estimated at 40 per cent and it is incorporated in the cost structure.

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

AUDITED ACCOUNTS: 2005/06

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 Uganda Coffee Development Authority (UCDA) Act (Cap325), 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 30th September 2006 set out on pages 1 to 10 which have been prepared on the basis of accounting policies set out on Page 4 have been audited. All the information and explanations, which 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 surplus and cash flows for the year then ended and comply with the International Financial Reporting Standards (IFRS) and the Uganda Coffee Development Authority Act Cap.325.

aw attention to the following matter:

Joint Venture Losses

As stated in Note 10(a) to the financial statements, the Authority entered into Joint Ventures to promote Uganda coffee overseas in Denmark, China and Egypt. The Authority has continued to make losses in these joint venture operations. This trend is unlikely to change soon.

During the year one Joint Venture partner (China) withdrew from the joint venture without making good its share of the loss. UCDA took over full control of the venture.

In view of this poor performance, management was advised to review the strategy of participating in joint ventures and put more effort in promotional activities.

John F. S. Muwanga
AUDITOR GENERAL

Kampala

August 16, 2007

DEVELOPMENT AUTHORITY
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2006

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 company at the end of the financial year and of its profit and loss. It also requires that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company. They are also responsible for safe guarding of the assets of the company.

The directors accept responsibility for the annual financial statements set out on pages 1 to 12, which have been prepared using appropriate accounting polices supported by reasonable and prudent judgments and estimates, in conformity with International 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 Company and of its profit for the year. The directors accept responsibility for the maintenance of accounting records that may be 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 company will not remain a going concern for at least the twelve months from the date of this statement.

Paul Mugambwa
Chairman Board of Directors

Henry Ngabirano
Managing Director

15/08/2007

DEVELOPMENT AUTHORITY
CONSOLIDATED BALANCE SHEET
AS AT 30TH SEPTEMBER 2006
(All in Uganda Shillings)

		2005/2006	**2004/2005**
Fixed Assets(Net Book Value)	2	6,155,227,607	5,976,837,762
Investment in Joint Ventures	10 (a)	(392,517,543)	178,489,294
Other investments and work in progress	10 (b)	417,407,905	626,637,069
Current Assets			
Short-term Fixed Deposit	3	706,182,973	70,516,190
Cash at Bank	4 (a)	368,280,641	714,507,430
Cash	4 (b)	158,000	11,810
Other Debtors	5	121,553,263	210,684,285
Cess Debtors	6 (a)	348,137,104	379,885,706
SIP Debtors	6 (b)	442,391,322	220,375,801
		1,986,703,303	1,595,981,222
Less Liabilities			
Creditors: Amounts falling due with in one year	7	1,064,980,343	754,998,277
Net Current Assets		**921,722,960**	**840,982,945**
Creditors: Amounts falling due after more than one year	8	2,114,224,682	2,700,640,236
Net Assets		**4,987,616,247**	**4,922,306,834**
FINANCED BY			
Funds of the Authority		2,216,750,000	2,216,750,000
Net Deficit		(1,257,652,408)	(1,322,961,821)
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		**4,987,616,247**	**4,922,306,834**

H. A. Ngabirano
MANAGING DIRECTOR

Fred Luzinda-Mukasa
BOARD SECRETARY/ HEAD OF FINANCE & ADMINISTRATION

DEVELOPMENT AUTHORITY
ME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2006
(All in Uganda Shillings)

	Notes	2005/2006 U SHS	2004/2005 U. Shs
REVENUE			
UCDA Revenue and share of joint venture		3,748,591,775	3,451,451,427
Less: Share of joint venture turnover		180,164,212	153,990,008
Total Operating Revenue	1	**3,568,427,563**	**3,297,461,419**
OPERATING EXPENSES	2		
Staff costs		1,560,280,312	1,400,699,361
Administrative expenses		1,622,777,382	1,291,157,303
Depreciation/Provision		256,164,770	312,285,689
Total Operating Expenses		**3,439,222,464**	**3,004,142,353**
UCDA Operating Surplus/(Deficit)		**129,205,099**	**293,319,066**
Surplus on disposal of fixed assets		2,519,186	0
Share of joint venture loss in china		(75,942,662)	(80,190,823)
Share of joint venture loss in Egypt		(29,350,724)	(18,703,122)
Share of joint venture loss in Denmark		(81,596,758)	(336,036,410)
Net Surplus/(Deficit)		**(55,165,859)**	**(141,611,289)**

DEVELOPMENT AUTHORITY
STATEMENT OF MOVEMENT IN SURPLUS/DEFICIT
FOR THE YEAR ENDED SEPTEMBER 30, 2006
(All in Uganda Shillings)

	2005/2006 U Shs	2004/2005 U Shs
Retained deficit at the beginning of the year	(1,322,961,821)	(1,097,445,580)
Prior year adjustments	457,163,802	(87,517,256)
Joint Ventures translation differences	(336,688,530)	3,612,304
Operating Surplus/ (Deficit) for the year		(141,611,289)
Retained deficit at the end of the year	(1,202,486,549)	(1,322,961,821)

Notes

PRIOR YEAR ADJUSTMENTS

Understatement of CESS Debtors written off after Audit	
Kawacom	13,465,485
Olam	11,704,471
Ibero	12,732,122
Kyagalanyi	10,567,350
Exchange loss on International Obligations	(104,187,401)
Creditors written back- ACPC	512,881,775
Total	**457,163,802**

JOINT VENTURE TRANSLATION DIFFERENCES	**2005/2006**
Egypt - Translation Differences	1,240,201
Egypt - Prior year adjustments on Net Assets	(18,551,008)
China - Translation Differences on reserves and share capital	(51,552,812)
China- 48% increase in Share holding	(315,253,488)
Denmark-Write down on Investment in the Joint Venture	47,428,577
Total	**(336,688,530)**

DEVELOPMENT AUTHORITY
COUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2006
(All in Uganda Shillings)

NOTE 1.0 ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The accounts of the Authority 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.

1.3 BAD AND DOUBTFUL DEBTS

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

1.4 CONVERSION AND TRANSLATION OF FOREIGN TRANSACTIONS

Transactions in foreign currencies during the year are converted into Uganda Shillings at rates ruling\ at the transaction dates.

Assets and liabilities denoted in foreign currencies are translated into Uganda Shillings at the rate ruling the balance sheet date.

The resulting differences from conversion are recognized within the Income and Expenditure account, while translation differences are charged against retained surplus or deficit in the year they arise.

1.5 CONSOLIDATION OF JOINT VENTURES OPERATION

The Authority participates in Joint Venture Companies for the sole purpose of promoting Uganda coffee with Beijing Chenao Coffee Company Ltd in China, Uganda Egypt Coffee Manufacturing Company (UGEMCO) in Egypt and Mt Elgon Coffee Ltd in Denmark.

The accounts reflect our share of the Joint Venture Company results that have been consolidated based on the gross equity method.

1.6 MAJOR ACTIVITIES

The Government of Uganda released Shs. 2,817,514,000 to UCDA during the coffee year under the support to coffee seedlings project to pay part of the arrears to nursery operators.

UGANDA COFFEE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
(All in Uganda Shillings)

COST/ VALUATION	Land and Buildings	Office Furniture	Computer & Peripherals	Office Equipment	Motor Vehicles	Commercial 1 Vehicles	Liquoring Equipment	Motor Cycles	Generator	TOTAL
At 1st Oct 2005	6,998,141,836	211,235,716	188,735,923	91,953,733	185,468,998	421,271,806	246,718,132	84,688,260	59,429,346	**8,487,643,750**
Additions 2005/2006	297,080,345	11,489,235	9,332,000	7,200,334	87,000,000	4,843,574	0	0	1,941,425	**418,886,913**
Disposals 2005/2006	0	0	0	0	0	(58,598,741)	0	(3,982,160)	0	**(62,580,901)**
At 30th Sept. 2006	**7,295,222,181**	**222,714,951**	**198,067,923**	**99,154,067**	**272,468,998**	**367,516,639**	**246,718,133**	**80,706,100**	**61,370,771**	**8,843,949,762**
DEPRECIATION										
At 1st Oct. 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	**2,510,805,991**
Disposal Adjustments	0	0	0	0	0	(55,298,798)	0	(2,351,067)	0	**(57,649,865)**
Depreciation for the Year	115,017,742	6,206,120	19,116,923	5,720,353	32,065,625	27,915,712	13,907,823	10,629,418	4,986,313	**235,566,029**
At 30th Sept 2005	**1,659,352,824**	**177,213,408**	**159,254,775**	**57,204,809**	**144,206,499**	**283,769,503**	**144,727,432**	**38,188,428**	**24,804,477**	**2,688,722,155**
Net Book Value	**5,635,869,357**	**45,511,543**	**38,813,148**	**41,949,258**	**128,262,499**	**83,747,136**	**101,990,700**	**42,517,672**	**36,566,294**	**6,155,227,607**

DEVELOPMENT AUTHORITY
NOTES TO FINAL ACCOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2006
(All in Uganda Shillings)

NOTE 3: SHORT-TERM FIXED DEPOSITS

	2005/2006	**2004/2005**
Standard Chartered Bank- Pension	69,549,411	70,516,190
Tropical Bank- Pension	216,667,000	0
Tropical Bank	419,966,562	0
Total	**706,182,973**	**70,516,190**

NOTE 4(a): CASH AT BANK

	2005/2006	**2004/2005**
Stanbic Bank City Branch A/C 0140007511801	63,393,390	273,214,920
Stanbic Bank City Branch A/C 0140007222101	3,348,107	143,946,236
Standard Chartered Bank (Salary Account)	40,731,271	30,743,416
Standard Chartered Bank (Staff Pension Funds)	118,253,364	205,542,955
Nile Bank Ltd. (Rent Account)	30,690,935	60,559,903
Housing Finance Company of Uganda Ltd	500,000	500,000
Tropical Africa Bank	69,460,455	0
Tropical Africa Bank Dollar A/C	41,903,119	0
Total	**368,280,641**	**714,507,430**

	2005/2006	2004/2005
NOTE 4(b): CASH AT HAND	**158,000**	**11,810**

NOTE 5: OTHER DEBTORS

	2005/2006	**2004/2005**
Staff Advances	66,139,301	58,856,931
Rent Receivable	45,514,697	200,224,354
Provision for bad and doubtful debt	(2,275,735)	(49,997,000)
Other debtors	12,175,000	1,600,000
Total	**121,553,263**	**210,684,285**

NOTE 6(a): CESS DEBTORS

	2005/2006	**2004/2005**
CESS Debtors	366,460,109	482,577,434
Provision for bad and doubtful debt	(18,323,005)	(102,691,727)
Total	**348,137,104**	**379,885,706**

	2005/2006	**2004/2005**
NOTE 6 (b): SIP DEBTORS	**442,391,322**	**220,375,801**

DEVELOPMENT AUTHORITY
...CCOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2006
(All in Uganda Shillings)

NOTE 7: CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005/2006	2004/2005
PAYE	12,133,783	17,053,097
International coffee organization	230,000,000	141,033,600
Inter-Africa coffee Organization	218,100,000	214,600,000
DFCU Leasing facility	49,984,541	63,632,880
NSSF Payable	0	3,151,626
Retirement Benefit Scheme	381,042,932	258,552,411
Prepaid Export Licenses	6,000,000	4,500,000
Accruals	167,719,087	52,474,663
Total	**1,064,980,343**	**754,998,277**

NOTE 8: CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2005/2006	2004/2005
Association of Coffee Producing Countries	0	498,614,200
Reuters	0	121,710,270
International Coffee Organization (ICO)	442,229,090	540,907,680
Inter Africa Coffee Organization (IACO)	1,671,995,592	1,487,215,000
DFCU leasing facility	0	52,193,086
Total	**2,114,224,682**	**2,700,640,236**

	2005/2006	2004/2005
NOTE 9: SUPPORT TO UCDA COFFEE SEEDS	**1,664,341,117**	**1,664,341,117**

NOTE 10(a): INVESTMENT IN JOINT VENTURES	**2005/2006**	**2004/2005**
Share of Assets in China	385,826,445	211,455,517
Share of Liabilities in China	(1,163,532,288)	(546,412,388)
Share of Assets in Egypt	72,728,539	63,879,915
Share of Liabilities in Egypt	(69,853,349)	(14,343,420)
Share of Assets in Denmark	393,000,580	475,622,140
Share of Liabilities in Denmark	(10,687,470)	(11,712,470)
Total	**(392,517,543)**	**178,489,294**
Exchange rates used		
China	237	220
Egypt	330	317

NOTE 10 (b): OTHER INVESTMENTS

	2005/2006	2004/2005
Investment in UBIN	-	16,872,000
Windsor crescent W.I.P	-	192,357,164
Wet Processing Machines	417,407,905	417,407,905
Total	**417,407,905**	**626,637,069**

DEVELOPMENT AUTHORITY
TO THE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2006
(All in Uganda Shillings)

		2005/2006	2004/2005
1	**REVENUE**	**U Shs**	**U Shs**
	CESS 1%	3,121,338,879	2,845,691,463
	Rent Income	350,899,230	317,252,000
	Interest Earned	20,378,082	0
	Export & processing licence	58,800,000	65,345,000
	Sundry Income	17,011,372	69,172,956
		3,568,427,563	**3,297,461,419**
2	**OPERATIONAL EXPENSES**		
	Staff costs		
	Employment Costs		
	Salaries and Wages	912,220,844	814,602,910
	Emergency Medical Provision	2,703,500	8,753,500
	Performance Allowance	12,859,000	14,242,000
	Public Holiday Expenses	28,374,991	10,122,885
	Leave Allowance	74,951,256	80,574,360
	N.S.S.F. Contribution	74,404,622	76,492,428
	General Staff Welfare	6,868,409	11,793,317
	Welfare Costs (funerals)	4,201,000	3,600,000
	Retirement Benefit Scheme	132,750,070	115,630,320
	Contract Gratuity	27,207,360	9,940,400
	Staff training	13,310,000	13,889,440
	Outsource Allowance	28,776,000	29,833,020
	Medical refund	103,810,131	131,445,055
	Fuel town running/refund	51,969,650	54,334,700
		1,474,406,833	**1,375,254,335**
	Travel Costs		
	Internal Travel	49,576,259	17,801,026
	External Travel -ICO	24,955,270	4,440,000
	External Travel - IACO	11,341,950	3,204,000
		85,873,479	**25,445,026**
	Total staff costs	**1,560,280,312**	**1,400,699,361**
	Administrative Expenses		
	Maintenance and Consumables		
	Repairs - Buildings	28,069,342	22,448,011
	Repairs - Office Equipment	22,960,463	9,755,160
	Other Services/Office Cleaning	20,948,054	10,822,095
	Repair & Maintenance - Cars	33,239,159	20,783,951

	56,633,400	47,474,937
M & S - Auto Supplies	19,317,967	17,426,498
Vehicle Registration/Licences	10,181,940	11,170,150
	191,350,325	**139,880,802**
Other office expenses		
Support to NUCAFE	30,750,000	18,350,000
Telephone, Fax Bills	62,597,459	62,155,112
Postage, and Delivery	6,210,409	4,150,357
Professional Fees	15,899,600	24,219,596
Donations/Contributions	5,222,000	2,600,100
Insurance	21,089,206	25,881,363
Utilities - Water	5,052,036	7,130,549
Utilities - Electricity	22,705,811	18,498,320
Bank Charges/Interest Charges	14,140,454	8,035,544
Property Rates and taxes	35,910,698	21,899,824
Printing & Stationery	27,408,287	25,911,080
News Papers/Periodicals/subscription	2,622,900	3,638,770
Directors Expenses	38,911,668	11,790,655
Office Security	26,523,550	16,789,800
Legal Fees	22,300,000	9,950,000
Foreign Exchange Differences	14,329,549	176,429,759
Interest on loan	28,909,796	33,600,421
Interest on RBS Loan	7,507,764	9,423,116
	357,341,187	**462,104,366**
Research and Development Costs		
Research Activities	11,766,600	11,745,990
District Coffee Coordinators	41,324,050	43,905,225
Monitoring & Evaluation	34,969,100	34,551,900
Replanting Program	12,985,500	17,535,255
Coffee Promotion	1,180,500	33,137,600
Training and seminars	22,213,950	20,274,370
	124,439,700	**161,150,340**
Information Systems		
Departmental Publications	11,344,850	15,251,500
Market Evaluation/Stock Survey	7,935,000	9,830,500
Information Technology Functions	22,391,874	21,980,961
	41,671,724	**47,062,961**
Quality and Regulatory		
Technical Extension Services	20,029,000	20,136,900
Coffee & Quality Enhancement	62,559,754	58,608,334
	82,588,754	**78,745,234**
Support to Coffee Organizations		
Support to UCTF	9,240,000	12,000,000

	6,000,000	0
	4,770,000	5,100,000
	50,760,000	**35,450,000**
Common Technical Programs		
Local Trade fairs & Exhibition	11,561,990	0
African Coffee Research	9,250,000	0
Promotion and Joint venture	261,895,704	0
Radio Programs	17,468,000	0
Brochures, Corporate shirts & cards	8,321,700	0
Billboard Refurbishment	5,340,192	0
Publicity & Advertisement	34,906,678	0
Stakeholders Meeting	24,768,800	0
Corporate Social responsibility	7,857,730	
	381,370,794	**0**
International Obligations		
ICO - Contributions	125,529,366	141,033,600
IACO - Contributions	256,028,392	225,730,000
IACO Counterpart Funding	11,697,140	0
	393,254,898	**366,763,600**
Total Administrative expenses	**1,622,777,382**	**1,291,157,303**
Depreciation/Provisions		
Land and Buildings	115,017,742	111,302,179
Office Furniture	6,206,120	11,845,603
Computers and Peripherals	19,116,923	35,150,455
Office Equipment	5,720,353	15,679,577
Motor Vehicle	32,065,625	28,613,750
Commercial Vehicle	27,915,712	41,044,810
Liquoring Equipment	13,907,823	15,804,344
Motor Cycle	10,629,419	18,885,278
Generator	4,986,313	5,401,525
Provision for CESS/Rent Debtors	20,598,740	28,558,168
	256,164,770	**312,285,689**

UGANDA COFFEE DEVELOPMENT AUTHORITY

CASH FLOW STATEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2006

(All in Uganda Shillings)

	2005/2006 U. Shs	2004/2005 U. Shs
Net Operating Surplus	129,205,099	271,682,734

	235,566,029	283,649,520
Provision for bad & Doubtful debts	20,598,740	28,553,168
Change in Foreign Exchange gain	-	(78,753,619)
Prior year adjustments	457,163,802	87,517,256
Increase in Debtors	(101,135,897)	(198,030,224)
Decrease in Liabilities	(276,433,488)	279,696,173
Net cash flows from operating activities	**464,964,285**	**674,315,008**
INVESTING ACTIVITIES		
Construction of Laboratory equipment/Land & Buildings	(10,202,429)	(12,257,435)
Purchase of computers	(9,332,000)	(1,475,000)
WIP at Windsor Crescent	-	(35,924,037)
Purchase of Furniture	(11,489,235)	(4,535,000)
Purchase of Liquoring Equipment	-	(650,000)
Purchase of Office Equipment	(7,200,334)	(11,829,954)
Purchase of Vehicles	(91,843,574)	-
Generator Repair Capitalized	(1,941,425)	-
Disposal of Fixed Assets	7,450,222	-
Net Cash from Investing Activities	**(124,558,775)**	**(66,671,426)**
FINANCING ACTIVITIES		
Lease repayments to DFCU	(50,779,326)	(42,095,514)
Net Cash from Financing Activities	**(50,779,326)**	**(42,095,514)**
NET CASHFLOW	**289,626,184**	**565,548,068**
ANALYSIS OF CHANGES IN CASH & CASH EQUIVALENT		
Closing Bank Balances	1,074,463,614	784,523,620
Closing Cash Balances	158,000	471,810
Opening Bank Balance	(784,523,620)	(216,170,692)
Opening cash Balance	(471,810)	(3,276,670)
INCREASE IN CASH & CASH EQUIVALENT	**289,626,184**	**565,548,068**