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Development Authority



Ministry of Agriculture, Animal
Industries and Fisheries

UGANDA COFFEE DEVELOPMENT AUTHORITY



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Minister of Agriculture, Animal Industry and Fisheries





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Minister of State for Agriculture, Animal Industry and Fisheries





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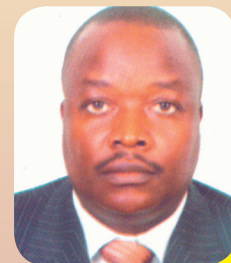
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Foreword



In many respects the coffee year 2006/07 shall be remembered for the noteworthy improvement in the quality, volume and value of Uganda coffee exports compared to three previous years. This achievement was a result of the various supply-chain development programmes put in place by the Board since May 2005. The volume and value of coffee exports went up by 36% and 51% from 2.0 m bags worth US \$ 170 m a year ago to 2.7 m bags valued at \$ 257 m, respectively; and the quantity of coffee to the specialty markets: Organic, Fair-trade, Utz Kapeh and the Common Code for Coffee Communities continued to increase.

The Board continued to address production issues as identified by the stakeholders' consultative meetings through the Coffee Production Campaign programme, which is currently running in 20 districts. The Campaign is envisaged to restore annual exportable production to a 4.5 m 60-kilo bags mark by 2015. Emphasis is laid on: Research; Extension; inputs and credit; and farmer organizations.

With regard to Coffee Wilt Disease, which is responsible for a 55% decline in farm level productivity in robusta, researchers at the Coffee Research Centre, Kituza in Mukono district, have developed over 1500 Robusta coffee lines that are tolerant to the disease. Seven of these, after thorough screening, are due for multiplication and distribution to farmers through the community based nursery model. This breakthrough will, needless to say, enormously contribute to the on going coffee production campaign.

There has been an appreciable penetration of Uganda coffee into the specialty and sustainable coffee markets over the years, which has directly benefited farmers. The farmers in Kisoro, for example, do sell Mt. Gorilla Arabica Coffee direct to Urth Caffé of California; and over 100 tonnes of Bugisu AA went direct to Starbuck, USA. Farmers' response is very encouraging and within the next 2 years coffee production of these coffees will be in the region of 1.2 million bags (72,000 tonnes) per year.

To my fellow members of the Board, UCDA management and staff, I congratulate you for having successfully ended the coffee year 2006/07. It is my prayer that you meet the challenges ahead of us in 2007/08. 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
EAFCFA	-	East African Fine Coffees Association
EPOPA	-	Export Promotion of Organic Products from Africa
EU	-	European Union
FAQ	-	Fairly Average Quality
FMU	-	Federation of Uganda Employers
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
NUCAFE	-	National Union of Coffee Agribusinesses & Farm Enterprises
PAF	-	Poverty Alleviation Fund
PEAP	-	Poverty Eradication Action Plan
RBS	-	Retirement Benefit Scheme
SIDA	-	Swedish International Development Agency
UCDA	-	Uganda Coffee Development Authority
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



Executive Summary

MARKETING

- 1) A total of 2.7 m bags of coffee worth US 257 m were exported during the year under review, representing a 36% and 51% rise in volume and value, respectively compared to 2005/06. Of this, robusta was 2.14 m bags (79.3%) while Arabica stood at 0.56 m bags (20.7%).
- 2) The realised export price stood at \$1.58 per kilo, 11.3% up compared to \$ 1.42 recorded a year ago. Robusta prices rose by 17 cents from \$ 1.23 per kilo last year to \$ 1.50 whilst that of Arabica gained 3 cents from \$ 1.87 to \$ 1.90.
- 3) Correspondingly, the farm-gate prices continued to go up from an average of Shs. 612, in 2004/05, Shs. 865 in 2005/06 to Shs. 1010 per kilo of Kiboko, the dry robusta cherries. FAQ and Arabica parchment prices rose from Shs. 1,371, Shs. 1,863 to Shs. 2,040` and Shs.2,095, Shs. 2,175 and Shs. 2,400 per kilo respectively.
- 4) The improvement in farm-gate prices notwithstanding, there was a 4% drop in farmer's share in the FOT export price from 79% last year to 75% largely on the ground of continued appreciation of the Uganda shilling against the US dollar during the year.
- 5) The number of registered coffee subsector players at post harvest levels also went up from 264 in 2005/06 to 298: exporters – 28 (27), export processors – 19 same as last year, hulleries – 251 (212) and roasters – 9 (6), where the figures in brackets represent 2005/06.
- 6) The top 5 coffee exporters responsible for 65% of the export volume during the year comprised: Ugacof Ltd. – 21%, Kyagalanyi coffee Ltd. – 15%, Kawacom (U) Ltd. – 13%, Great Lakes Ltd. – 8% and Job Coffee – 7.8%. This represents a slack in competition given the 5 last year held a market share of 70%.
- 7) EU countries continued to be the main destinations of Uganda coffee accounting for 77% (2.08 m bags), up from 72% (1.45 m bags) last year. This was followed by the Sudan's market with 15%, which was the same as last year in percentage terms. Africa as a destination was noted to be slowly coming up and recorded 17%.
- 8) The 5 top most buyers of Uganda held a market share of 47%, up from 43% a year ago. These included Sucafina – 15.1% (7.9%), Ecom Agro industrialist - 26.7% (13.7%), Drucafe – 9.7% (6.5%), Bernard Rothfos – 6.2% (6.5%) and Decotrade – 4.4% (2.8%). The figures in parenthesis represent their respective performance in 2005/06.
- 9) Use of mobile phones to access market information by the industry players, which was initiated last year, has tremendously been adopted by the farmers.
- 10) To promote domestic coffee consumption, training in good roasting and brewing techniques was extended not only to roasters and hotel / café operators but also to students in the hospitality training institutions.
- 11) Ready to drink coffee prepared by UCDA staff was served at the local trade-fairs, exhibitions and at the corporate league encounters.
- 12) Market research has repetitively been conducted jointly by UCDA and UCRA to discern the consumer tastes and preferences. The findings are passed on to roasters and brewers to improve their products.



- 13) Uganda's coffee exports in 2007/08 are envisaged to go up by over 10% from 2.7 m bags to slightly over 3.0 m bags. The projection is based on the favourable climate and good prices to farmers.

QUALITY AND REGULATORY

- 14) There was a marked improvement in the quality of coffee presented for export due to intensified quality sensitization training workshops for farmers, traders and processors. These efforts received support from the exporters who levied heavy penalties on poor coffee deliveries.
- 15) During the routine inspection of primary processing factories in the robusta area, 34 were suspended from operations for a period of 2 weeks for handling wet coffee. The district local authorities were very supportive in this exercise and literally halted movement of wet coffee through mounting road blocks.
- 16) Out-turn tests showed an improvement from 54.5% in the previous year to 56% mainly due to the good climate which facilitated full bean formations; and more young and vigorous coffee trees coming into production.
- 17) 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.
- 18) Training in basic quality control techniques passed out 25 students – 13 direct from industry and 12 from tertiary institutions of learning, bringing the total number of quality controllers trained under this arrangement to 422 since it was initiated in 1993.
- 19) Coffee development programmes focused on improvement in farm productivity in collaboration with other stakeholders. COREC, The department 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.
- 20) 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.
- 21) 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.
- 22) 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.
- 23) 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.
- 24) 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.
- 25) 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

DEVELOPMENT

- 19) Coffee development programmes focused on improvement in farm productivity in collaboration with other stakeholders. COREC, The department activities focused on farmer extension delivery services; strengthening coffee uptake in new



farmer organization.

- 26) 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

- 27) Coffee research concentrated on development and dissemination of technologies for the control of CWD, Leaf Rust, red blister and Coffee Berry Disease (CBD).
 - 28) Development of high-yielding and good quality robusta coffee lines that are resistant to CWD continued during the year with samples drawn for CWD hotspots in Kiboga, Jinja and Bundibugyo. 35% of these samples survived in the first inoculation and will be re-inoculated in the coming year.
 - 29) Mother gardens continue to be established in Kituza as CWD resistant varieties are identified through the screening process. By the end of the year there were 1,519 clones and 3,974 mother gardens.
 - 30) 2,240 rooted cuttings (CWD resistant clones) that were in the cage in the previous year were planted on-farm trails in Kamuli and Mityana.
 - 31) Following the rapid adoption of the shorter Arabica coffee varieties by farmers, research centred on developing good agronomic practices to enhance the productivity of these new varieties – soil fertility, canopy and shade management. Yield and quality data is under analysis.
- Principal Development Officer; and Ms Nina Nnasuna – Principal Accountant.
 - Senior members of staff joined the Board for a 2-day training in Corporate Governance on top of the 3-day Effective Executive Programme they had earlier received.
 - Skill development courses and seminars were also extended to individual members of staff: Mr. Fred Luzinda-Mukasa attended a series of ICPAU and ACCA workshops; Mr. William Rugadya attended one for Association of African Accountants Generals in Moputo; Mr. Michael S. Wasswa on the new labour laws; whilst Mr. Ezra Munyambonera & Ms Loyce Kembabazi were paid for in pursuit of a PhD and MBA respectively.
 - Resignations from Board's services were accepted from two District Coffee Co-ordinators: Mr. Edward Twehikire – Rukungiri / Kanungu and Mr. David Okurut – Bugiri / Tororo.
 - Sector based workshops continued to be conducted along with Café Africa in pursuit of the Coffee Production Campaign in the 20 campaign districts. Through this programme, exportable production is envisaged to reach 4.5 m bags (270,000 tonnes) by 2015.
- 33) During the Manifesto Week: May 12 – 19, 2007, Hon. Hillary Ongek, the Minister of Agriculture, Animal Industry and Fisheries, commissioned a wet processing factory at Kalungu, in Masaka district.
 - 34) Under the value addition and promotional, Uganda consolidated its position in the Chinese joint venture by taking 99% of the shares and opening up an office in Shanghai. The coffee roastery in Beijing became ISO 9001 certified in quality.

ADMINISTRATION AND MANAGEMENT

- 32) Staff matters:-
 - Three new members of staff were recruited to fill vacant posts: Mr. Francis Chesang
 - Development Manager; Mr. Mike Maliro





Chapter One

COFFEE SUBSECTOR POLICIES AND PROGRAMMES

1.0 INTRODUCTION

During the year, the Board reviewed and approved policies and programmes to address the challenges in the coffee subsector. Emphasis was put on production and productivity, quality improvement, value addition and promotion, domestic coffee consumption, and provision of timely market information in light of the subsector's role in the government's *Bonna Bagaggawale* (Prosperity For All) programme¹.

1.1 INCREASE PRODUCTION AND PRODUCTIVITY

To enhance farm level productivity and production, the Board continues to support research; the replanting programme; multiplication and distribution of seedlings; and put emphasis on rehabilitation of old coffee gardens, and production of sustainable coffees through the programmes outlined below.

1.1.1 COFFEE PRODUCTION CAMPAIGN

A coffee production campaign that arose from stakeholder consultative meetings, focussing on research, extension, farmer organisations, and inputs and credit, was initiated during the year in 10 districts². Through this campaign annual exportable production is envisaged to reach at least 4.5 m bags by 2015 from the current level of 2.0 m million bags. A national steering committee comprising – UCDA, COREC, NAADS, NUCAFE, UCTF, UNADA, ASPS-Danida, EDE Consulting & Café Africa was formed to oversee its implementation. Similarly, district coffee platforms comprising district opinion leaders were also set up to mobilise farmers into action.

1.1.2 COFFEE REHABILITATION

Working with stakeholders, UCDA establishes demo sites for quick transfer of productivity enhancement technologies to farmers. At least one demo site shall be set up per sub-county, with emphasis on Good Agricultural Practices

– water and soil conservation, fertigation; and growing coffee as a business. Farmers' response is encouraging; the early adopters have witnessed improvement in yield, quality and income.

1.2 RESEARCH

Support to the Coffee Research Centre (COREC) is continuing to focus on production of CWD resistant varieties mainly. Of 1,500 lines screened and found to be tolerant to the disease at the Centre, seven (7) lines were identified for field trials; and mother gardens for these lines have been set up at Kituza in Mukono district.

The Board developed a deliberate policy to build capacity of the coffee scientists through support in their training in order to speed up the research process.

1.3 REPLANTING

The Board continued to pursue the policy of replanting to offset the effect of Coffee Wilt Disease; and low productivity of the old coffee trees. The ongoing replanting programme has been able to sustain exportable production at an average of 3.0 m bags per annum in the past 5 years, the estimated cumulative CWD infection rate of 55% notwithstanding. This programme has received support from various private sector initiatives that propagate seedlings and distribute to farmers in their operational areas.

1.3.1 MULTIPLICATION AND DISTRIBUTION OF SEEDLINGS

To meet the growing demand for coffee planting materials, and to minimize on distribution losses, the Board adopted the Community Based Nursery (CBN) concept, which is demand-driven, whereby farmers raise their own seedlings. Through this approach, coffee communities receive certified elite seed, potting materials and technical support from UCDA to raise their own seedlings. The seedlings so raised are shared

¹ PFA requires every household to have a perennial cash crop, farmers in coffee growing areas selected coffee.

² Masaka, Mukono, Luweero, Bushenyi, Rukungiri, Kanungu, Kasese, Mbale, Manafwa and Kapchorwa.



amongst the CBN members in line with one's ability. To ensure a steady supply of elite seed to CBNs, the Board extends technical and financial support to seed gardens in the Arabica and in the new robusta coffee growing areas.

To conserve the germplasm of the Clonal mother gardens, the Board undertook to rehabilitate the former MAAIF gardens and a few from the private sector. These receive rooting hormone in addition to technical backstopping.

1.3.2 DEVELOPMENT OF COFFEE IN NEW AREAS

The Board continues to commercialise coffee growing in new areas in Eastern and some parts of South-western, where it was considered ornamental. The adoption rate is encouraging and it has received support from the good coffee prices on the international market. In Mid-north, the market development programme where seed money was given to some traders to buy the minute quantities available and the relative peace in the area, have renewed planting of coffee in the area.

1.3.3 SUSTAINABLE COFFEE INITIATIVES

To take advantage of the growing demand for sustainable coffees, the Board gives support to farmers to meet certification and verification costs in organic, Utz Kapeh, Common Code for Coffee Communities - 4 Cs, and Fair Trade. UCDA efforts were supplemented by the exporters trading in these coffees, NUCAFE and EAFCA.

1.4 QUALITY IMPROVEMENT

Quality improvement initiatives is undertaken through training of the subsector players in GAPs and Good Handling Practices (GHPs); and enforcement of Coffee Regulations in collaboration with local authorities. This has prompted some local Governments to enact by-laws to supplement the regulations.

1.5 MARKET INFORMATION

The Board continued to popularize use of Cell Phones in passing market information to stakeholders through SMS in addition to the traditional approaches.

1.6 PROMOTION OF DOMESTIC COFFEE CONSUMPTION

Promotion of domestic coffee consumption continues to be effected through the policy of training the industry players, roasters and brewers, into good practices. This has been extended, in a collaborative manner, to catering institutions as well, such as YWCA and Jimmy SEKASI Catering Institute. A domestic coffee consumption strategy is being crafted, which is envisaged to make an appreciable increase in coffee consumption.

1.7 VALUE ADDITION AND PROMOTION

Showcasing of Uganda coffee as a promotion policy continues to be pursued in the traditional markets – market penetration and in new markets – market development. The Board supports generic promotion in the joint ventures as well as in the private sector undertakings.

Value addition initiatives revolve around quality improvement for the green beans and having a final coffee product.

1.8 CORPORATE PLAN

The Board initiated and later approved a three-year Corporate Plan: 2007 – 2010, which addresses the needs of the subsector.

1.9 THE INTERNATIONAL COFFEE AGREEMENT (ICA).

The 7th International Coffee Agreement 2007, which is an output of two-year intensive consultations, was agreed upon by the 77 member countries on September 28, 2007. It is envisaged to strengthen ICO's role as an intergovernmental consultation forum, facilitate trade through increased transparency, and access to information and promotion of a sustainable coffee economy.



Chapter Two

COFFEE MARKETING

2.0 GENERAL PERFORMANCE

On the whole, there was an improvement in coffee exports in volume and value of 35% and 51%, respectively during the coffee year Oct. 2006 – Sept. 2007 compared with 2005/06. The rise was in Robusta, which went up by 52.3% while Arabica volume dropped by 5.8%.

Export price averaged US \$ 1.58 a kilo, representing a rise of 11.3% compared to \$ 1.42 cents/kilo recorded in the preceding year. The rise was sharper in Robusta, which went up by 27 cent (18%) while that of Arabica was up by 3 cents (1.6%).

2.1 COFFEE PROCUREMENT

Marketed production (FAQ and Arabica parchment) reached 2.9 m bags (approx 175,000 m/tonnes), representing a rise of 33.56% compared with

2.2 million bags (132,000 m/tonnes) registered in 2005/06. This comprised 2.32 m bags of robusta, which was 50% up; and 0.58 m bags of Arabica, a drop of 7% compared to what was realised in the previous year. The improvement in robusta coffee production was a result of: -

- More coffee planted under the Strategic Export Programme (SEP) coming into production;
- Favourable weather conditions that underpinned bean formation; and
- Price recovery in the recent years that prompted farmers to invest in good husbandry practices.

On the other hand, the 7% drop in Arabica quantities over last year was more to crop cycle and stumping in the Arabica areas after a very good crop of around 624,000 bags a year ago. Table 2.1 shows the procurement figures by coffee type realized in the last 5 years.

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	2,106,472	547,104	2,653,576	
2006/07	2,325,960	579,321	2,905,281	33.56
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)



Table 2.2 shows coffee procurement on a comparative monthly basis. Coffee deliveries were highest in February 2007 (317,613 bags), the tail end of the main harvesting /marketing period in Central and Eastern regions. This was in response to the good prices on the global market, which farmers took advantage of.

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

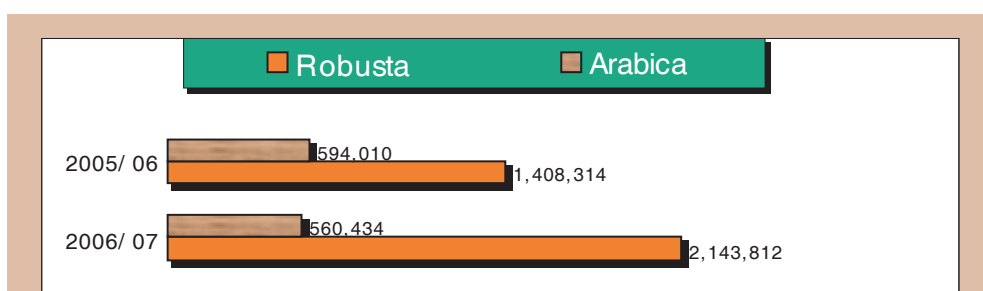
MONTH	2006/07			2005/06		
	Robusta	Arabica	Total	Robusta	Arabica	Total
TOTAL	2,325,960	579,321	2,905,281	1,550,497	624,724	2,175,221
OCT.	115,710	48,950	164,660	80,151	50,125	130,276
NOV.	197,002	78,958	275,960	200,178	65,149	265,327
DEC.	215,009	54,854	269,863	136,100	75,124	211,224
QTR - 1	527,721	182,762	710,483	416,429	190,398	606,827
JAN.	250,112	56,446	306,558	160,127	75,455	235,582
FEB.	278,573	39,040	317,613	95,078	81,003	176,081
MAR	181,203	52,019	233,222	100,197	72,528	172,725
QTR - 2	709,888	147,505	857,393	355,402	228,986	584,388
APR.	98,369	30,187	128,556	84,540	76,574	161,114
MAY	135,659	34,027	169,686	105,196	49,310	154,506
JUN.	195,621	35,773	231,394	162,282	20,075	182,357
QTR - 3	429,649	99,987	529,636	352,018	145,959	497,977
JUL	212,012	37,256	249,268	180,032	20,235	200,267
AUG.	257,465	55,654	313,119	155,345	20,001	175,346
SEPT	189,225	56,157	245,382	91,271	19,145	110,416
QTR - 4	658,702	149,067	807,769	426,648	59,381	486,029

2.20 COFFEE EXPORT PERFORMANCE

Coffee exports during the year went up by 36% from a total of 2.0 m 60-kilo bags in 2005/06 to 2.7 m bags. The rise in volume was due to more coffee planted under the Strategic Intervention programme (SIP) coming into

production; and an increase in yield due to improved husbandry practices in response to good prices to farmers.

Chart 1: Comparative Coffee exports by type in 60-kilo bags



The Robusta volume went up by 52% from 1.4 m bags in 2005/06 to 2.1 m bags but that of Arabica fell by 5.7% from 0.594 m bags to 0.560 m bags. The drop in Arabica was due to the normal crop cycle given the good harvest in the preceding 3 years. Chart 1 represents comparative

export performance of Robusta and Arabica over a period of time in 2006/07 compared with that of 2005/06 coffee year. While Chart 2 represents performance in the last six years.



Chart 2.0: Annual Coffee Exports by Type: 2002 - 2007

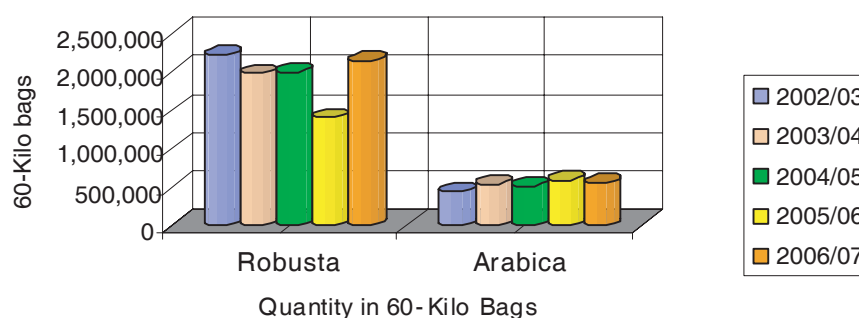


Table 2.3 represents export performance on a monthly basis in terms of volume and value in comparison with 2005/06. Annual export earnings rose by 50.9% from a total of \$ 170.3 m in 2005/06 to \$ 257.0 m, mainly on the account of improved volume; and a general rise in coffee prices on the international market. The ICO

composite indicator price for the year – 2006/07 – stood at 104.24 cts/lb (\$ 2.30/kilo) up from 91.44 cts/lb (\$ 2.02/kilo) in 2005/06, an increase of 14%. This was the highest since 1997/98 when 115.23 cts/lb was recorded.

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

MONTHS	2006/07		2005/06		% -Age Change	
	Qty	Value \$	Qty	Value \$	Qty	Value \$
G/ Total	2,704,236	256,580,844	2,002,324	170,345,898	35.6	50.89
Oct	155,571	13,357,091	121,696	9,280,806	27.8	43.92
Nov	250,728	22,960,240	182,053	14,472,486	37.7	58.65
Dec	248,709	22,206,729	180,344	14,849,249	37.9	49.56
Qtr - 1	655,008	58,524,060	484,093	38,602,541	35.3	51.6
Jan	316,128	28,367,743	228,714	19,679,281	38.2	44.15
Feb	222,099	20,145,787	165,762	16,113,588	34.0	25.02
Mar	265,399	24,228,715	155,960	14,630,894	70.2	65.56
Qtr - 2	803,626	72,742,245	550,436	50,423,763	46.0	44.2
Apr	137,156	12,955,518	146,642	13,714,424	(6.5)	(5.53)
May	184,560	17,906,947	123,321	10,967,328	49.7	63.28
Jun	244,779	24,284,254	187,448	14,575,446	30.6	66.85
Qtr - 3	566,505	55,146,719	457,411	39,257,198	23.9	40.6
Jul	268,864	28,333,278	176,310	13,711,673	52.5	106.68
Aug	230,849	23,496,655	175,526	14,380,876	31.5	66.34
Sept	179,394	18,337,887	158,548	13,969,847	13.2	31.27
Qtr - 4	679,107	70,167,820	510,384	42,062,396	33.1	67.8



2.21 Coffee exports by type and grade

Table 2.4 gives coffee exports by type, volume, value and realised unit price per grade against those of the previous year. Robusta coffee was around 78% (2.14 m bags) worth \$ 193 m (75%) at a unit price of \$ 1.50 per kilo. The price for robusta went up by 22% compared to \$ 1.23 per kilo recorded in 2005/06. The highest price among the robusta grades was by Organic

robusta at \$ 1.78 per kilo followed by Sc. 18 at \$ 1.70 and Washed robusta at \$ 1.65.

Arabica prices averaged \$ 1.90 per kilo, 3 cent above that of last year. The highest price recorded was for Okoro Organic at \$ 2.54 up from \$ 2.43 followed by Bugisu Organic at \$ 2.39. Drugar coffee exports realised \$ 27.3 m, which represents 43% of Arabica value compared to the 41% of last year.

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

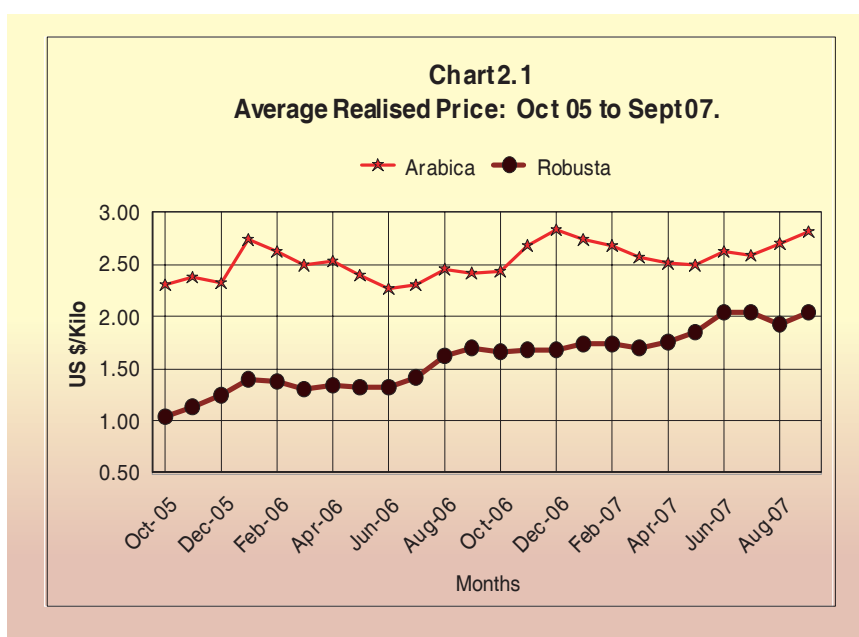
TYPE/GRADE	2006/07			2005/06		
	Qty	Value \$	\$/Kg	Qty	Value \$	\$/Kg
GRAND TOTAL	2,704,236	256,580,844	1.58	2,002,324	170,343,586	1.42
ROBUSTA	2,144,482	192,779,545	1.50	1,408,314	103,873,269	1.23
Organic Rob	8,534	910,442	1.78	1,962	126,030	1.07
Washed Rob	8,771	869,745	1.65	4,838	428,973	1.48
Screen 18	191,710	19,579,561	1.70	118,533	9,967,671	1.40
Screen 17	75,638	7,464,675	1.64	60,516	5,092,713	1.40
Screen 15	1,150,351	107,657,029	1.56	717,512	54,913,753	1.28
Screen 14	28,294	2,415,873	1.42	59,943	4,485,275	1.25
Screen 12	371,061	32,470,988	1.46	293,697	20,474,060	1.16
BHP 1199	97,933	6,493,117	1.11	60,460	3,143,988	0.87
Other Rob.1	212,190	14,918,115	1.17	97,783	5,507,243	0.94
ARABICA	559,754	63,801,299	1.90	594,010	66,470,317	1.87
Organic Okoro	15,350	2,340,341	2.54	17,145	2,497,411	2.43
Organic Bugisu	3,650	524,166	2.39	0	0	0
Bugisu AA	77,857	10,547,687	2.26	98,000	12,788,321	2.17
Bugisu A	20,564	2,808,469	2.28	17,119	2,107,281	2.05
Bugisu PB	8,559	1,093,532	2.13	11,437	1,545,961	2.25
Bugisu B	1,800	206,946	1.92	1,420	182,594	2.14
Bugisu C	2,725	295,769	1.81	1,250	121,865	1.62
Bugisu E	0	0	0	320	12,699	0.66
Arabica - AB	42,628	5,656,968	2.21	73,835	9,529,338	2.15
Arabica - CPB	5,860	750,653	2.13	6,700	598,676	1.49
Mixed Arabica	3,869	368,418	1.59	8,015	1,048,138	2.18
Wugar	52,680	7,085,620	2.24	40,500	5,378,792	2.21
Drugar	253,741	27,311,018	1.79	264,505	27,395,405	1.73
Other Arabicas	70,471	4,811,713	1.16	53,764	3,263,836	1.01

** Others refers to coffee sold on sample basis



Chart 2.3 represents the movement of monthly average export prices for both Arabica and robusta coffees in the last two years. Robusta prices rose by 23% from an average of \$ 1.7 per kilo in October 2006 to \$ 2.0 in September 2007. Arabica prices went up by 16% from \$ 2.4 to \$ 2.8 in the same period. World production reached over 125 m bags, an increase of 14% over the previous

year. This constituted 36.7% of robusta, representing a drop of 1.8% in market share compared to 2005/06. On the other hand, the market share of Arabica coffee went up from 61.5% to 63.3%. The improvement in prices, especially robusta was attributed to increase consumption in emerging markets in Asia and Eastern Europe where soluble coffee consumption is substantial.



2.22 Registration Of Sector Participants

Registered industry players totalled 298 who comprised: export companies – 28, export grading factories – 19, primary processing mills – 251 and roasters – 9, an improvement compared to last year. Among the exporters, four (4) were new ones, namely: Good African Coffee,

Anderson Investment, Lion General Agency and Lamba International. The number of primary coffee processing factories went up by 18.4% from 212 last year to 251, which is attributed to increased availability of cherries due to good prices as indicated above.

Table 2.5 Registered of sector participants

CATEGORY	2003/04	2004/05	2005/06	2006/07
1. Exporters	29	28	27	28
2. Export grade factories	18	19	19	19
3. Hulleries	230	202	212	251
4. Roasters	10	06	06	9
Total	287	255	264	298



2.23 Performance by Individual Exporters

Table 2.6 shows individual coffee exporters' performance in terms of quantity, individual and cumulative market shares. The top 5 exporters, namely: Ugacof – 21% up from 13.1% recorded in 2005/06; Kyagalanyi Coffee Ltd – 15.1% (17.5%); Kawacom (U) Ltd. – 13.3% (14.8%); Great Lakes Ltd. – 8.3% (9.7%);

and Job Coffee – 7.7% (3.0%) held a market share of 65.4%. The figures in parentheses represent their respective performance in the previous year. The main exporters of Arabica were Kawacom (U) Ltd., and Kyagalanyi Coffee Ltd. who together, handled close to 250,000 bags (44%) of total Arabica coffee exports.

Table 2.6 Performances by Individual Exporters - Oct/Sept 2006/07

	Exporter	Export Quantity – 60 Kilo bags			% - Market Share	
		Robusta	Arabica	Total	Individual	Cumulative
	GRAND TOTAL	2,144,482	559,754	2,704,236	100.0	
1	Ugacof Ltd.	544,061	22,626	566,687	21.0	21.0
2	Kyagalanyi Coffee Ltd.	284,998	123,538	408,536	15.1	36.1
3	Kawacom (U) Ltd.	233,818	124,735	358,553	13.3	49.3
4	Great Lakes Ltd.	162,687	62,547	225,234	8.3	57.7
5	Job Coffee	140,760	68,700	209,460	7.7	65.4
6	Pan Afric Impex	195,044	-	195,044	7.2	72.6
7	Ibero (U) Ltd.	182,447	6,720	189,167	7.0	79.6
8	Savannah Commodities	83,010	18,560	101,570	3.8	83.4
9	Wabulungu Multi-Purpose	84,271	-	84,271	3.1	86.5
10	Olam (U) Ltd.	49,738	32,461	82,199	3.0	89.5
11	Kampala Domestic Store	72,786	2,084	74,870	2.8	92.3
12	Nakana Coffee Factory Ltd.	60,344	-	60,344	2.2	94.5
13	Lake Land Holdings Ltd.	11,167	48,163	59,330	2.2	96.7
14	Union Export Services	24,129	4,265	28,394	1.0	97.8
15	Mbale Importers & Exporters	-	27,480	27,480	1.0	98.8
16	Kaweri Coffee Plantation	8,635	-	8,635	0.3	99.1
17	Gumutindo	-	6,684	6,684	0.2	99.3
18	Kitasha	6,190	-	6,190	0.2	99.6
19	MTL Main Traders	130	5,119	5,249	0.2	99.8
20	Bakwanyne Trading Company	-	3,200	3,200	0.1	99.9
21	Good African Coffee	-	2,222	2,222	0.1	100.0
22	Lion General Agency	-	350	350	0.0	100.0
23	Zigoti Coffee Works	-	300	300	0.0	100.0
24	Lamba International	267	-	267	0.0	100.0

2.24 Coffee Exports by Destination

European Union³ (EU) countries continued to be the main destination of Uganda coffee, accounting for 76.8% (2.08 m bags) up from 72% (1.45 m bags) in 2005/06. This was followed by the Sudan with a market share of 15.8% (427,980 bags), a drop from

21.6% (433,029 bags) recorded last year. Other African countries accounted for 1.6% of coffee exports, bringing total exports to African countries to 17.4% (470,540 bags).

³ 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

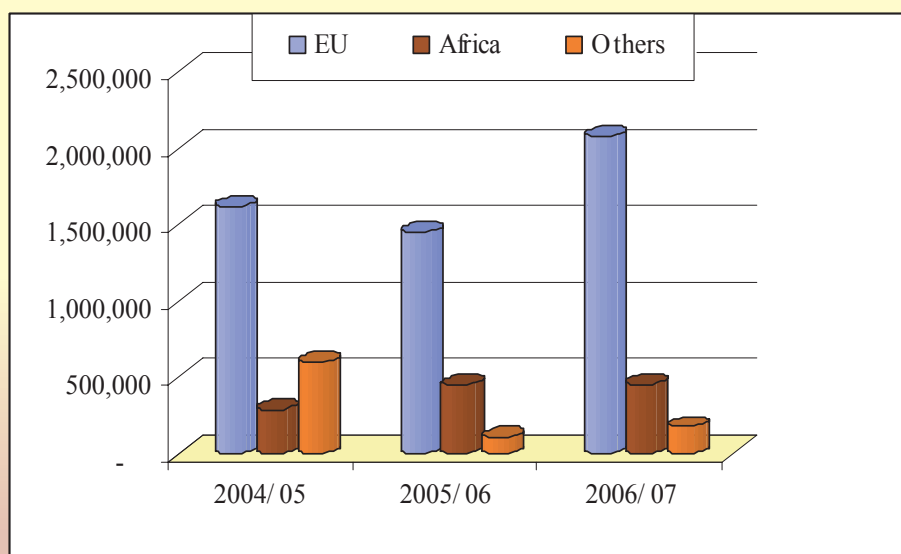


Table 2.7 Uganda Coffee Exports to all Destinations - 60-kilo Bags –

Destination	QTY	% - age Market Share	
	60-Kilo Bags	Individual	Cumulative
GRAND TOTAL	2,704,236	100.0	
EU ¹	2,075,570	76.75	76.75
Sudan	427,980	15.83	92.58
Switzerland	75,403	2.79	95.37
USA	47,873	1.77	97.14
Lebanon	12,452	0.46	97.60
Algeria	11,647	0.43	98.03
India	11,472	0.42	98.45
Morocco	8,336	0.31	98.76
Tunisia	6,400	0.24	99.00
Japan	5,000	0.18	99.18
Egypt	4,970	0.18	99.37
Australia	4,805	0.18	99.54
Israel	4,508	0.18	99.71
China	1,653	0.17	99.77
Hong-Kong	1,602	0.06	99.83
Syria	1,600	0.06	99.89
Others	2,965	0.11	100.00

The graph beneath represents coffee exports to EU countries, Africa and other destinations over the last three (3) years. Africa as a destination is slowly growing steadily

Chart 2.4: Coffee Exports by Destination in the last 3 Years



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



2.25 Coffee Exports by Overseas Buyers

Table 2.8 represents overseas coffee buyers by quantity, individual and cumulative market shares. The top 10 coffee buyers had a market share of 64.7%, down from 66.4% last year and from 78% in 2004/05. The best buyer in terms of quantity was Sucafina with a market

share of 15.1% up from 7.9% a year ago. This was followed by Ecom Agro Industrialists with 11.6% (13.8%), Drucafe – 9.7% (6.5%), and so on. The figures indicated in parentheses being the performance of those buyers in the preceding year.

Table 2.8 Overseas Buyers of Uganda Coffee: 2006/07 - 60 -Kilo Bags.

	Overseas Buyers	Qty	Percentage Market Share	
		60-Kilo Bags	Individual	Cumulative
	GRAND TOTAL	2,704,236	100.00	
1	SUCAFINA	408,239	15.10	15.10
2	ECOM AGRO INDUSTRIALIST	312,922	11.57	26.67
3	DRUCAFE	262,733	9.72	36.38
4	B.ROTHFOS	168,585	6.23	42.62
5	DECOTRADE	119,174	4.41	47.02
6	COFFTEA	116,200	4.30	51.32
7	OLAM INT.	112,209	4.15	55.47
8	HACOFECO	95,202	3.52	58.99
9	SOCADEC	77,948	2.88	61.87
10	ICONACAFE	75,816	2.80	64.68
11	LOUIS DREYFUS	66,542	2.46	67.14
12	VOLCAFE	64,165	2.37	69.51
13	ABACO	40,950	1.51	71.03
14	ELITE COM	39,713	1.47	72.49
15	EL MATHAHIB	38,080	1.41	73.90
16	ALDWAMI	35,000	1.29	75.20
17	AZIENDE	26,750	0.99	76.19
18	COFFY HANDLES	20,491	0.76	76.94
19	ROBUSTA TRADE	17,850	0.66	77.60
20	WTS SAL	14,588	0.54	78.14
21	COEX COFFEE	14,346	0.53	78.67
22	Others	576,733	21.33	100.00

2.30 PRICE MOVEMENT

2.31 Local Prices

Table 2.9 gives monthly realised average farm-gate prices during the year for the robusta dry cherries popularly known as Kiboko; the clean coffee beans – FAQ;) and

Arabica parchment. Prices paid to farmers continued to exhibit a positive trend started 3 years ago. The annual average Kiboko price was up by 16.8% from Shs. 865



per kilo in 2005/06 to Shs. 1,010. Correspondingly, FAQ and Arabica parchment average prices rose by 9.5% and 10.3% from Shs. 1,863 to Shs 2,040 and Shs. 2,175 to Shs. 2,400 per kilo, respectively. However, farmers participating in production of specialty coffees received a high of Shs. 1,500 per kilo of Kiboko and Shs. 3,700 for Arabica parchment in Mt. Rwenzori region under the Rwenzori Fine coffee project.

This trend is explained by the buoyancy in world coffee consumption, which was estimated at 123 m bags by the end of 2007, up from 120.4 m bags in 2006 and 117.6 m bags in 2005. Growth in global consumption was more in emerging markets in Eastern Europe and Asia; and 32% of global consumption was in producing countries.

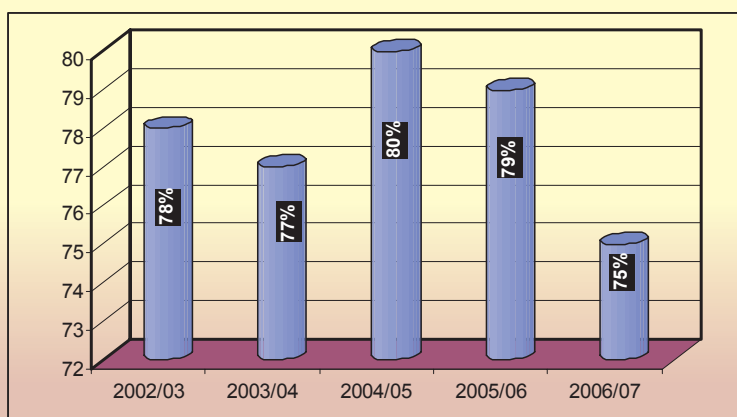
Table 2.9 Monthly average farmgate prices – shs/kilo

2005/06	ROBUSTA		ARABICA
	Kiboko	F.A.Q	Parchment
Oct – 06	1,025	2,100	2,250
Nov – 06	950	1,850	2,250
Dec – 06	950	1,975	2,150
Jan – 07	1,025	2,000	2,250
Feb – 07	1,000	2,100	2,400
Mar – 07	1,000	2,050	2,450
Apr – 07	850	1,900	2,300
May – 07	900	1,900	2,250
Jun – 07	1,000	2,000	2,450
Jul – 07	1,200	2,400	2,500
Aug – 07	1,100	2,100	2,750
Sep - 07	1,100	2,100	2,800
AVG: 2006/07	1,010	2,040	2,400
AVG: 2005/06	865	1,863	2,175
AVG 2004/05	612	1,371	2,095

Table 2.10 shows farmers' annual percentage share in the FOR/T, Kampala prices in the last 5 years. Much as there was an improvement in prices to farmers, the

appreciation of the local shilling against the US dollar led to a decline in farmers' share in the export price from 79% last year to 75%.

Chart 2.5: Farmers' Percentage Share in the FOR/T Price





2.40 GLOBAL SITUATION

World coffee production in 2006/07 reached 125 million 60-kilo bags, an increase of 14% compared to the crop year 2005/06 when output was only 110 million bags. The recent high prices and the good weather accounted for this increase. The share of Robusta in total production reduced from 38.5% to 36.7% in 2006/07 while Arabica production rose from 61.5% last year to 63.3%. In Africa, coffee production increased by 7.8%. Africa's share in world production for crop year 2006/07 was 11.5%. Ethiopia was the leading country in Africa with a production of 4.6 million bags, Uganda (2.9 million) and Cote d'Ivoire (2.5 million). Robusta supply increased by 9% from the previous coffee year 2005/06 while Arabica supply increased by 17%.

Exports for Coffee year 2006/07 totalled 96.7 million bags, representing an increase of 9.6% compared to 88.2 million bags in 2005/06. The increase in exports was more pronounced in Robusta which rose by 14.3% compared to Arabica's 7.3%.

Total coffee export earnings in coffee year 2006/07 are estimated at US\$ 12.3 billion compared to US\$ 10.1 billion in coffee year 2005/06.

Global opening stocks in producing countries for 2006/07 coffee year, with Brazilian inventory contributing significantly, was revised and estimated at 29 million 60-kilo bags and importing countries had a closing stock of 22.6 million bags as at end of September 2007.

Preliminary estimates of world coffee consumption in 2007 are estimated to be around 123 million bags⁴.

2.50 DOMESTIC COFFEE CONSUMPTION

Promotion of domestic coffee consumption continued through training of coffee roasters and brewers from the industry in good roasting and brewing practices, respectively. The training was also extended to catering institutions, especially YWCA and Jimmy SEKASI, following recommendations by the surveyed hotels and Cafés in and

around Kampala. Over 70% of the respondents from the surveyed hotels and Cafés indicated that the cateresses and caterers they had came from those two institutions. At the local exhibitions - UMA, Agricultural Shows, World Food Day, Coffee Campaign Workshops, Corporate league encounters and others – coffee was served to the show goers at the events.

Market research has continually been conducted to discern changes in consumer tastes and preferences. The findings show that the youth through Internet Cafés are gradually coming on board; and the Super Markets have shelved different coffee brands, local and foreign, in varying sizes and packaging materials. Good African Coffee, Masaba Coffee and Savannah Coffee, the new home grown brands, were prevalent in most of the Super Markets on top of Star Coffee and others.

The studies came with the following as policy action:

- Coffee campaigns should target the youths;
- Improve the quality and make coffee affordable;
- Have a National Week where lectures on coffee & health are presented and coffee showcased;
- Farmers should taste what they produce for improved coffee quality.

2.60 CLOSING STOCKS

Table 2.11 represents the coffee stock position as at the close of the coffee season, September 30, 2007. Stocks at the export processing levels were estimated at 280,151 bags of exportable grades, comprising - Robusta 215,901 bags and Arabica 64,250 bags. There were minimal amounts of FAQ at primary processing factories who have predominantly resorted to hulling only as opposed to the earlier mode where they also mobilised coffee for hulling. High stocks are attributed to speculation as exporters anticipated for higher prices in the coming coffee year.

⁴ See ICO Annual Review, 2006/07



Table 2.11 COFFEE STOCK MOVEMENT – 60-Kilo Bags –

Oct/Sept. 2006/07	Robusta	Arabica	Total
Opening Stock	174,423	90,804	265,227
Total Production ⁵	2,325,960	579,321	2,905,281
Availability	2,500,383	670,125	3,170,508
Domestic Consumption	140,000	35,000	175,000
Exports (Oct/Sept)	2,144,482	559,754	2,704,236
Closing Stock –Sept 30.	215,901	64,250	280,151

2.61 OUTLOOK FOR 2007/08

Given the improved husbandry practices arising from the good prices and the favourable weather experienced in 2006/07, coffee exports in 2007/08 are projected to go up by 10% from 2.7 m bags to around 3.0 m bags. The ongoing coffee production campaign, launched in 2006 and the coffee rehabilitation programme are envisaged to underpin production and productivity.

Globally, coffee production for the Coffee year 2007/08 is envisaged to be in the range of 116 million on account of a 20% drop in the Brazilian crop due to a biennial cycle and 14% drop in Vietnam's output. Central America and Africa are however projected to have 7% and 10% growth in production, respectively over the preceding year.

Opening stocks for 2006/07 Coffee year in producing

countries were revised to 29 million bags while end of year stocks in importing countries stood at 22.6 million bags.

Current prices are envisaged to remain high in Coffee Year 2007/08 on the basis of significant coffee consumption growth especially in emerging markets in Eastern Europe and Asia. The weaknesses of the dollar notwithstanding, farmers are envisaged to seize this opportunity of buoyant global prices to invest more in quality improvement rather than production increases. The high prices however may generate speculative tendencies especially in investment funds where players may opt for long positions on future markets, thus creating a supply shortage in the short term.

⁵ This represents mainly coffee procurement or marketed production.

⁶ ICO Annual Review 2006/07



Chapter Three

QUALITY AND REGULATORY SERVICES

3.0 TECHNICAL EXTENSION SERVICES

To ensure good quality coffee and to minimise post harvest losses, field visits were undertaken to various coffee growing areas to provide technical extension services. Emphasis was on Good Agricultural Practices (GAPs), Good Manufacturing Practices (GMPs) and Good Hygienic/Handling Practices (GHPs) to the stakeholders, especially the farmers, traders and processors.

At the farm level, harvesting of ripe cherries and drying on raised trays, tarpaulins and cemented floors were stressed. Good warehousing was demonstrated to both farmers and store men. Buying store operators were advised to have well calibrated weighing scales, moisture analysers; and stacking coffee on pallets while in store. At the processing factories, the focus was on proper installation, correct adjustment of the machinery and the waste disposal system.

Registration of conforming stores, hulleries and other players was done as follows: 375 buying stores, 251 hulleries, 25 central washing stations, 21 export grading plants, 28 exporting companies and 12 roasters.

3.1 QUALITY AWARENESS AND ENFORCEMENT OF COFFEE REGULATIONS

Trading in and processing of semi dried Kiboko/parchment and adulteration of processed coffee (FAQ) with BHP's and other extraneous matter were the major causes of quality deterioration in the internal market.

In addition to improper drying yards that impart a dirty appearance to FAQ and parchment coffee.

To address these malpractices, quality sensitization workshops were conducted by UCDA along with local authorities in which farmers, processors and other stakeholders

were taught good handling practices under the theme "improved earnings from better quality coffee". The workshops were held in the districts of Jinja, Mbale, Kapchorwa, Kayunga, Masaka, Bushenyi, Rukungiri and Kasese districts. It was resolved that the local authorities would enact and implement coffee by-laws to enhance The Coffee Regulations.

Thirty four (34) primary processing factories found handling wet coffee (M.C > 14%) in contravention of the Coffee Regulations were suspended from operation for a period of two weeks. The district authorities were very instrumental in this exercise, especially Masaka district. These, along with the Masaka Coffee Buyers & Processors Association mounted check points along the highways to curb the movement of poor quality coffees; traders in possession of poor quality coffee were prosecuted in the district court where they paid hefty fines.

At the export grading level, poor quality FAQ deliveries were heavily penalized through price discounts. Lots beyond redemption were totally rejected by the exporters.

3.2 EFFECTS OF LOAD SHEDDING

Although there was a noticeable decrease in the frequency of load shedding compared to the previous years, the increase in electricity tariffs caused a rise in milling charges from Shs. 60/- per kilo in 2005/06 to Shs.100/- in 2006/07. However, the rise in hulling

charges notwithstanding the number of registered primary processing factories went up by 9% from 212 in 2005/06 to 251 in 2006/07. The increase is attributed to reduced load shedding and increased availability of coffee at the farm level as more coffee continues to come in production.



Good drying practices enhance quality and contributes to PFA



3.3 FIELD QUALITY EVALUATION

Field Quality Evaluation:

Samples of the dry coffee cherries (Kiboko) were drawn during the year - at the beginning, peak and tail-end of the harvesting season - from all the robusta coffee growing areas. The analysis focussed on percentage

out-turns and screen size distributions. The samples were of uniform moisture content, which ranged between 12-13.0%; gravimetric sorting was not undertaken.

Table 3.1 %-age Out-turn & Screen Distribution Of Natural Robusta

Quality Parameters	Coffee Growing Regions - 2006/07.					Average
	S/Western	Western	Masaka	Central	Eastern	
Out-turn	58.0	55.0	56.0	56.0	55.0	56.0
Sc. 18	16.5	13.3	15.9	12.9	14.2	14.6
Sc. 17	21.5	21.8	20.2	17.9	17.2	19.7
Sc. 16	24.6	28.0	22.6	23.4	21.5	24.0
Sc. 15	18.9	17.2	19.0	17.5	21.3	18.8
Sc. 14	9.8	12.8	14.4	14.4	15.6	13.4
Sc. 13	4.6	3.2	4.5	8.8	6.2	5.5
Sc. 12	2.5	1.9	2.3	2.5	2.3	2.3
< Sc. 12	1.6	1.8	1.1	2.6	1.7	1.8

There was an improvement in out-turn from 54.5% in 2005/06 to 56% mainly on the account of good weather that supported bean development. Similarly, the proportion of Sc. 15 went up by 6% from 69% a year ago to 75%; and sc. 17 averaged 20%. This good

performance is ascribed to more Clonal coffee coming into production.

Table 3.2 gives comparative percentage of out-turn and screen distribution over the years for natural Robusta in the various zones.

TABLE 3.2: PERCENTAGE OUT-TURN & SCREEN DISTRIBUTION FOR ROBUSTA

COFFEE ZONE ⁷	COFFE YEAR	OUT-TURN (%)	SCREEN RETENTION (%)			
			1800	1500	1200	<12
1. South Western	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
	2006/07	58.1	16.5	65.0	16.9	1.6
2. Western	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
	2006/07	55.2	13.3	67.0	17.9	1.8
3. Masaka	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
	2006/07	56.5	15.9	61.8	21.2	1.1
4. Central	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
	2006/07	56.1	12.9	58.8	25.7	2.6
5. Eastern	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
	2006/07	56.0	14.2	60.0	24.1	1.7

⁷ The districts in the Robusta Coffee Zones are: South Western - Ntungamo, Mbarara, Bushenyi, Rukungiri & Kasese. Western - Kabarole, Kibaale, Hoima, Kiboga & Mubende. Masaka - Masaka, Rakai, Sembabule & Kalangala. Central - Mpigi, Luwero, Nakasongola, Wakiso & Mukono. Eastern - Jinja, Iganga, Kamuli, Mayuge & Bugiri.



Table 3.3 gives the average out-turn for Washed Arabica for the Arabica coffee growing areas: Mbale, Kapchorwa, Nebbi and Kisoro on a comparative basis. The outturn was generally good and average 80.7%, the highest was recorded in Kisoro at 81.5% followed by Kapchorwa at 81.2%.

Table 3.3 Outturn of washed Arabica over the years 2002/03 – 06/07.

Coffee Year	Mbale	Kapchorwa	Nebbi	Kisoro	Average
2002/03	80.5	81.0	79.9	81.7	80.8
2003/04	79.9	80.2	80.3	81.0	80.4
2004/05	80.1	80.8	78.6	82.0	80.4
2005/06	79.6	80.0	80.2	81.0	80.2
2006/07	80.0	81.2	80.1	81.5	80.7
Average	80.0	81.6	79.8	81.4	

3.4 LIQUORING REPORT OF EXPORT COFFEE

Table 3.4 shows the liquor report for the various coffee grades exported during the year compared to the previous years. The cup taste was generally clean at over 95.7% compared to 93.5% a year ago. The increase was

more noticeable in the Natural Robusta, Organic Robusta and Organic Bugisu, a reflection of improved handling practices along the production chain, which is owed to the rigorous certification and verification practices.

Table 3.4: Percentage of clean cups over the period 2003/04 – 2006/07.

TYPE	GRADE	2003/04	2004/05	2005/06	2006/07
1. Bugisu Arabica	AA	99.3	95.9	95.5	98.3
	A	98.9	96.1	97.2	97.1
	AB	95.8	93.9	92.4	95.9
	PB	91.2	95.6	98.1	93.3
	B	97.1	98.6	92.9	97.7
2. Other Arabicas	Wugar	95.2	95.5	96.5	96.2
	Drugar	91.0	86.9	90.3	92.7
3. Natural Robusta	Sc 18	90.8	86.8	87.8	90.6
	Sc 17	94.0	89.7	86.4	95.6
	Sc 16	94.0	92.8	97.6	100
	Sc 15	91.5	87.9	89.1	91.5
	Sc 14	94.0	87.1	89.2	93.6
	Sc 13	91.5	89.3	90.5	100
	Sc 12	93.0	87.2	88.4	90.3
4. Washed Robusta	F.A.Q	100	100	100	96.7
5. Organic Coffee	Bugisu Arabica	95.2	100	96.4	100
	Okoro Arabica	90.5	100	100	93.2
	Robusta	100	89.3	95.2	100



Table 3.5 shows a summary of cup defects in the Natural Robusta grade, especially Screen 15, on monthly basis. The main defects were Taints – 38.5%, Earthiness – 31.6%, Potato – 14.5%, Over Fermentation – 12.7% and others – 2.7%. These defects were due to poor

handling and storage practices at the farm and primary processing levels. Taints and Earthy off-flavours, are due to drying coffee on bare ground, and poor storage and transportation. Potato off-flavours were noted, arising from an increase of insect damaged beans.



The Managing Director UCDA tasting some of the Coffee lots presented for export at UCDA Lab.

Table 3.5 Summary of defects in the standard grade (screen 15) in 2006/07

MONTH	O/F*	POT**	TAI	EAR	OTH.	DEFECTIVE	TOTAL CLEAN
Oct	10	3	14	12	-	39	514
Nov	3	5	40	34	-	82	982
Dec	8	8	41	54	4	115	1,250
Jan	13	5	25	22	-	65	621
Feb	17	6	57	26	-	106	874
Mar	14	8	27	21	5	75	765
Apr	18	3	4	14	-	39	283
May	5	20	36		-	61	634
Jun	9	15	17	22	-	63	945
Jul	5	27	25	34	5	96	1,346
Aug	3	13	27	17	8	68	800
Sep	4	11	17	15	1	48	743
Total	109	124	330	271	23	857	9,757
% Defects	12.7	14.5	38.5	31.6	2.7	-	-

- O/F - Over Fermentation; Pot - Potato
- Others includes Woody, Winey, Bitterness, Harsh, Fruity, Grassy and Musty.



3.5 COFFEE REFERRED FOR REPROCESSING

There was an increase in the number of coffee bags referred for reprocessing from 58,968 bags to 77,985 bags during the year. Necessary remedial actions were

given and coffee was later passed for export. The major defects that led to rejection and later reprocessing were: poor retention (41.7%), wetness (31.2%), Discoloured/ Blacks (11.8%), and pods (8.5%).

Table 3.5 Coffee Bags Referred for Reprocessing Over the Years

DEFECT (S)	2003/4	2004/5	2005/6	2006/7	
1. Wetness	22,828	20,511	19,185	24,336	31.2
2. Poor retention	13,396	10,220	15,747	32,550	41.7
3. Discoloureds /Blacks	6,425	7,384	13,502	9,162	11.8
4. Floats /BHP	1,097	-	6,784	3,600	4.6
5. Pods	3,200	4,354	2,030	6,617	8.5
6. Extraneous matter	8,251	2,520	1,720	1,720	2.2
TOTAL	54,197	44,989	58,968	77,985	100

3.6 TRAINING IN BASIC QUALITY CONTROL

Training of industry players in the basic quality control techniques continued to be demanded by the industry. 25 Quality Controllers comprising 13 directly from exporting companies and 12 from catering institutions. Owing to

the growing demand and the changes in consumer tastes and preference, the course contents are gradually being improved to cater for coffee outlets as well. Table 3.6 represents the number of Quality Controllers trained since the inception of the programme.

TABLE 3.6. NUMBER OF TRAINEES IN THE 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
2001/2002	19	29	48
2002/2003	26	09	35
2003/2004	43	20	63
2004/2005	5	13	18
2005/2006	22	18	40
2006/2007	13	12	25
TOTAL	265	157	422



Chapter Four

COFFEE DEVELOPMENT PROGRAMMES

4.0 INTRODUCTION

4.1 COFFEE DEVELOPMENT

To improve farm productivity and increase the volume of coffee produced in the country, emphasis was placed on the following activities during the year: -

- Extended support to COREC towards development and release of the new coffee varieties.
- Established demo plots for dissemination of agronomic technologies appropriate in the rehabilitation initiative of the old coffee fields.
- Continued to support the coffee seed gardens to boost the production capacity of coffee nurseries;
- Initiated the rehabilitation process of the MAAIF divested mother gardens to preserve the germplasm of Clonal coffee;
- Supported programme-based collaborations on coffee research and technology development with CORI, NUCAFE, UCTF and other stakeholders.
- Focussed on coffee planting and extension in new coffee growing districts; and replanting around nucleus farms and wet mills.
- Undertook agronomic research on Arabica coffee pests and disease incidences;
- Undertook socio-economic research on competitiveness of the coffee subsector in collaboration with BoU and UBOS.
- Carried out Monitoring and Evaluation of coffee development programmes (CBNs, coffee demos, farmer training) in liaison with key stockholders - NAADS, MAAIF Extension workers and NGOs.

4.2 COFFEE PRODUCTION CAMPAIGN

As a strategy to increase coffee production from a 2.3 m bags (138,000 tonnes) mark in 2005/06 to 4.5 m bags (270,000 tonnes) by the year 2015, UCDA in conjunction with other stakeholders (Café Africa, NAADS, NUCAFE, COREC, ASPC-Danida, UNADA, etc), initiated a Coffee Production Campaign to heighten the productivity ad

production of the coffee subsector. The Campaign was adopted and approved by the parent Ministry, MAAIF, for immediate implementation.

The campaign aims at increasing the productivity of the old coffee trees from the current low level of around 0.5 Kilo of clean coffee per old tree to at least 1.00 kg. To achieve this, the farmers are urged to implement good husbandry practices, which are evidenced in the demo plots. The Campaign, which started in 10 pilot districts, revolves around the following thematic areas: Research, Extension, Farmer organisation, and Inputs and Credit. Below is how each was handled in the first year of implementation.

- (a) Research and Technology Development: Emphasis was on breeding and propagation of resistant coffee varieties; tissue culture; development of community-based-nurseries; and coffee rehabilitation. Breeding for CWD resistance saw mother gardens established at Kituza for the 7 lines that passed the screening tests; and 277 CBNs with a production capacity of 3.4 million seedlings were set up at sub-county level in all the coffee growing districts. The target is to establish at least 600 CBNs with a production capacity of 20 m seedlings per year to meet the minimum annual demand.
- (b) Extension services: Provision of extension services to farmers was enhanced through creation of demo plots; workshops/seminars; and radio and television programmes where good agricultural and post-harvest handling practices were emphasised. This was undertaken in collaboration with NAADS, NUCAFE and Local Governments.
- (c) Farm Level Organizations: Formation of farm organisations was intensified in the coffee campaign districts for bulk marketing, easy access to market information and extension services. Farmers under this arrangement were able to add value to their coffee at farm gate and sold



at Shs. 3,500 and above per kilo of FAQ against Shs. 2,900 – Shs. 3,100 ruling at the time. In the districts of Bushenyi, Kapchorwa and Mbale some farmer did sell their coffee through the Warehouse Receipt System, making a direct link with exporters. Along with NUCAFE, 120 farmer associations were formed with 600 farmer groups affiliated to them. Some of these associations such as Budadiri Arabica Coffee farmers with 129 members, Kibinge – 1500, Kabonera – 200, Nsangi – 60 and Rwenzori – 14,000 have a SACCO component, which is in line with the Prosperity for All concept.

- (d) Inputs and credit – use of productivity enhancement inputs was popularised at all workshops/seminars by the Uganda National Agro-inputs Development Association (UNADA) with overwhelming response from farmers. Farmers expressed concern about availability of these inputs – agro-chemicals, fertilizers, tarpaulins, etc. at affordable prices and within their localities.

Subcounty implementation committees and district platforms were established to oversee the implementation process.

4.3 FARMER TRAINING AND EXTENSION LIAISON

Farmer training and extension liaison was carried out by the District Coffee Coordinators (DCCs) under the supervision of regional officers in 50 districts. In all these districts coffee was voted as a strategic crop under NAADs. Farm visits, demonstrations and conventional training seminars were the methods used to transfer productivity improvement technologies to farmers. A total of 1,860 farm visits and method demonstration sites were made; and on-spot practical guidance was extended to nearly 10,000 farmers. Under the conventional farmer training seminars, 2,700 farmers received technical extension guidance. Focus was on good agricultural practices (GAPs) in coffee production, coffee farming as a business, soil and water conservation, integrated pests and disease management and group dynamics.

4.4 COFFEE RESEARCH AND TECHNOLOGY DEVELOPMENT

4.4.1 Support to COREC

UCDA continued to provide financial support to the Coffee Research Centre (COREC). During the year, research at COREC concentrated on development of CWD resistant varieties, control of its spread and assessing its impact, especially to the smallholder farmers. Achievements include but not limited to:

- Identification of a total of 2,124 wilt resistant Robusta lines;
- Planting out 3,612 mother bushes of these lines in 5 mother gardens at COREC;
- Continued field evaluation of Tuzza variety;
- Development of 146 Arabica hybrids that are resistant to Coffee Berry Disease and Leaf Rust;
- More understanding of the CWD prevention and spread has been achieved; and
- Appropriate technologies on CWD have been developed and disseminated through participatory technology generation in coffee communities.

4.4.2 Coffee Technology Development Sites/ Trials

One of the strategies of developing the coffee industry during the year was continued promotion of coffee production in non-traditional coffee growing areas of Mid- Northern Uganda, Eastern and Teso Region (Focusing on the districts of Lira, Apac, Oyam, Pader, Amolatar, Kitgum, Gulu, Pallisa, Tororo, Butalejja, Busia, Bukedea, Soroti and Kaberamaido.) Thirteen model one acre coffee farm trials, (Technology Development Sites) were established during the coffee year one in each of the above districts. All aspects of coffee technology were demonstrated on the sites. The Technology Development Sites are to act as nuclei for formation of coffee villages and Farm Level Organizations, (FLO's).

4.4.3 Coffee Rehabilitation Demonstration farms

Twenty five (25) coffee rehabilitation demonstrations were established during the year, one in each of 25 traditional coffee growing districts: Iganga, Mbale,



Sironko, Kapchorwa, Jinja, Mubende, Kyenjojo, Kibale, Hoima, Kamwenge, Wakiso, Mpigi, Masaka, Mukono, Kayunga, Sembabule, Bushenyi, Ntungamo, Mbarara, Kiruhura, Rukungiri, Kasese, Arua and Nebbi. Method and Result Demonstration on rehabilitation on the existing farmers' plots were carried out. It was observed that, most of the coffee trees, Robusta and Arabica, were more than 40 years old, the economic optimum age for a coffee tree. Accordingly, the need to rehabilitate / stump out these coffee trees in order to reignite productivity.

Demonstration plots are being established to change the behaviour of the hard to change. Farmers believe by seeing and thereby adopt a particular technology being demonstrated. Demand driven coffee technologies and innovations are generated and promoted. The targeted levels would be achieved if the farmers went back to the basics of better husbandry practices that include pruning, mulching and fertilizing practices.

UCDA contributes funds for pruning/stumping, fertilizer/manure, digging fertigation trenches, herbicides, mulching material, spray pump, scateures and pruning saw.

4.5 Coffee Nursery Development

To ensure availability of clean coffee planting materials

in adequate amounts, UCDA continued to support the Coffee Nursery Programme to match the growing demand under the Replanting Programme against CWD and introduction of commercial coffee growing in new areas. The support was to the Arabica seed gardens in Zeu and Zombo in Nebbi District, Buginyanya and Bugusege in Sironko district. Seed production capacity at the Buginyanya Coffee Seed garden is to be restored to 5 tonnes and Zombo at 0.1 tonne of elite seed annually. 1.5 tonnes of seed were produced and distributed to farmers during the year.

A total of 277 Community Based Nurseries (CBNs) were established and 3,420,740 seedlings were raised from these CBNs and planted during the year. A Community Based Nursery is one that fully owned by the community to raise seedlings, which are shared amongst its members. UCDA only provides certified seed, poly-pots, rooting media in case of clones and technical backstopping.

Planting materials are multiplied using participatory, demand driven, sustainable, cost effective approaches, a method which is more accountable than the supply driven one earlier used. Table 4.1 below shows the number of CBNs established and seedling raised per districts.



Minister of state for Agriculture Hon Dr. Israel Kibirige - Ssebunya inspecting clonal coffee mother garden under Kaweri coffee Farmer's Alliance in Mityana District



Table 4.1 Number of CBNs Per District and Seedlings raised in 2006/07

Region	District	# CBN	Number of Seedlings raised		
			Arabica	Robusta	Total
Western	Bundibugyo	2	10,000		10,000
	Kabarole	6	155,000		155,000
	Kamwenge	4	29,450		29,450
	Kibaale	10		124,000	124,000
	Kyenjojo	4	16,530		16,530
	Mityana	9		88,000	88,000
	Mubende	10		89,000	89,000
	Hoima	2		14,000	14,000
	Masindi	13		26,000	26,000
S. Western	Ibanda	6	150,000		150,000
	Isingiro	-			
	Kabale	4	4,100		4,100
	Kanungu	-			
	Kasese	4	44,300		44,300
	Kiruhura	-			
	Kisoro	5	49,000		49,000
	Mbarara				
	Ntungamo	24		152,000	152,000
	Rukungiri	5		125,000	125,000
Central	Mpigi	25		287,500	287,500
	Wakiso	-			
	Masaka	8		187,500	187,500
	Sembabule	5		70,300	70,300
	Luweero	10		250,000	250,000
	Nakasongola	-			
	Mukono	7		14,500	14,500
	Kayunga	-			
	Nakaseke	2		15,000	15,000
	Rakai	9		225,000	225,000
Eastern	Jinja	4		30,250	30,250
	Kamuli	8		49,000	49,000
	Mayuge	-			
	Iganga	-			
	Bugiri	-			
	Manafwa	6	67,000		67,000
	Bududa	3	44,000		44,000



	Mbale	13	93,500		93,500
	Sironko	7	34,000		34,000
	Kapchorwa	5	104,810		104,810
Northern	Amolatar	1		20,000	20,000
	Amur	3		100,000	100,000
	Arua	8	80,000		80,000
	Dokolo	1		15,000	15,000
	Gulu	17		150,000	150,000
	Kitgum	6		44,000	44,000
	Koboko	2	35,000		35,000
	Lira	4		70,000	70,000
	Moyo				
	Nebbi	35	280,000		280,000
	Pader	6		38,000	38,000
	Yumbe	5	40,000		40,000
	TOTAL				3,420,740

4.6 SOCIAL ECONOMIC RESEARCH

4.6.1 Competitiveness of the Coffee Subsector

To continually assess the competitiveness of the coffee industry at: production, processing and export marketing levels, annual studies are conducted by UCDA of farmers, primary processors and exporters on a sample basis.

Similar studies that comprise all export commodities are periodically undertaken by Bank of Uganda (BOU) to assess the competitiveness of the entire export commodity sector vis-à-vis other sectors. To rationalise resources, Bank of Uganda coordinates commodity competitive studies with sector bodies through a technical committee on which UCDA is a member. The Committee designs research studies and the data collection instruments.

What is presented in this report therefore is a summary of the studies conducted by UCDA in conjunction with BoU on coffee's competitiveness. The results focus on the Domestic Resource Cost Ratio (DRC), showing the Cost Structure Analysis, and Break-even exchange rates of the two types of coffee.

4.6.1.1 Domestic Resource Cost for Robusta & Arabica Coffee

Data was collected in the Central, East, West and North-

Eastern regions of Uganda for both Robusta and Arabica coffee.

Production costs for 2006/07 were estimated using data collected in the previous year as facts on the ground show little variation in the cost structure at farm level in the last three years. The data used were collected by UCDA from the districts of Sironko, Kapchorwa, Iganga, Jinja, Masaka, Rakai and Rukungiri, using the Simple Random Sampling (SRS) method on 30 farmers from each district.

For the primary processing, and export grading and marketing activities for both Robusta and Arabica coffee, data collected related to the 2006/07 coffee year. Primary processing data were collected from some factories in Masaka, Rakai, Kayunga in the Central region; Iganga, Jinja and Kamuli in the Eastern region and Ishaka, Bushenyi and Ibanda in the Western region. In total, data was collected from 49 processors: 26 from the Central, 14 from the East and 9 from West against 251 registered ones during the year.

Data collection for the export processing and marketing activity was carried out from 15 exporters proportionately in the category of large, medium and small.



Table 4.2 Domestic Resource Cost Ratio for Robusta coffee

The cost estimates in this analysis relates to the cost of production, processing and export marketing of a kilogram of Robusta and/or Arabica coffee, for 2006/07 coffee year.

(a) DRC Ratio

The results show that both Robusta and Arabica coffees were competitive in 2006/07 Coffee Year, at the exchange rate of Shs.1,780.66/US\$ with DRC ratios of 0.34 and 0.50, respectively. The corresponding break even exchange rates were Shs. 599.72 and Shs. 890.23 per US dollar.

Compared to 2005/06, there was a slight improvement in competitiveness of Robusta whose DRC moved from

40% to 34% while that of Arabica fell from 48% to 50%. The breakeven exchange rates at Shs.714.50 /US\$ for Robusta and Shs 873.12.32 /US\$ for Arabica.

In the 2006/07 an average price of \$ 1.58/Kilo was realised for robusta, an increase of 28.46% from \$ 1.23/Kg in 2005/06. Similarly Arabica registered an increase in its export price of about 6 percent to US\$ 1.98/Kg from US\$ 1.87/Kg.

The improvement in DRC ratio for Robusta and a slight change in Arabica DRC ratio, with corresponding breakeven exchange rates in 2006/07, could be attributed to the relative increase in Robusta prices compared to Arabica. The tables below show the DRCs for Robusta and Arabica Coffee, respectively:

Table 4.2 Domestic Resource Cost Ratio for Robusta coffee

COST ITEM	Cost (SHS/KG)	Cost (SHS/KG)
A. OUTPUT	2005/06	2006/07
Export Price (US\$/KG)	1.23	1.50
Exchange rate (SHS/US\$)	1,825.15	1,780.66
Output Value	2,244.93	2,671.00
B. OFF-FARM COSTS		
Buying & storage cost	47.00	39.07
Clean equivalent (56%)	87.00	69.76
Primary processing cost	48.00	65.57
Export processing and grading cost	196.14	205.36
Export-marketing cost	22.13	24.85
Sub-total	353.27	365.54
Financial cost	3.53	4.40
Contingency cost	3.53	9.33
SUB TOTAL	360.33	379.27
C. ON-FARM COSTS *		
Input costs at 56% out-turn	161.00	177.1
Labor costs at 56% out-turn	325.00	357.5
Contingency cost	32.5	35.7
Sub-total	518.50	570.30
Total Threshold Cost	878.83	947.57
Industry Net Margin	1,366.1	1,865.87
DRC RATIO	0.40	0.36
Break-even exchange rate	714.50	599.72

Source: Source: Source: BOU/UCDA Survey Estimates - 2005/06-2006/07.

Note * On-farm costs based on average of old Robusta and Clonal 2,500 kilos of Kiboko, average out-turn = 56%



(a) Robusta and Arabica Cost Structure Analysis

According to the data provided in table 4.3 below for Robusta coffee, the farmer realized farm-gate price was 66% percent of the export price up from 63% in 2005/06. The remaining 34% was distributed in costs and margins at the primary processing, export processing and marketing levels.

In terms of profitability to Robusta exporters, the Profit Rate to export coffee was about 23% in 2006/07 compared to about 18% in 2005/06. A slight increase in profits was due to relative improvement in price and relatively stability in costs over the period.

Table 4.3 Robusta Coffee Cost Structure Analysis: 2005/06-2006/07

ITEM	2005/06		2006/07	
	Shs/Kg	% Share in Export Price	Shs/Kg	% Share in Export Price
Price Realisations:				
Coffee Price Kampala (Us\$/Kg)	1.23		1.50	
Exchange Rte (Shs/Us\$)	1,825.15		1,780.66	
Average coffee price (Shs/Kg)	2,244.94	100.00	2,671.00	100.00
Cost of Production	518.50		570.30	
Farmer's Price (Kiboko)	831		1,000	
Outturn (%)	0.56		0.56	
Farmer's Price (FAQ) Equiv.	1484.00	66.10	1,785.70	66.70
Collection Cost (Kiboko)	33.04		26.51	
Outturn (%)	0.56		0.56	
Collection Cost (FAQ) Equiv.	59.00	2.63	47.33	1.77
Primary-buying cost (Kiboko)	15.68		12.60	
Outturn (%)	0.56		0.56	
Equivalent Buying Cost	28.00		22.43	
Primary-marketing Cost	87.00		69.43	
Primary-processing Cost	135	5.46	135.33	
Export-processing Cost	126.14	5.6	135.33	
Export- marketing Cost	92.13	4.10	94.88	
Sub-total	353.27	15.74	365.54	13.70
Total Exporter Cost/ Price	1,833.27	70	2,151.24	76.5
Exporter's Surplus	411.67	18	519.76	20.00

Source: BOU/UCDA Survey Estimates - 2005/06-2006/07.

As for Arabica, Table 4.4 shows the comparative cost structure for 2005/07 and 2006/07 Coffee Years. Estimates indicate that for Arabica coffee, the farmer's realized farm-gate price was around 84% of the export price up from 83% in 2005/06. The remaining share of 16 percent was distributed in costs and margins in primary

processing and export processing and marketing.

In terms of profitability to Arabica exporters, the net return to exporters was about 7.8% up from 6% in 2005/06. A slight increase profits was due to relative improvement in price and relatively stability in costs over the period.



Table 4.4 Arabica Coffee Cost Structure Analysis: 2005/06-2006/07

Coffee Year	2005/06		2006/07	
ITEM	Shs/Kg	% Share in Export Price	Shs/Kg	% Share in Export Price
Coffee Price Kampala (Us\$/Kg)	1.87		1.98	
Exchange Rate (Shs/Us\$)	1,825.15		1,780.66	
Average Coffee Price (Shs/Kg)	3,413.03	100.00	3,525.10	100.00
Farmer's Price (Parchment)	2270		2370	
Outturn (%)	0.80		0.80	
Farmer's Price (Clean) Equiv.	2,837.50	83.00	2,962.50	84.00
Primary- marketing Cost (Parchment)	46.26		50.00	
Outturn (%)	0.80		0.80	
Primary-marketing Cost (Clean) Equiv.	57.83	1.69	62.50	
Primary Buying Cost (Parchment)	10.75		18.75	
Outturn (%)	0.80		0.80	
Primary Buying Cost (Clean) Equiv.	13.44	0.39	23.44	
Total Primary Marketing Costs (Clean)	71.26	2.09	85.94	2.40
Export Processing and Marketing Cost	285.59	8.36	199.50	8.51
Sub-total	356.85		285.44	
Total Exporter Cost	3,194.35	93.0	3,247.94	94.98
Exporter's Surplus	218.00	6.0	277.16	7.8

Source; BOU/UCDA Survey Estimates - 2005/06-2006/07.

4.6.1.2 Impact of Coffee Wilt Disease

Impact assessment of the CWD continued to be among the industry field activities, carried out along with COREC Scientists and MAAIF Extension workers. Findings indicated a continued decline in the incidence of CWD in virtually all the Robusta coffee growing districts. Reports of new infections were minimal by the UCDA diagnostic field staff and the farmers, a reflection of adherence to strict sanitary measures at the farm level.

Although the impact of coffee wilt disease hadn't changed significantly from 52% in 2005/06, the impact in terms of productivity was still evident on the ground. Farmers who had been affected by the disease had shifted to producing other competing enterprises to

mitigate against the economic losses incurred from the disease.

Preliminary assessment however continued to indicate that while some farmers had shifted to other crops, coffee is still considered a more dependable source of household income. Cross-country reports (farmers, extension workers, NGOs) from almost all coffee growing districts indicate that more coffee is needed for replanting. Farmers demand continue to focus on the resistant varieties, which COREC is working on. As much the multiplication and further propagation of these varieties awaits, UCDA efforts continued to educate farmers on the need to maintain planting the tolerant Clonal coffee that is available up the



time when the resistant varieties would be released for commercialization. Preliminary assessment of the existing clones in the field indicates that Clonal coffee of over 10 years is still tolerant to the CWD and with good management, tolerant is above 90 percent.

4.6.1.3 Economic Impact of the Coffee Wilt

Disease

Based on the adjusted estimates for 2005/06 by about 1% to cater for unnoticed infections, the cumulative infection level for 2006/07 was about 53%. If we base on this estimate on a total of about 242,000 ha of old Robusta coffee, about 128,000 ha. were estimated to have been infected by 2006/07. If we assume a yield average of medium managed old coffee at 600 kilos of clean coffee per ha., about 76,800 MT was the estimated volume loss in the coffee industry. If this is valued at 2006/07 FOT/R prices of about 1.58 US\$/Kg; for Robusta, the equivalent annual loss in foreign exchange revenue was about US\$ 121.344 million. This is a substantive revenue loss to a poor economy like Uganda and has negative consequences of the macro economy and current account balance.

At household level, a loss of about 53% per ha. per

HH translates into a volume loss of about 500 Kilo of Kiboko. At the 2006/07 farm-gate prices, this is about; $500 \times \text{Sh.}1000/\text{Kg.} = \text{Sh.}500,000$ per HH of one hectare per year. This amount of income loss has a more biting implication of the poverty levels which were reported of among farmers during the year.

4.6.1.4 Impact of Interventions on CWD

Following the Strategic Export Programme in the fight against the CWD disease, estimates show that a net of about 55 million of new Robusta coffee trees which were planted had reached averaged productivity of about 3.3 kilos of Kiboko per tree or about 1.85 kilos of clean coffee. Based on this estimate, 55 million trees yielded about 100,750 MT, an equivalent of 1.7 m 60-kilo bags. Compared to a loss of about 75,600 MT from the 52% old Robusta coffee an equivalent of 126,000 Ha estimated to have been destroyed by CWD since its inception. The replanting programme has to a greater extent offset the-would be impact of CWD. Given the current positive price trend, which has translated into improved husbandry practices, the industry is envisaged to realise further increases in exportable volumes.



Good Agricultural Practices (GAPs) improve yield: The Managing Director of UCDA, inspecting technology transfer demo sites.



Chapter Five

COFFEE RESEARCH

5.0 INTRODUCTION

Research is still an important integral component for long term development of the Ugandan coffee industry. This report gives progress on key research activities carried out by the Coffee Research Centre (COREC) of the National Crops Resources Research Institute (NaCRRI). The research aim is to solve priority constraints that limit production and productivity of high quality Robusta and Arabica coffee. In the coffee year 2006/07 research concentrated on developing and disseminating technologies for controlling coffee wilt disease (CWD) affecting Robusta, controlling leaf rust (CLR) and coffee berry disease (CBD) on Arabica and technologies for enhancing coffee production in marginal areas (Drier than traditional areas). Specific research objectives the reporting period were:

- i). To develop CWD resistant Robusta coffee varieties, which are high yielding, resistant to other coffee diseases (Red blister and leaf rust) and have good market (cup and physical bean) qualities.
- ii). To develop CBD and CLR resistant Arabica coffee varieties, which are high yielding and have good market qualities.
- iii). Developing high yielding, diseases resistant and good quality Arabusta varieties, which are acceptable to growers and markets.
- iv). To develop more appropriate and cost effective packages for managing insect pests on both Arabica and Robusta coffee.

5.1 PROGRESS/ACHIEVEMENT DURING 2006/07

5.1.1 Development of high yielding and good quality Robusta coffee varieties resistant to CWD other diseases.

Various activities were carried out towards the development of CWD resistant Robusta coffee varieties.

- (a) Identifying new CWD resistant varieties
 - 3,430 seedlings of 115 open pollinated families of trees surviving in on-farm wilt hot spots in Jinja, Kiboga and Bundibugyo districts were artificially inoculated with CWD pathogen and assessed for

resistance to CWD under screen house conditions at Kituza. 35% of the seedlings survived in the first inoculation and they will be re-inoculated during the coming reporting period.

- 250 seedlings of 89 open pollinated families from germplasm collections at Kawanda were re-inoculated and they are still undergoing assessment in the screen house at Kituza.
- 100 open pollinated seedlings of seeds from the Ivory Coast were also inoculated and 57 of them were found to be resistant to CWD. These survivors (resistant) were planted in a field evaluation trial at Kituza.
- 93 seedlings of 16 open pollinated families of Robusta coffee trees in wilt hotspots in Mukono and Kayunga districts were also re-inoculated. 63 of the inoculated seedlings survived the re-inoculation and these will be planted in mother gardens at Kituza during the next reporting period.
- 127 rooted cuttings of 42 clones from various on-farm wilt hot spots were re-inoculated. 99 of the inoculated cuttings survived after the re-inoculation and they were planted in mother gardens at Kituza.

(b) Establishing and maintaining mother gardens of CWD resistant Robusta coffee clones

Mother gardens of CWD resistant Robusta coffee varieties are continuously being established at Kituza, as the resistant varieties are identified through the screen house tests. During 2006/07 CWD resistant clones in mother gardens were increased from 1,432 to 1,519 and their mother bushes were increased from 2,262 to 3,974. The mother gardens were all well maintained by applying organic and inorganic fertilizers, controlling weeds and pruning. Genotypes in the mother gardens, with some of their mother



bushes left to bear fruits, were visually assessed for cherry characteristics and 30 of them were pre-selected for further on-farm evaluation. These 30 are in addition to the 25 pre-selected in previous assessments.

(c) Multiplication of CWD resistant coffee clones using nodal cuttings (conventional)

As mother bushes of each of the CWD resistant Robusta clones reach productivity, only two of mother bushes of each of the clones are deliberately left to grow to fruiting like trees in a normal production garden, for quick assessments of the clone for yield, resistance to red blister and leaf rust, cherry size and bean shape. The rest of the trees are trained to produce suckers for vegetative propagation using nodal cuttings. During the reporting period COREC continued to maintain 1,100 rooted cuttings raised in the previous reporting period in the nursery until they were planted in field trials at Kituza and Nakanyonyi. 2,240 rooted cutting, which were planted under cages during this reporting period, were removed from cages. The rooted cuttings were hardened and planted in on-farm field trials in Mityana and Kamuli. 5790 cuttings from 187 CWD resistant clones, including the 25 pre-selected clones, were planted under cages within the Kituza nursery.

(d) Multiplication of CWD resistant coffee clones by tissue culture (somatic embryogenesis)

580 new explants of commercial Robusta coffee varieties were introduced into culture media and 347 explants introduced in the previous reporting period were maintained at callus. 420 explants of the 25 newly selected CWD resistant Robusta varieties were

also introduced into the culture media.

(e) Establishment, maintenance and assessments in on-station evaluation trials of CWD resistant Robusta coffee clones

All the CWD resistant clones have to be evaluated for yield, quality (cup and bean) and field resistance to leaf rust and red blister so as to select good performing clones for validation in multi-location trials in different Robusta coffee growing agro-ecological locations. Trials for evaluating all the CWD resistant clones are established at Kituza, as their planting materials become available from the Kituza nursery. The Kituza trials will provide reference results for contrasting with the clone performance in on-farm multi-location trials. For reliability, data has to be collected from at least 5 trees of each of the clones. During the reporting period CWD clones in the on-station trial at Kituza were increased from 191 to 268. The fields were well maintained by applying inorganic and organic fertilizers and by controlling weeds using herbicides and manual weeding.

Trees of the 25 pre-selected CWD resistant Robusta coffee clones were assessed for resistance to leaf rust and red blister disease and for quality at UCDA laboratory. Basing on the disease resistance and quality results, 8 clones were selected as elite varieties for further evaluation in on-farm trials and limited release to farmers (Table 5.1).



Table 5.1: Quality, resistance to leaf rust and red blister disease and yield of the 8 CWD resistant Robusta coffee clones selected for release to farmers

Variety	Body	Flavour	Colour	100 bean weight	% retained by screen 16/64	Remark	CWD	Leaf rust	Red blister	Yield
Kituza R4	Fair	Fair--	Greenish brown	17.6	83.1	+	1	1	1	
Kituza R5	Fair	Fair+	-do-	17.1	86.9	++	1	1.5	1	
Kituza R6	Fair+	Fair+	-do-	19.2	95.8	++				
Kituza R7	Fair	Fair+	-do-	21.1	95.5	+++	1	1.6	1	
Kituza R3							1	1	1	2940
Kituza R2							2	1	1	2490
Kituza R1							3	1	1	2210
1s/3				20.5	80		3			2130

Quality analysis: ++ is very good; + is good; - is fair-poor and – is poor

Disease analysis: ++ is resistant; + is fairly resistant; - is susceptible and – is very susceptible

(f) Establishment and maintenance of on-farm evaluation trials of CWD resistant Robusta varieties

Trials of the 25 pre-selected CWD resistant Robusta coffee clones were planted in Mukono (Nakanyonyi), Kamuli and Mityana districts.

(g) Genetic characterization of the selected superior CWD resistant varieties

It is necessary to genetically fingerprint the elite CWD resistant varieties as they become available so as to prevent perjury, as means of protecting the intellectual property rights of the variety developers. Genetic fingerprinting of the 25 pre-selected CWD resistant varieties was initiated. Identification of the right primers (genetic markers) is on-going in the biotechnology laboratory at Kawanda. So far 5 working primers were identified.

(h) Generation and evaluation of Robusta coffee hybrids from CWD resistant lines and current commercial (susceptible) clones

Yield, cup and bean qualities and resistance to major coffee diseases other than the coffee wilt disease is important in the coffee supply. The newly selected CWD resistant varieties do not possess all these traits. As such there is need to develop ideal varieties that combine all the desired traits. Through hybridization, CWD resistance can be introgressed from the resistant clones into the current commercial clones (high yielding, good cup and bean qualities and resistant to red blister and leaf rust) but susceptible to CWD, to obtain varieties with complementary traits. During this reporting period 1200 hybrid seedlings belonging to 187 crosses were maintained in the coffee nursery at Kituza awaiting planting in field evaluation trials and 320 seedlings of



80 progenies were planted in a field evaluation trial at Kituza. 400 plants of 100 crosses planted in the field evaluation trials at Kituza during the previous reporting periods were maintained, following routine coffee management practices. The bearing trees were assessed for yield.

5.2 Development of high yielding and good quality CBD and CLR resistant Arabica coffee varieties.

This activity involved the following:

(a) Field evaluation of Catimor (lowland) Arabica varieties

Catimors are generally short/dwarf Arabica varieties. Three Catimor varieties namely NG9257, NG9258 and NG9260, were introduced in Uganda in 1993, as part of the national programme to identify better varieties (high yielding, good quality and resistant to leaf rust and coffee berry diseases) to boost the Arabica coffee production. The 3 Catimor varieties were first planted at Kawanda (lowland), Bugusege (medium altitude) and Buginyanya (high altitude), where they were evaluated for yield, resistance to leaf rust and coffee berry disease (CBD). Their performance (yield and resistance to leaf rust) at Bugusege and Kawanda was very encouraging as compared to performance of current commercial Arabica varieties (SL14, KP162, KP432, SL28). Following this initial observation, the varieties were fronted as a quick alternative for coffee farmers, whose Robusta coffee had been devastated by CWD. However their cup quality results were not fully known. Thus more trials were established in different parts of the country (Masaka, other locations within Mbale region, Bushenyi, etc) to validate the quality, as a basis for making decision to guide the adoption of these varieties in the lowland areas. During the reporting period, bean samples collected from different location

in Mbale region were processed and submitted to UCDA for quality analysis. Results of the analyses showed that Catimors are of medium cup quality and have small bean as compared to the commercial varieties.

(b) Development soil fertility, crop and shade recommendations for dwarf/short Arabica coffee varieties (Catimors, Ruiru II and hybrids)

Since the beginning of the Arabica coffee industry in Uganda, only tall varieties such as SL14, KP162, KP432, etc have been cultivated on a commercial scale. Consequently available good agronomic practice recommendations were developed to maximize productivity of this type of varieties. With the introduction and quick farmers' adoption of the short varieties (Catimors and Ruiru II plus others in the making), which have relatively smaller bush/tree architecture, has necessitated us to develop appropriate soil fertility, canopy and shade management recommendations so as to maximize their productivity. Trials aimed at deriving such recommendations for the 3 Catimor varieties (Kituza A1, Kituza A2, and Kituza A3) were initiated at Kituza and other sites in different agro-ecological locations during the previous reporting periods. During this reporting period the trials at Kituza and Bugusege were maintained following routine Arabica coffee management practices, except for pruning of the tertiary primaries. Yield data was collected from the spacing and shade trials planted at Kituza and Bugusege; however, the data is not yet analyzed.

(c) Evaluation of Ruiru II for yield, quality and resistance to CBD and CLR

Ruiru II is also a short variety as compared to our current commercial Arabica varieties. This variety is resistant to CBD and therefore it has the



potential for cultivation in highland areas (above 1700m above sea level), where CBD is endemic. Field trials meant to validate the performance of this variety in Uganda are currently being run at Kituza, Bugusege, Buginyanya and Kachwekano. During the reporting period, the trial at Kachwekano trial was assessed for resistance to CBD, and the variety was found still resistant. Visual observation made at Buginyanya also revealed that this variety is resistant to CBD.

- (d) Hybridization and evaluation of Arabica hybrids
Hybridization is one way of generating genetic variability and it is an important method of creating good varieties by bringing traits of interest into common genotypes. Crosses were carried out between the current commercial varieties (SL14, KP423, KP162, SL34 and SL28) and the new introductions (Catimors and Ruiru II) so as to bring together the good qualities of the commercial lines and the disease resistance in the new introductions. A number of hybrid progenies were generated at Bugusege. Many of the hybrid progenies were planted in trials at Buginyanya, Bugusege and Mbarara. During the reporting period, the trials at Bugusege and Buginyanya were maintained following routine methods. Data collection on the trials will start in the next reporting period.

5.3 Development of high quality Arabusta coffee varieties

Devastation of Robusta coffee trees countrywide by CWD compelled scientists at the Coffee Research Centre to search for sources of resistance to this disease by screening all available coffee germplasm.

Through screen house inoculation tests, it was discovered that Arabusta (hybrids of crosses between Arabica and Robusta), which already existed at Kawanda, were resistant to CWD. This led to a re-analysis of yield data previously collected from all the individual hybrid trees in the Kawanda trial followed, by assessing them for quality and resistance to leaf rust and red blister disease. On this basis, 10 individual trees were selected among the hybrids, for multiplication as clones through nodal cuttings and for re-evaluation in multi-location trials in different agro-ecological areas. The trials were then established at Kituza, Bulegeni, Luweero, Mubende, Bushenyi, Kyenjojo and Kanungu to be re-evaluated for yield, resistance to leaf rust and red blister disease and for quality (cup and bean). During the reporting period, assessment for red blister disease and leaf rust were carried out on the trial at Kituza. All the clones remained resistant to these diseases. Samples of the coffee beans were analyzed at UCDA for quality. 9 of the clones were found to have cup quality tending to that of Robusta while only 1 had quality tending to that of Arabica. All the varieties had large beans and high 100 bean weight. Samples were also collected from the trial at Bulegeni but have not yet been analyzed.

5.4 Investigation on other coffee wilt disease management options

Studies were initiated to investigate the effect of grafting CWD susceptible clones onto CWD resistant root stock. This experiment was laid out at Kituza and it is on-going. So far there are no wilting plants in the entire experiment, irrespective of the rootstock vs. scion combination. However, it is still too early to make conclusive inferences.



Chapter Six

ADMINISTRATION AND FINANCE

6.0 Staff Matters

Staffing Levels By Department			
DEPARTMENT	Professional/ Technical Staff	Support Staff	TOTAL
OFFICE OF MANAGING DIRECTOR	4	2	6
BS/FINANCE AND ADMINISTRATION	9	8	17
QUALITY, REGULATORY & INFO SERVICES	17	5	22
DEVELOPMENT	39	3	42
TOTAL	69	18	87

6.1 New Appointments

Three new senior members of staff were appointed to fill the vacant posts in the organization. They are: Mr. Francis Bhatia Chesang – Development Manager; Mr. Mike Maliro – Principal Development Officer; and Ms. Nina Nassuuna – Principal Accountant.

6.2 Training

- Senior members of staff attended a three day Effective Executive Programme organized by Acclaim Africa at Hotel Equatoria, Kampala, in October 2006;
- Senior Management joined members of the BoD in a two day workshop on Corporate Governance at Grand Imperial Hotel, Kampala, in December 2006;
- Mr. Ezra Munyambonera finalised course works and formal training for the Doctorate programme which is partially sponsored by UCDA;
- Ms. Loyce Kembabazi and Mr. Robert Tumwesigye were assisted with partial funding to complete training for Masters' programmes in MBA (ESAMI), and MPPM (UMI), respectively;
- Mr. William Rugadya completed an advanced programme, leading to his registration as a Certified Public Accountant, with partial assistance of UCDA. He also attended training in Maputo under auspices of the Association of African Accountant Generals, in April 2007.
- Mr. Michael S. Wasswa attended two day training workshops on Crime Prevention and Audit Control, and New Labour Laws organized by HR&Management Consultants and FUE respectively.
- Mr. Fred Luzinda Mukasa attended several skills development workshops organized by ICPAU and ACCA Uganda.
- Ms. Doreen Rweihangwe attended a two day seminar under the theme 'Women in Management' at Makerere University Business School. The seminar covered elements of leadership, negotiation, problem solving, conflict resolution and strategic management.

6.3 Resignations

- Mr. Edward Twehikire and David Okurut District Coffee Coordinators for Rukungiri/Kanungu and Bugiri/Tororo respectively, resigned from their positions.

6.4 Sector Based Workshops

- UCDA in conjunction with Café Africa, a development partner, held several stakeholders' workshops in the Districts of Bushenyi, Kapchorwa, Mukono and Rukungiri, Masaka, Mukono Mbale, Kasese, Luweero, which constitute the pioneer districts in the Coffee Campaign 2006 – 2015. Participants were



sensitized about strategies aimed at revamping of coffee production to 4.5 million bags per annum by 2015.

A National steering committee comprising members from UCDA, CORI, NAADS, CAFÉ AFRICA, NUCAFE and UNADA was set up under the leadership of UCDA. Sub county committees were also constituted for the purpose of harmonizing activities in all participating districts.

- Farmers pledged willingness to plant more coffee.
- Seven members of staff of UCDA were part of a group that participated in a three day training seminar on 'Advanced Coffee Cupping' at the UCDA Laboratory Lugogo in January 2007. The seminar was organized by EAFCA, and was facilitated by TWO experts from the Coffee Quality Institute of USA.
- Participants were equipped with cupping knowledge and techniques to make them competitive in the specialty market.
- UCDA participated in a workshop organized by EAFCA in April 2007, to brainstorm on factors affecting domestic coffee consumption in Uganda, at which the idea to form a cluster body comprising members from the private and public sectors, as well as the academia, was accepted. UCRA was earmarked to lead the body.
- UCDA quality controllers facilitated a one – week quality management systems workshop organized by Gumutindo Co –operative Society for farmers in the Mount Elgon area in March 2007. The workshop aimed at helping organic coffee farmers in minimizing certification costs.
- UCDA resource persons handled cupping and training of cuppers, while other components were handled by trainers from Kenya, Tanzania and Ghana.

6.5 International Meetings / Conferences

- Hon. Dr. Israel Kibirige Sebunya, Minister of State for Agriculture, led a Ugandan delegation to the 46th Assembly of IACO held in Addis Ababa, Ethiopia, in November 2006.
- The meeting that was presided over by the Ethiopian Minister of State for Agriculture and Rural

Development endorsed an agreement by which African producer countries were to rekindle the coffee industry through market oriented development activities.

- Two Ugandans namely Mr. Ignatius David Kiwanuka of UCDA and Mrs. Daisy Eresu of MAAIF, participated in the IACO/ADB capacity building workshop in Abidjan, Cote d'Ivoire. Speakers from Europe and America urged African countries to ensure constant supply in terms of coffee quality and quantity.
- Coffee was among the commodities exhibited at the BIT Milan 2007 Expo, February 22 – 27, 2007 under auspices of Uganda Tourism Board together with MTI. The Uganda coffee stand was manned by Mr. Julius Madira along with exhibitors from Salati coffee, and Wabulungu Multi purpose Estate. Uganda coffee was highly appreciated and a number of potential buyers registered.
- Uganda's Ambassador to Italy, Mr. Deo Rwabiita invited Italian investors to tap the country's potential in food processing and tourism.
- The International Coffee Council finalized negotiations for a new International Coffee Agreement which included provisions for ICA 2007. One of the major changes introduced by the new ICA is the elimination of the Executive Board in order to strengthen the Council in decision making. Three new Committees to handle projects, promotion and market development and finance and administration were set up.
- The ICA 2007 aims to achieve sustainable coffee economy geared at poverty reduction in line with the Millennium Development Goals through strengthening ICO's role as a forum for inter governmental consultations and facilitation of international trade.
- The Managing Director UCDA represented Uganda at the Council meeting.
- The new Development Manager represented UCDA at the 1st IFOAM Conference on the marketing of organic and regional values under sponsorship of the German Federal Ministry of Food, Agriculture and Consumer Protection in August 2007.
- Participants unanimously passed the Schwaebisch Hall Declaration, which advocates for strengthening of Regional development bodies through which



rural communities could avoid threat of corporate monopolies and genetic engineering.

6.6 Local Visits and Exhibitions

- UCDA participated in the 14th Uganda International Trade Fair October 2 – 8 2006 at UMA show grounds, presided over by H.E. President Y. K. Museveni. The theme of the trade fair was “Building Global Partnerships.” The President called on manufacturers to embrace the concept of competition and concentrate on areas that give them a competitive edge.
- The UCDA stall hosted coffee roasters in Uganda who included; Salati Coffee, Zigoti coffee, One Café International, Masaba Coffee and Kampala Jelliton a.k.a. Nguvu.
- Hon. Hillary Onek, the Minister for Agriculture Animal Industry and Fisheries, commissioned the Lwanyaga Wet Mill at Kalungu in Masaka district on May 16, 2007 during the Manifesto Week. He thanked the proprietors, Four ways Group of Companies, for choosing to invest in Masaka, the hub of the coffee industry in Uganda; and called upon farmers to advantage of this investment and the presence NAADS in the area by embracing coffee growing as a business.
- UCDA took part in the Annual World Food day celebrations that took place in Nakaseke District. The guest of honour urged farmers to grow coffee in the fight against poverty at the grassroots. The NAADS programme should also embrace coffee as a tool to eradicate poverty in the rural community.
- The Managing Director visited Kapchorwa and Sironko districts during the same month, to acquaint himself with the progress of Gumutindo organic coffee project. He advised farmers to form groups in order to mitigate the high cost of certification, and to avoid intermediaries who end up destroying quality through adulteration.
- Farmers expressed optimism given the fair prices realized out of the project coffee.
- UCDA senior management visited KAWERI Coffee Plantation and Alliance in Mubende during the month

of November 2006, to keep abreast of developments at the two organizations. They were impressed with what they saw at the plantation and promised continued technical co-operation.

- Member of the Kaweri Coffee Farmers’ Alliance noted that the prevalence of coffee wilt disease was on the decline on well- managed coffee plantations; and urged coffee farmers to heed the advice given by the extension staff.
- UCDA and Café Africa, a development partner, held four stakeholders’ workshops in Bushenyi, Kapchorwa, Mukono and Rukungiri under the theme “Coffee Campaign 2006-2015.” The main purpose of the campaign is to revamp coffee production up to 4 million bags per annum. The district leadership promised to have a coffee development component in their respective budgets.

6.7 Value Addition

a) China Joint Venture

There was no significant progress recorded since last year. However, there is evident increased demand for Ugandan coffee on the Chinese market.

b) Egypt

The joint venture continued to expand its operations around Cairo.

c) Soluble Coffee

The Governments of Uganda and Libya slowed down on arrangements for a joint Venture on a soluble coffee plant in Uganda. There are however funding prospects from the Islamic Development Bank, and African Development Bank.

6.8 Private Initiatives

- Rwenzori Finest Coffees held a prize giving ceremony in Kasese district on December 16, 2006, which was presided over by Hon. Dr. Crispus KIYONGA. Other dignitaries included Ministers: Hon. Dr. Ezra Suruma of Finance Planning and Economic Development, Hon. Eng. Hilary Onek Minister of Agriculture, Animal Industry and Fisheries, the Ambassador of Ireland, and APEP staff. The best performing farmers and farmer-groups received prizes.



Over 14,000 farmers from the 17 sub counties Rwenzori are registered under Rwenzori Finest Coffees for production for the Specialty coffee. This project was initiated by Mr. Andrew Rugasira, with assistance of USAID and Prime West. A kilo of parchment fetches Shs. 3,500/- as opposed to traditionally hulled Wugars from the area, which go at Shs. 2,700.

- The coffee fraternity together with development partners held a coffee field day with Kyagalanyi Coffee Ltd., December 08, 2006, at Nakanyonyi in Mukono District, which is home to a project through which Kyagalanyi has mobilized farmers into sustainable coffee production.

The Project targets propagation of 1,000,000 clones in four years, effective May 2007, for distribution to farmer groups in support of the Government policy of "Prosperity for All".

- Similar initiatives by coffee exporters include:
 - Ibero (U) Ltd. (Luweero and Masaka)
 - Kampala Domestic Store (Mpigi)
 - Gumutindo (Mbale)
 - Kawacom (U) Ltd. (Kapchorwa and Nebbi)
 - Olam (U) Ltd. (Nakaseke)

6.9 Recognition of Best Sector Players

- UCDA recognized best performers in the industry at a function held in December 2006, which was presided over by Hon. Hilary Onok, Minister of Agriculture Animal Industry and Fisheries.
- Those that were recognized included:
 - Kyagalanyi Coffee Ltd. pioneers in the quality sensitive Specialty markets.
 - Ugacof Ltd. the biggest coffee exporter in Uganda
 - Rwenzori Fine Coffee for enabling farmers establish linkages with European markets.
 - Ban Café promoter of local domestic consumption through coffee outlets in Kampala.
 - Mr. Muhigirwa of Mufa farm in Rakai District whose farm was well looked after during the period when prices were low.
 - Hajj Ishak Lukenge of Kampala Domestic Store best integrated coffee entrepreneur.
 - Mr. Moses Seremba was UCDA's best employee for 2006.

6.10 Assets Management

- a) Vehicles
Four new double cabin pick-ups and sixteen motor cycles were purchased to improve on the transport situation.
- b) Land and Buildings
The programme to upgrade residential properties for better income is still on. A Consultancy Firm was engaged to undertake concept and design development on plots 9/11 Baskerville Avenue and 20 Elizabeth Avenue, in Kololo.

All rentable units have full occupancy.

6.11 Debt Collection

- a) Cess Debtors
There was slow progress on cases against Cess defaulters due to the slow Court process.
- b) Rent Debtors
Rent collection greatly improved following the direct involvement of UCDA Lawyers. The collection rate rose to 90%.

6.12 Board Matters

- a) Members of the Board of Directors undertook a two day non – residential training in corporate governance in December 2006, at Grand Imperial Hotel in Kampala.
- b) The BoD and Management in the company of Hon. Dr. Kibirige Sebunya Minister of State for Agriculture visited the middle north to acquaint themselves with the progress of the coffee campaign in the districts of Lira, Apac, Gulu and Pader. The enthusiasm with which the local farmers had taken on coffee growing was impressive.
- c) The good and virgin soils in the region are suitable for extensive coffee growing. With intensified extension services, production should reach 60,000 tonnes by the year 2012.
- d) The Board handed over six hand pulpers to progressive farmers to help in improving quality.
- e) The Board held meetings as indicated in the table below.

Table 6.1: Summary of Board Meetings in 2006/07

Nature of Meeting	Frequency
Full BOD	7
Finance & Audit	4
Promotion & Value Addition	2
Technical	2
Training	1
Field Trip	1
Total	17



STATISTICAL APPENDICES

APPENDIX I

COFFEE PROCUREMENT FOR ROBUSTA & ARABICA – 60-KILO BAGS

	2006/07			2005/06			2004/05			2003/04		
	Robusta	Arabica	Total	Robusta	Arabica	Total	Robusta	Arabica	Total	Robusta	Arabica	Total
TOTAL	2,325,960	579,321	2,905,281	1,609,226	625,579	2,234,805	2,149,403	544,575	2,693,978	2,221,747	542,100	2,763,847
OCT	115,710	48,950	164,660	80,151	50,125	130,276	189,216	35,604	224,820	98,105	40,100	138,205
NOV	197,002	78,958	275,960	200,178	65,149	265,327	150,112	50,119	200,231	85,445	50,235	135,680
DEC	215,009	54,854	269,863	136,100	75,124	211,224	185,024	55,728	240,752	261,084	60,001	321,085
QTR - 1	527,721	182,762	710,483	416,429	190,398	606,827	524,352	141,451	665,803	444,634	150,336	594,970
JAN	250,112	56,446	306,558	160,127	75,455	235,582	175,333	46,523	221,856	271,925	66,204	338,129
FEB	278,573	39,040	317,613	95,078	81,003	176,081	165,201	48,625	213,826	195,203	62,639	257,842
MAR	181,203	52,019	233,222	100,197	72,528	172,725	152,143	55,900	208,043	174,001	54,721	228,722
QTR - 2	709,888	147,505	857,393	355,402	228,986	584,388	492,677	151,048	643,725	641,129	183,564	824,693
APR	98,369	30,187	128,556	84,540	76,574	161,114	172,854	55,215	228,069	130,129	52,300	182,429
MAY	135,659	34,027	169,686	105,196	49,310	154,506	159,071	56,777	215,848	140,284	57,356	197,640
JUN	195,621	35,773	231,394	162,282	20,075	182,357	201,535	48,123	249,658	287,134	32,417	319,551
QTR - 3	429,649	99,987	529,636	352,018	145,959	497,977	533,460	160,115	693,575	557,547	142,073	699,620
JUL	212,012	37,256	249,268	180,032	20,235	200,267	267,148	30,148	297,296	265,501	24,595	290,096
AUG	257,465	55,654	313,119	155,345	20,001	175,346	186,530	37,546	224,076	169,026	19,573	188,599
SEP	189,225	56,157	245,382	150,000	20,000	170,000	145,236	24,267	169,503	143,910	21,959	165,869
QTR - 4	658,702	149,067	807,769	485,377	60,236	545,613	598,914	91,961	690,875	578,437	66,127	644,564



APPENDIX II

MONTHLY COFFEE EXPORT FIGURES – QUANTITY (60-Kilo Bags) & VALUE (US \$)

MONTH/TYPE	2006/07		2005/06		2004/05		2003/04	
	QTY	VALUE \$	QTY	VALUE \$	QTY	VALUE \$	QTY	VALUE \$
TOTAL	2,704,236	256,580,844	2,002,324	170,343,587	2,504,890	162,146,236	2,523,042	115,704,844
ROBUSTA	2,144,482	192,779,546	1,408,314	103,873,270	1,988,360	105,883,286	1,979,633	82,611,561
OCT	115,013	9,287,693	71,774	4,469,897	152,346	5,796,722	97,132	3,781,188
NOV	174,587	14,744,480	121,407	8,093,316	141,435	5,019,760	83,445	3,272,999
DEC	196,685	16,369,909	132,336	9,381,631	182,975	7,427,260	169,749	6,702,634
JAN	255,416	21,368,320	156,047	11,016,259	171,107	7,042,443	234,062	9,653,421
FEB	182,090	15,137,262	91,747	6,912,473	167,404	7,508,274	179,002	7,650,738
MAR	207,763	17,251,142	86,973	6,490,296	142,214	7,003,125	159,839	6,815,144
APR	94,685	8,026,750	76,946	5,868,690	156,353	8,172,737	122,967	5,181,784
MAY	139,965	12,762,155	89,157	6,946,257	164,849	9,568,909	127,546	5,171,813
JUN	208,489	20,283,411	167,401	12,428,399	181,899	12,083,444	234,235	10,625,954
JUL	227,364	23,556,869	149,759	11,050,922	220,549	15,438,553	260,500	11,342,603
AUG	194,432	19,395,567	147,366	11,452,930	183,923	12,827,504	169,251	6,887,833
SEPT	147,003	14,595,988	117,401	9,762,200	123,306	7,994,555	141,905	5,525,450
ARABICA	559,754	63,801,298	594,010	66,470,317	516,530	56,262,950	543,409	33,093,283
OCT	40,558	4,069,398	49,922	4,809,598	33,587	2,444,930	36,642	1,750,046
NOV	76,141	8,215,760	60,646	6,379,170	41,446	3,281,692	54,475	2,687,399
DEC	52,024	5,836,821	48,008	5,467,617	54,431	4,942,417	58,828	3,352,617
JAN	60,712	6,999,422	72,667	8,663,022	43,616	4,413,104	61,979	3,729,106
FEB	40,009	5,008,525	74,015	9,201,115	47,714	4,882,210	56,191	3,564,817
MAR	57,636	6,977,573	68,987	8,140,598	53,203	6,907,721	75,739	5,096,869
APR	42,471	4,928,768	69,696	7,845,734	55,035	7,174,852	54,602	3,585,183
MAY	44,595	5,144,792	34,164	4,021,072	55,176	7,208,840	53,355	3,445,600
JUN	36,300	4,000,843	20,047	2,146,047	47,352	6,002,324	28,943	2,022,782
JUL	41,500	4,776,409	26,551	2,660,751	30,464	3,252,408	23,590	1,462,477
AUG	35,417	4,101,088	28,160	2,927,946	35,524	3,714,390	18,114	985,202
SEP	32,391	3,741,899	41,147	4,207,647	18,982	2,038,062	20,951	1,411,184



APPENDIX III

MONTHLY COFFEE EXPORTS BY TYPE & GRADE IN 2006/07 – 60-Kilo Bags.

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Total
GRAND TOTAL	155,571	250,728	248,709	316,128	222,099	265,399	137,156	184,560	244,779	268,864	230,849	179,394	2,704,236
ROBUSTA	115,013	174,587	196,685	255,416	182,090	207,763	94,685	139,965	208,479	227,364	195,432	147,003	2,144,482
Organic - Rob	360	350	-	1,130	-	350	2,080	1,804	1,050	700	710	-	8,534
Washed - Rob	360	-	-	640	-	640	1,280	375	-	1,275	2,880	1,321	8,771
Screen 18	9,000	10,778	13,735	17,526	13,560	12,832	10,719	17,078	21,267	23,390	16,936	24,889	191,710
Screen 17	4,715	5,345	2,722	8,369	3,833	9,970	6,922	5,252	9,018	11,562	6,050	2,670	76,428
Screen 15	43,128	84,678	114,969	151,152	95,361	88,610	38,597	74,829	129,986	131,227	115,847	80,697	1,149,081
Screen 14	11,560	1,600	220	-	1,440	7,034	-	350	1,750	1,626	2,060	654	28,394
Screen 12	18,655	36,726	46,834	53,636	35,316	38,344	10,452	21,054	22,661	35,220	30,634	21,543	371,075
BHP 1199	5,415	5,070	7,165	7,460	11,010	13,059	8,082	8,593	9,783	8,157	8,360	5,799	97,953
Others	21,818	30,040	11,040	15,503	21,570	36,924	15,533	10,630	12,964	14,207	11,955	9,430	212,636
ARABICA	40,558	76,141	52,024	60,712	40,009	57,636	42,471	44,595	36,300	41,500	35,417	32,391	559,754
Organic	700	3,930	2,060	720	2,310	4,920	1,050	2,230	-	1,080	-	-	19,000
Rwenzori	-	-	-	-	-	-	-	-	-	900	-	-	900
Bugisu AA	8,473	10,320	6,558	9,304	8,271	7,640	5,392	4,780	4,687	5,450	4,060	2,922	77,857
Bugisu A	960	1,972	760	1,280	2,282	1,260	320	1,410	820	1,840	5,550	2,110	20,564
Bugisu PB	640	1,269	720	670	-	2,450	1,220	550	820	200	-	20	8,559
Bugisu B	-	320	320	320	320	320	150	-	-	50	-	-	1,800
Bugisu C	-	400	-	300	280	305	-	-	-	1,440	-	-	2,725
Arab – AB	2,640	10,260	4,140	4,780	5,040	1,680	2,430	1,960	1,800	1,280	2,130	4,488	42,628
Arab - CPB	-	700	-	-	700	1,410	1,080	1,050	-	640	640	-	6,220
Mixed Arabica	-	-	320	320	320	320	-	-	1,309	-	960	320	3,869
Wugar	-	3,870	960	4,560	5,830	6,920	5,662	8,838	4,216	4,780	2,004	5,040	52,680
Drugar	22,128	33,405	30,127	28,615	11,435	23,687	20,780	20,466	16,660	17,450	16,890	12,098	253,741
Others	5,017	9,695	6,059	9,843	3,221	6,724	4,387	3,311	5,988	6390	3183	5,393	69,211

APPENDIX IV

COFFEE EXPORTS BY TYPE & GRADE: 2002/03 - 2006/07 - in 60-Kilo Bags -

Coffee Grades	2006/07	2005/06	2004/05	2003/04	2002/03	AVERAGE
GRAND TOTAL	2,704,236	2,002,324	2,504,890	2,523,042	2,663,888	2,549,692
ROBUSTA	2,144,482	1,408,314	1,990,378	1,979,353	2,220,140	1,964,036
Washed Rob	8,771	1,962	1,408	210	746	2,619
Organic Rob	8,534	4,838	5,793	1,828	2,500	4,699
Screen 18	191,710	118,533	138,309	203,814	196,102	169,694
Screen 17	75,638	60,516	115,583	89,029	93,001	86,753
Screen 15	1,150,351	717,924	1,005,955	1,182,974	1,242,441	1,059,929
Screen 14	28,294	59,943	164,116	44,687	75,945	74,597
Screen 13	-	-	6,930	9,049	10,891	8,957
Screen 12	371,061	286,767	377,213	308,145	432,095	355,056
BHP 1199	97,933	60,460	90,413	62,394	89,303	80,101
Other Rob. ¹	212,190	157,321	84,658	77,223	77,116	121,632
Arabica	559,754	594,010	514,512	543,689	443,748	585,656
Organic Arabica	19,000	18,455	10,185	5,104	4,380	11,425
Bugisu SP	-	1,800	-	-	-	1,800
Bugisu AA	77,857	98,000	97,347	97,827	67,031	87,612
Bugisu A	20,564	17,119	13,973	50,347	29,295	26,260
Bugisu PB	8,559	11,437	7,642	13,230	9,263	10,026
Bugisu B	1,800	1,420	3,365	6,884	7,831	4,260
Bugisu C	2,725	1,250	973	960	1,260	1,434
Bugisu E	-	320	-	20	-	170
Arabica - AB	42,628	73,835	54,026	42,604	26,770	47,973
Mixed Arabica	3,869	6,700	4,630	9,269	8,215	6,537
Arabica - CPB	5,860	8,015	10,000	3,269	801	5,589
Wugar	52,680	40,500	35,032	46,536	47,090	44,368
Drugar	253,741	264,505	238,899	243,527	225,921	245,319
Other Arabicas	70,471	315,159	38,440	24,112	15,891	92,885

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

APPENDIX V

EXPORT PERFORMANCE BY INDIVIDUAL FIRMS IN 2006/07 – 60-KILO BAGS

Exporters: 2006/07	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total	%Share
Grand Total	155,571	250,728	248,709	316,128	222,099	265,399	137,156	184,560	244,779	268,864	230,849	179,394	2,704,236	100.0
Ugacof Ltd.	39,674	71,538	76,276	76,312	47,684	40,714	19,390	32,979	35,108	49,248	36,782	40,622	566,327	20.9
Kyagalanyi Coffee Ltd.	25,428	34,478	28,895	41,690	28,363	39,388	32,064	33,463	28,719	40,693	44,457	30,898	408,536	15.1
Kawacom (U) Ltd.	19,617	37,163	36,081	46,438	27,760	43,775	20,756	26,211	21,207	16,984	30,087	32,474	358,553	13.3
Great Lakes	13,248	18,734	16,075	19,551	19,697	24,238	11,787	13,077	27,967	24,429	24,174	12,257	225,234	8.3
Job Coffee	3,330	14,930	25,136	20,635	21,398	23,888	11,892	15,787	20,408	21,398	21,790	8,868	209,460	7.7
Pan Afric Impex Ltd.	20,200	6,035	5,420	31,362	27,986	23,928	8,580	10,530	19,808	22,479	13,287	5,429	195,044	7.2
Ibero (U) Ltd.	3,400	10,822	15,920	13,487	5,467	16,892	10,562	22,132	31,639	26,579	15,567	16,700	189,167	7.0
Savannah Commodities Ltd	2,560	7,944	9,377	9,170	9,900	9,168	22,14	6,090	20,219	16,210	5,928	3,150	101,930	3.8
Wabulungu M-Purpose Estate		8,235	10,499	11,699	5,905	7,241	6,530	6,120	11,840	8,566	6,602	1,034	84,271	3.1
Olam (U) Ltd.	12,502	17,134	4,846	14,286	2,977	14,554	4,350	2,722	700	5,540		2,588	82,199	3.0
Kampala Domestic Store				6,690	6,520	7,955	2,804	8,134	12,108	15,130	8,721	6,808	74,870	2.8
Nakana Coffee Factory	1,962	5,906	4,340	7,870	5,844	3,790		350	7,776	8,074	10,626	3,806	60,344	2.2
Lakeland Holdings Ltd	4,990	9,160	8,064	5,080	3,368	1,756	3,037	4,395	3,660	4,362	4,168	7,290	59,330	2.2
Union Export Services	1,940	970	4,800	5,454	3,748	2,192	1,290		330	3,040	2,660	1,970	28,394	1.0
Mbale Importers & Exp.	5,440	2,880	2,320	4,240	3,840	3,680				1,280	1,720	2,080	27,480	1.0
Kaweri Coffee Plantation				640		640	1,600	320		1,275	2,880	1,280	8,635	0.3
Gumutindo Coffee Co-op			300	1,244		1,280	300	1,380	1,260	920			6,684	0.2
Kitasha								350	1,750	1,170	1,400	1,520	6,190	0.2
MTL Main Traders		4,129	360	280				200	280				5,249	0.2
Bakwanye Trading Co.	1,280	320			320	320		320		320		320	3,200	0.1
Good African Coffee					1,322					900			2,222	0.1
Lion Gen. Trading Co. Ltd		350											350	0.0
Zigoti Coffee Works												300	300	0.0
Lamba International										267			267	0.0



APPENDIX VI

CUMULATIVE COFFEE EXPORTS AND VALUE: 2004/05 - 2006/07

COFFEE YEAR 2006/07				
MONTH	QUANTITY		VALUE	
	- 60 Kilo Bags -	CUMULATIVE	- US Dollar\$	CUMULATIVE
OCT.	155,571	155,571	13,357,091	13,357,091
NOV.	250,728	406,299	22,960,240	36,317,331
DEC.	248,709	655,008	22,206,729	58,524,060
JAN.	316,128	971,136	28,367,743	86,891,803
FEB.	222,099	1,193,235	20,145,787	107,037,590
MAR.	265,399	1,458,634	24,228,715	131,266,305
APR.	137,156	1,595,790	12,955,518	144,221,823
MAY	184,560	1,780,350	17,906,947	162,128,770
JUN.	244,779	2,025,129	24,284,254	186,413,024
JUL.	268,864	2,293,993	28,333,278	214,746,302
AUG.	230,849	2,524,842	23,496,655	238,242,957
SEPT.	179,394	2,704,236	18,337,887	256,580,844
COFFEE YEAR 2005/06				
MONTH	QUANTITY		VALUE	
	- 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	13,71,4421	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

APPENDIX VII

COFFEE EXPORTS BY DESTINATION ON A MONTHLY BASIS IN 60-KILO BAGS : OCT/SEPT 2006/07

DESTINATION	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
Grand Total	155,571	250,728	248,709	316,128	222,099	265,399	137,156	184,560	244,779	268,864	230,849	179,394	2,704,236
EU ¹	83,531	141,222	140,638	212,175	116,397	128,083	64,575	94,886	132,142	131,776	106,997	92,360	1,444,782
SUDAN	11,900	17,150	31,150	35,010	38,500	46,500	15,750	32,900	45,850	62,620	54,250	36,400	427,980
GERMANY	4,320	17,689	12,520	12,236	12,360	12,502	13,950	10,559	9,660	7,279	16,382	3,550	133,007
HOLLAND	3,600	10,040	0	10,247	12,115	20,455	11,100	9,360	10,070	0	0	25,160	112,147
POLAND	6,795	4,480	7,085	8,738	2,449	5,420	10,898	10,120	5,280	1,336	10,991	3,720	77,312
SWITZERLAND	25,480	22,490	2,787	1,668	3,640	1,748	0	0	1,240	3,895	12,455	0	75,403
SPAIN	4,826	9,009	5,536	1,640	960	6,252	3,716	3,120	10,006	9,338	7,556	1,642	63,601
BELGIUM	5,180	4,010	7,260	4,160	7,552	6,670	970	4,760	4,060	3,339	3,005	7,048	58,014
UK	1,871	6,805	10,389	8,533	5,678	5,308	1,852	900	9,624	1,430	1,384	0	53,774
USA	1,200	4,320	8,000	1,160	3,458	6,570	3,457	5,470	4,550	4,718	4,356	614	47,873
ITALY	1,600	1,978	4,646	11,976	1,628	3,966	3,320	3,516	4,014	1,976	1,120	5,260	45,000
FRANCE	2,080	2,880	1,774	960	4,600	4,240	1,642	3,068	1,280	5,980	2,644	2,700	33,848
SLOVENIA	0	0	0	640	5,236	8,536	2,720	0	0	2,338	4,286	0	23,756
PORTUGAL	660	1,974	1,653	633	4,086	4,812	986	2,526	1,540	0	0	640	19,510
LEBANON	0	0	0	0	0	0	0	0	0	10,772	1,680	0	12,452
ALGERIA	0	4,801	4,606	0	960	0	960	0	320	0	0	0	11,647
INDIA	0	0	0	0	0	0	0	0	0	10,317	1,155	0	11,472
MOROCCO	0	320	1,962	2,334	0	320	320	1,280	0	1,800	0	0	8,336
TUNISIA	0	0	0	0	0	0	0	0	3,200	3,200	0	0	6,400
JAPAN	900	600	300	0	0	1,200	300	500	0	600	300	300	5,000
EGYPT	0	0	600	668	600	1,800	0	0	0	334	968	0	4,970
AUSTRALIA	660	0	300	960	1,280	0	0	635	650	0	320	0	4,805
ISRAEL	0	960	320	0	300	0	0	0	0	2,928	0	0	4,508
SWEDEN	0	0	2,450	0	0	0	0	0	0	0	680	0	3,130

¹ This represents coffees consigned as EU without any specific country within EU.



APPENDIX VIII

20- YEAR EXPORT PERFORMANCE SERIES BY TYPE

		- in 60-Kilo Bags -			% - Change	
	COFFEE YEAR	Robusta	Arabica	Total	Robusta	Arabica
1	1986/87	2,007,188	273,018	2,280,206		
2	1987/88	2,177,359	140,982	2,318,341	8.48	-48.36
3	1988/89	2,938,860	175,536	3,114,396	34.97	24.51
4	1989/90	2,228,293	136,458	2,364,751	-24.18	-22.26
5	1990/91	1,924,319	160,948	2,085,267	-13.64	17.95
6	1991/92	1,884,183	169,034	2,053,217	-2.09	5.02
7	1992/93	1,841,510	247,132	2,088,642	-2.26	46.2
8	1993/94	2,471,960	533,245	3,005,205	34.24	115.77
9	1994/95	2,284,109	507,644	2,791,753	-7.6	-4.8
10	1995/96	3,762,347	386,456	4,148,803	64.72	-23.87
11	1996/97	3,789,013	448,101	4,237,114	0.71	15.95
12	1997/98	2,691,278	341,060	3,032,338	-28.97	-23.89
13	1998/99	3,291,540	356,449	3,647,989	22.3	4.51
14	1999/00	2,390,682	526,575	2,917,257	-27.37	47.73
15	2000/01	2,617,777	456,996	3,074,773	9.5	-13.21
16	2001/02	2,715,955	430,426	3,146,381	3.75	-5.81
17	2002/03	2,221,440	442,448	2,663,888	-18.21	2.79
18	2003/04	1,979,353	543,689	2,523,042	-10.9	22.88
19	2004/05	1,986,890	518,000	2,504,890	0.38	-4.72
20	2005/06	1,408,314	594,010	2,002,324	-29.12	14.67
21	2006/07	2,144,482	559,754	2,704,236	52.27	-5.77
	AVERAGE	2,416,993	378,474	2,795,467		

APPENDIX IX

PRODUCTION COST STRUCTURE FOR COFFEE PRODUCTION AT FARM LEVEL: 1996/97 – 2006/07 –IN SHS.

OLD ROBUSTA COFFEE		1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Cost Parameters												
Labour (per ha)		150,000	216,000	225,000	350,000	150,000	180,000	270,000	270,000	210,000	300,000	320,000
Amortized cost of Establishment		0	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	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	120,000
Total Cost (per ha)		295,000	361,000	300,000	450,000	230,000	280,000	445,000	445,000	360,000	515,000	565,000
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	1,200
Unit Cost (Shs/Kilo)		245	330	272	375	230	233	445	445	360	429	470
Farm-gate Price (Sh/Kilo of Kiboko/Parchment)		600	650	600	425	270	280	530	500	550	865	1,000
Profits in Shs. Kilo		355	320	328	50	40	47	85	55	190	436	530
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	1,100,000
Amortized cost of Establishment		50,000	50,000	50,000	50,000	50,000	50,000	0	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	180,000
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	230,000
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	1,510,000
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	5,000
Unit Cost (Shs/Kilo)		210	200	234	251	153	170	242	280	250	253	300
Farm-gate Price (Sh/Kilo of Kiboko/Parchment)		600	650	600	425	270	280	530	500	550	865	1,000
Profits in Shs. Kilo		390	450	366	174	117	110	288	220	300	602	700
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	600,000
Amortized cost of Establishment		0	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	220,000	300,000
Non-labour input cost -fertilizers/pesticides, etc		160,000	160,000	85,000	100,000	120,000	160,000	175,000	180,000	150,000	225,000	270,000
Total Cost per ha		465,000	585,000	555,000	635,000	510,000	560,000	703,000	812,000	735,000	945,000	1,170,000
Yield in Kilos of Kiboko or Parchment/ha		750	700	750	750	650	1,000	1,000	950	900	1,100	1,100
Unit Cost (Shs/Kilo)		620	836	740	850	785	560	703	854	816	859	1,100
Farm-gate Price (Sh/Kilo of Kiboko/Parchment)		1,700	1,800	1,400	1,300	1,000	990	1,200	1,390	2,200	2,095	2,370
Profits in Shs. Kilo		1,080	964	660	450	215	430	497	536	1,384	1,506	1,270



APPENDIX X

COFFEE EXPORTS BY UNIT PRICE BY GRADE BY MONTH 2006/07- UNIT PRICE IN US\$/KG

GRADE	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	AVERAGE
WEIGHTED	1.43	1.53	1.49	1.50	1.51	1.52	1.57	1.62	1.65	1.76	1.70	1.70	1.58
ROBUSTA	1.35	1.41	1.39	1.39	1.39	1.38	1.41	1.52	1.62	1.73	1.65	1.65	1.50
ORGANIC ROBUSTA	1.76	1.74		1.70		1.74	1.72	1.79	1.83	1.84	1.95		1.78
WASHED ROBUSTA	1.54			1.62		1.57	1.41	1.66		1.82	1.71	1.70	1.65
SCREEN 18	1.60	1.63	1.61	1.59	1.64	1.62	1.66	1.68	1.78	1.84	1.76	1.77	1.70
SCREEN 17	1.51	1.56	1.59	1.52	1.58	1.52	1.58	1.66	1.75	1.84	1.76	1.70	1.64
SCREEN 15	1.42	1.47	1.40	1.43	1.45	1.50	1.50	1.59	1.67	1.76	1.69	1.70	1.56
SCREEN 14	1.34	1.40	1.47		1.42	1.39		1.52	1.52	1.57	1.73	1.67	1.42
SCREEN 12	1.32	1.38	1.34	1.35	1.36	1.42	1.41	1.48	1.61	1.72	1.65	1.60	1.46
BHP 1199	1.10	1.06	1.11	1.05	0.98	1.06	1.10	1.07	1.14	1.23	1.22	1.20	1.11
ROB 13/14					1.32	1.31							1.32
OTHER ROBUSTA	1.15	1.21	1.28	0.99	1.08	1.13	1.06	1.09	1.22	1.36	1.39	1.33	1.15
ARABICA	1.67	1.80	1.87	1.92	2.09	2.02	1.93	1.92	1.84	1.92	1.93	1.93	1.90
ORGANIC OKORO	2.38	2.57	2.62	2.67	2.75	2.61	2.49	2.33		2.20			2.54
ORGANIC BUGISU		2.65	2.65		1.46	2.63		2.33					2.39
BUG AA	2.04	2.17	2.34	2.35	2.33	2.23	2.25	2.27	2.33	2.33	2.25	2.35	2.26
BUG A	1.96	2.14	1.97	2.09	2.50	2.37	2.31	2.22	2.18	2.65	2.25	2.28	2.28
BUG PB	1.96	1.98	2.29	2.25		2.21	2.13	2.05	2.07	2.25		0.62	2.13
BUG B		1.87	1.87	1.87	1.87	1.87	2.27			2.20			1.92
ARA AB	2.03	2.05	2.25	2.29	2.34	2.42	2.21	2.24	2.10	2.28	2.28	2.33	2.21
ARA CPB		2.20			2.16	2.24	2.02	2.03		2.18	2.18		2.13
MIXED ARABICA			1.65	1.65	1.65	1.65			1.51		1.58	1.65	1.59
BUG C		1.98		2.14	0.75	1.40				1.98			1.81
WUGAR		2.12	2.25	2.48	2.45	2.40	2.34	2.19	2.12	2.08	1.98	1.98	2.24
DRUGAR	1.59	1.67	1.82	1.80	1.83	1.93	1.81	1.76	1.82	1.88	1.84	1.94	1.79
OTHER ARABICA	1.16	1.02	1.09	1.22	0.89	1.06	1.39	1.14	1.20	1.26	1.46	1.19	1.42



**UGANDA COFFEE DEVELOPMENT AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED
SEPTEMBER 30, 2006, TOGETHER WITH THE REPORT AND
OPINION THEREON BY THE AUDITOR GENERAL**



AUDITED ACCOUNTS: 2006/07

UGANDA COFFEE DEVELOPMENT AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2007, TOGETHER WITH THE REPORT
AND OPINION THEREON BY THE AUDITOR GENERAL

AUDITED ACCOUNTS: 2006/07

SUMMARY	PAGE
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Income and Expenditure	4
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AUDITOR GENERAL'S REPORT

Under section 16 (2) of the Uganda Coffee Development Authority (UCDA) Act (Cap 325), I am required to audit the accounts of Uganda Coffee Development Authority and report to Parliament in accordance with Article 163(4) of the Constitution.

REPORT

The financial statements of the Uganda Coffee Development Authority (UCDA) which comprise the balance sheet as at 30th September 2007, and the income statement, fund balance and cash-flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on page 4 have been audited.

Directors' responsibility for the financial statements

Under the provisions of the Uganda Coffee Development Authority (UCDA) Act, the Directors are responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

The responsibility of the Auditor is to express an independent opinion on the financial statements based on the audit. 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the Auditor considers the internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for audit opinion.

OPINION

In my opinion, proper books of account were kept and the financial statements give a true and fair view of the state of affairs of the Authority as at 30th September 2007 and of its surplus and cash flows for the year then ended and comply with the Uganda Coffee Development Authority Act (Cap.325).

John F. S. Muwanga
AUDITOR GENERAL

Kampala
May 12, 2008



UGANDA COFFEE DEVELOPMENT AUTHORITY STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 30 SEPTEMBER 2007

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

The Directors accept responsibility for the annual financial statements set out on pages 1 to 9, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Uganda Companies Act. The Directors are of the opinion that the financial requirements give a true and fair view of the financial affairs of the Authority and of its surplus or deficit 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 control.

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

Paul Mugambwa
CHAIRMAN BOARD OF DIRECTORS


Henry Ngabirano
MANAGING DIRECTOR

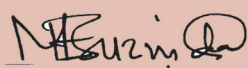
15/08/2007



UGANDA COFFEE DEVELOPMENT AUTHORITY
CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED SEPTEMBER 30, 2007
(All in Uganda Shillings)

	Notes	2006/2007	Restated 2005/2006
Fixed Assets(Net)	2	6,236,604,262	6,155,227,607
Investments			
Investment in Joint ventures	9	(508,443,072)	(392,517,543)
Other investments and work in progress	10	407,532,905	407,532,905
Current Assets			
Short-term Fixed Deposit	3	965,408,124	706,182,973
Cash at Bank	4(a)	459,926,389	368,280,641
Cash at Hand	4(b)	27,200	158,000
Debtors	5	693,672,469	4,444,006,787
		2,119,034,182	5,518,628,401
Less Liabilities			
Creditors: Amounts falling due within one year	6	3,456,400,059	4,596,905,441
Net Current Assets		(1,337,365,877)	921,722,960
Creditors: Amounts falling due after more than one year	7	1,092,657,795	2,114,224,682
Net Assets		3,705,670,423	4,977,741,247
FUNDED BY			
Funds of the Authority		2,216,750,000	2,216,750,000
Net Surplus		(2,539,598,232)	(1,267,527,408)
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	8	1,664,341,117	1,664,341,117
TOTAL		3,705,670,423	4,977,741,247


Henry Ngabirano
MANAGING DIRECTOR


Fred Luzinda Mukasa
BOARD SECRETARY /
HEAD OF FINANCE & ADMINISTRATION



**UGANDA COFFEE DEVELOPMENT AUTHORITY
CONSOLIDATED INCOME AND EXPENDITURE
FOR THE YEAR ENDED SEPTEMBER 30, 2007
(All in Uganda Shillings)**

	Note	2006/07 U Shs.	2005/06 U Shs.
REVENUE	1		
UCDA Revenue and share of Joint Venture		5,719,093,283	4,802,879,312
Less: Share of Joint Venture Turnover		115,328,749	180,164,212
Total Operating Revenue		5,603,764,534	4,622,715,100
OPERATING EXPENSES			
Staff Costs	2	1,684,051,711	1,474,406,833
Administrative Expenses	3	749,821,348	619,787,393
Programme Expenses	4	2,210,975,939	1,690,411,027
Other Support Expenses	5	48,050,000	44,760,000
International Obligations	6	374,939,707	417,854,978
Depreciation/Provisions	7	337,269,976	256,164,770
Total Operating Expenses		5,405,108,681	4,503,385,001
UCDA Operating Surplus/(Deficit)		198,655,853	119,330,099
Surplus on disposal of fixed assets		-	2,519,186
Share of Joint Venture loss in China		(48,599,706)	(75,942,662)
Share of Joint Venture loss in Egypt		(9,357,153)	(29,350,724)
Share of Joint Venture loss in Denmark		(57,968,670)	(81,596,758)
Net Surplus / (Deficit)		82,730,324	(65,040,859)



UGANDA COFFEE DEVELOPMENT AUTHORITY
STATEMENT OF MOVEMENT IN NET SURPLUS/DEFICIT
FOR THE YEAR ENDED 30 SEPTEMBER 2007
(All in Uganda Shillings)

	2006/2007 U Shs	Restated 2005/2006 U Shs
Retained deficit at the beginning of the year	(1,202,486,549)	(1,322,961,821)
Prior year adjustments	(1,354,801,148)	457,163,802
Joint Venture translation differences	-	(336,688,530)
Operating Surplus/ Deficit for the year	-	-
Retained deficit at the end of the year	(2,557,287,697)	(1,202,486,549)

Note:

2006/2007 Prior Year Adjustments

A: Rental Income tax arrears

1994-2006

992,984,819

B: V.A.T

2000-2006

421,226,922

C: Understatement of Interest on lease facility

(59,410,593)

Total prior year adjustments

1,354,801,148

The following have led to the restatement of the accounts and making of prior year adjustments.

- a) During the year, Uganda Revenue Authority carried out a tax audit which resulted in a tax penalty to the Authority for Rental income tax and VAT. The prior year adjustments have been made to disclose this liability in note 6
- b) A reconciliation of the Authority's leasing scheme with

DFCU established that there was an understatement of the liability in the previous year. This has also been effected to reflect the correct DFCU leasing interest and payments in the accounts. This is note 6 and 7.

- c) SIP debtors relating to seedling arrears and coffee promotion had also been omitted in the financial statements.

These have now been disclosed in note 5.



UGANDA COFFEE DEVELOPMENT AUTHORITY

NOTES TO THE FINAL ACCOUNTS FOR PERIOD ENDED SEPTEMBER 30, 2007

(All in Uganda Shillings)

NOTE 1.0 ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

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

1.2 DEPRECIATION & IMPAIRMENT

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

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

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

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 rates ruling at 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 VENTURE ACTIVITIES

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.

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

1.6 GOVERNMENT CONTRIBUTIONS ON VOTE 160: UGANDA COFFEE DEVELOPMENT AUTHORITY

UCDA gained vote status during Government financial year 2005/2006 under vote no. 160.

Government contributions towards UCDA during the coffee year 2006/2007 constituted:

- Contributions to semi-autonomous organizations (Code 264101)- Shs 612,762,034; and
- Domestic arrears to Nursery operators (code 321605) - Shs 3,377,395,434.

Total Government contribution was Shs 3,990,157,468 for the coffee year 2006/2007.

UGANDA COFFEE DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING SEPTEMBER 30, 2007
(All in Uganda Shillings)

Net Book Value	5,525,094,330	46,886,732	39,737,464	45,652,502	102,609,999	277,116,703	100,134,056	67,194,138	32,178,339	6,236,604,262
NOTE 2: FIXED ASSET SCHEDULE										
COST/VALUATION	Land and Buildings	Office Furniture	Computer & Peripherals	Office Equipment	Motor Vehicles	Commercial Vehicles	Liquoring Equipment	Motor Cycles	Generator	TOTAL
At 1 October 2006	7,295,222,181	222,724,951	198,067,923	99,154,067	272,468,998	367,516,640	246,718,132	80,706,100	61,370,771	8,843,949,763
Additions 2006/2007	1,982,000	7,768,834	20,496,500	9,928,585	0	285,741,800	11,798,000	41,475,000	0	379,190,719
Disposals 2006/2007	0	0	0	0	0	0	0	0	0	0
At 30 September 2007	7,297,204,181	230,493,785	218,564,423	109,082,652	272,468,998	653,258,440	258,516,132	122,181,100	61,370,771	9,223,140,482
DEPRECIATION										
At 1 October 2006	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	2,688,722,154
Disposal Adjustments	0	0	0	0	0	0	0	0	0	0
Depreciation for the Year	112,757,027	6,393,645	19,572,184	6,225,341	25,652,500	92,372,234	13,654,644	16,798,534	4,387,955	297,814,065
At 30 September 2007	1,772,109,851	183,607,053	178,826,959	63,430,150	169,858,999	376,141,737	158,382,076	54,986,962	29,192,432	2,986,536,220





UGANDA COFFEE DEVELOPMENT AUTHORITY
NOTES TO THE FINAL ACCOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2007
(All in Uganda Shillings)

NOTE 3: SHORT-TERM FIXED DEPOSITS

	2006/2007	Restated 2005/2006
Standard Chartered Bank- Pension	-	69,549,411
Tropical Bank- Pension	1,232,555,621	216,667,000
Tropical Bank	485,623,805	419,966,562
Total	1,718,179,426	706,182,973

NOTE 4(a): CASH AT BANK

	2006/2007	2005/2006
Stanbic Bank City Branch A/C 0140007511801	45,929,852	63,393,390
Stanbic Bank City Branch A/C 0140007222101	92,806,829	3,348,107
Standard Chartered Bank (Salary Account)	148,621,101	40,731,271
Standard Chartered Bank (Staff Pension Funds)	65,149,942	118,253,364
Nile Bank Ltd. (Rent Account)	500,000	30,690,935
Housing Finance Company of Uganda Ltd	99,863,881	500,000
Tropical Africa Bank	6,220,305	69,460,455
Tropical Africa Bank Dollar A/C	-	41,903,119
Total	459,091,910	368,280,641

NOTE 4(b): CASH AT HAND

	2006/2007	2005/2006
	27,200	158,000

NOTE 5: DEBTORS

	2006/2007	2005/2006
Staff Advances	77,693,239	66,139,301
Rent Receivable	53,831,343	45,514,697
5% General Provision for bad and doubtful debt for rent	(2,318,704)	(2,275,735)
	51,512,639	43,238,962
Cess Debtors	429,116,131	366,460,109
5% General Provision for bad and doubtful debt for cess	(21,455,807)	(18,323,005)
Specific bad debt provision- for cess	(15,681,397)	-
	391,978,927	348,137,104
SIP Debtors (seedling arrears and coffee promotion)	-	3,974,316,420
Other debtors	17,958,000	12,175,000
Total	539,142,805	4,444,006,787

NOTE 6: CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006/2007	2005/2006
PAYE	-	12,133,783
International Coffee Organization (ICO)	357,300,000	230,000,000
Inter Africa Coffee Organization (IACO)	980,000,000	218,100,000
DFCU Leasing facility	292,999,933	49,984,541
Retirement Benefit Scheme	550,244,643	381,042,932
Prepaid Export Licenses	-	6,000,000
Accruals	4,549,057,854	167,719,087



UGANDA COFFEE DEVELOPMENT AUTHORITY
NOTES TO THE FINAL ACCOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2007
(All in Uganda Shillings)

Prepaid Export Licenses	-	6,000,000
Accruals	4,549,057,854	167,719,087
Nursery Operators	2,415,234,577	3,531,925,098
URA Tax arrears	154,529,664	-
Total	9,299,366,671	4,596,905,441

NOTE 7: CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006/2007	2005/2006
International Coffee Organization (ICO)	180,050,955	442,229,090
Inter Africa Coffee Organization (IACO)	897,883,622	1,671,995,592
DFCU Leasing facility	14,723,218	-
Total	1,092,657,795	2,114,224,682

	2006/2007	2005/2006
NOTE 8: SUPPORT TO UCDA COFFEE SEEDS	1,664,341,117	1,664,341,117

NOTE 9(a): INVESTMENT IN JOINT VENTURES

	2006/2007	2005/2006
Investment in China	276,165,000	276,165,000
Investment in Egypt	118,380,000	118,380,000
Investment in Denmark	752,834,212	752,834,212
Total	1,147,379,212	1,147,379,212

NOTE 9: INVESTMENT IN JOINT VENTURES

	2006/2007	2005/2006
Share of Assets in China	224,799,355	385,826,445
Share of Liabilities in China	(1,056,367,253)	(1,163,532,288)
Share of Assets in Egypt	82,104,238	72,728,539
Share of Liabilities in Egypt	(88,653,852)	(69,853,349)
Share of Assets in Denmark	330,289,440	393,000,580
Share of Liabilities in Denmark	(615,000)	(10,687,470)
Total	(508,443,072)	(392,517,543)
Exchange rates used		
China	234.876	237.443
Egypt	322.288	330

NOTE 10: OTHER INVESTMENTS

	2006/2007	2005/2006
Wet Processing Machines	417,407,905	417,407,905
Other Investments	(9,875,000)	(9,875,000)
Total	407,532,905	407,532,905



UGANDA COFFEE DEVELOPMENT AUTHORITY
DETAILED SCHEDULES TO INCOME AND EXPENDITURE STATEMENT FOR THE PERIOD
ENDED SEPTEMBER 30, 2007

	2006/07 U Shs.	2005/06 U Shs.
1. REVENUE		
Cess 1%	4,466,700,628	3,121,338,879
Rent Income	411,871,200	350,899,230
Interest Earned	30,880,035	20,378,082
Export & Processing licence	71,374,000	58,800,000
Sundry Income	10,176,637	17,011,372
Government Contribution	612,762,034	1,054,287,537
	5,603,764,534	4,622,715,100
OPERATIONAL EXPENSES		
Staff Costs		
Employment Costs		
Salaries and Wages	987,651,942	912,220,844
Emergency Medical Provision	4,500	2,703,500
Performance Allowance	15,561,600	12,859,000
Public Holiday Expenses	20,690,100	28,374,991
Leave Allowance	106,784,915	74,951,256
N.S.S.F Contribution	95,681,247	74,404,622
General Staff Welfare	11,102,672	6,868,409
Retirement Benefit Scheme	3,770,000	4,201,000
Contract Gratuity	141,261,207	132,750,070
Staff Training	31,782,674	27,207,360
Outsource Allowance	64,568,640	13,310,000
Fuel Refund	22,630,000	28,776,000
Medical Refund	110,553,214	103,810,131
Fuel town running / refund	72,009,000	51,969,650
2. Total Staff Costs	1,684,051,711	1,474,406,833
Administrative Expenses		
Maintenance and Consumables		
Repairs - Buildings	43,006,437	28,069,342
Repairs - Office Equipment	13,155,705	22,960,463
Other Services / Office Cleaning	25,640,047	20,948,054
Repair & Maintenance - Cars	29,988,287	33,239,159
Motor Vehicles Fuel	64,370,230	56,633,400
M & S - Auto supplies	26,304,776	19,317,967
Vehicle Registration / Licence	7,561,430	10,181,940
	210,026,912	191,350,325
Other Office Expenses		
Telephone, Fax Bills	63,941,282	62,597,459
Postage and Delivery	6,015,920	6,210,409
Professional Fees	26,644,670	15,899,600



Donations / contributions	4,681,600	5,222,000
Insurance	36,949,310	21,089,206
Utilities - Water	16,355,058	5,052,036
Utilities - Electricity	28,780,916	22,705,811
Bank Cheques / Interest Charges	15,319,088	14,140,454
Property Rates and Taxes	19,620,858	35,910,698
Printing & Stationery	20,622,114	27,408,287
News Papers / Periodicals/Subscriptions	15,977,730	2,622,900
Directors' expenses	91,045,828	38,911,668
Office Security	25,778,000	26,523,550
Internal Travel Costs	32,433,500	49,576,259
Legal fees	2,674,632	22,300,000
Foreign Exchange differences	(6,891,680)	14,329,549
Interest on Leases	17,307,830	28,909,796
Interest on RBS Loan	0	7,507,764
URA tax	102,056,970	0
Brochures, Corporate Shirts & Cards	15,330,000	8,321,700
Billboard Refurbishment	0	5,340,192
Corporate Social Responsibility (CSR)	5,150,800	7,857,730
	539,794,426	428,437,068
3. Total Administrative Expenditure	749,821,338	619,787,393
Programme Expenses		
Research and Development		
Socio-Economic Research	12,718,895	11,766,600
COREC Support	106,081,450	6,000,000
African Coffee Research	0	9,250,000
District Coffee Co-ordinators	95,541,570	41,324,050
Monitoring & Evaluation	33,564,400	34,969,100
Replanting programme	235,000,994	14,166,000
Training and Seminars	144,651,960	22,313,950
Stakeholders' Meetings	9,638,100	24,768,800
	637,197,369	164,558,500
Information Systems		
Departmental Publications	5,000,000	11,344,850
Market Evaluation / Stock Verification	13,424,500	7,935,000
Information Technology Functions	38,314,135	22,391,874
	56,738,635	41,671,724
Quality and Regulatory		
Technical Extension Services	32,801,600	20,029,000
Coffee & Quality Enhancement	52,005,986	62,559,754
IACO Counterpart Funding	1,894,000	11,697,140
	86,701,586	94,285,894
Coffee Promotion & Market Development	1,311,492,213	1,326,058,241
Common Technical Services		
Local Trade-fairs & Exhibitions	11,267,900	11,561,990
Radio Programmes	68,527,250	17,458,000
Publicity & Advertisement	39,050,986	34,906,678
	118,846,136	63,926,668
4. Total Programme Expenses	2,210,975,939	1,690,411,027

**Other Support Expenses**

Support to Coffee Organizations

UCTF Support	9,240,000	9,240,000
UCFA (NUCAFE) Support	32,290,000	30,750,000
Coffee Roasters' Association (UCRA)	6,520,000	4,770,000
	48,050,000	44,760,000

5. Other Support Expenses**48,050,000** **44,760,000****6. International Obligations**

ICO - Contributions	135,000,000	125,529,366
IACO - Contributions	218,100,000	256,028,392
External Travel - ICO	14,846,707	24,955,270
External Travel - IACO	6,993,000	11,341,950
	374,939,707	417,854,978

Depreciation / Provisions

Land and Buildings	112,757,027	115,017,742
Office Furniture	6,393,645	6,206,120
Computers and Peripherals	19,572,184	19,116,923
Office Equipment	6,225,341	5,720,353
Motor Vehicles	25,652,503	32,065,625
Commercial Vehicles	92,372,234	27,915,712
Liquoring Equipment	13,654,644	13,907,823
Motor Cycles	16,798,534	10,629,419
Generator	4,387,955	4,986,313
Provision for Cess / Rent Debtors	39,455,908	20,598,740
7. Total Depreciation / Provision	337,269,976	256,164,770



UGANDA COFFEE DEVELOPMENT AUTHORITY
CASHFLOW STATEMENT FOR PERIOD ENDING 30 SEPTEMBER 2007

	2006/2007 U. Shs	Restated 2005/2006 U. Shs
Net Operating Surplus	-	-
Depreciation	3	230,579,717
Provision for bad & Doubtful debts	4,387,955	4,986,313
Prior year adjustments	(1,267,527,408)	457,163,802
Decrease in Debtors	130,800	(101,135,897)
Decrease in Liabilities	-	(266,558,488)
Net cash flows from operating activities	(1,263,008,650)	325,035,447
INVESTING ACTIVITIES		
Construction of Laboratory equipment/Land & Buildings	(1,982,000)	(10,202,429)
Purchase of computers	(20,496,500)	(9,332,000)
Purchase of Furniture	(7,768,834)	(11,489,235)
Purchase of Liquoring Equipment	(11,798,000)	-
Purchase of Office Equipment	(9,928,585)	(7,200,334)
Purchase of Vehicles	(285,741,800)	(91,843,574)
Generator Repair Capitalized	-	(1,941,425)
Purchase of Motor cycles	(41,475,000)	-
Disposal of Fixed Assets	-	7,450,222
Net Cash from Investing Activities	(379,190,719)	(124,558,775)
FINANCING ACTIVITIES		
Lease repayments to DFCU	(39,455,911)	(50,779,327)
Net Cash from Financing Activities	(39,455,911)	(50,779,327)
NET CASHFLOW	(1,681,655,280)	149,697,345
ANALYSIS OF CHANGES IN CASH & CASH EQUIVALENT		
Closing Bank Balances	965,408,124	1,074,463,614
Closing Cash Balances	459,926,389	158,000
Opening Bank Balance	(1,074,463,614)	(784,523,620)
Opening cash Balance	(158,000)	(471,810)
INCREASE IN CASH & CASH EQUIVALENT	350,712,899	289,626,184





UGANDA COFFEE DEVELOPMENT AUTHORITY

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