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Minister of Agriculture, Animal Industry & Fisheries



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Foreword

The Coffee Year 2007/08, marked the first year of implementation of UCDA Three-year Corporate Plan (2007-10); and also the second year of the Coffee Production Campaign 2006-2015, which is envisaged to increase annual exportable coffee production to 4.5 m 60-kilo bags by the year 2015. Coffee exported during the year totalled 3.2 m bags worth US\$ 388.4 m, a 19% and 51% rise in quantity and value respectively, over last year. This is attributed to favourable weather and coherent strategies hinged on a strong public-private-partnership (PPP).



been demonstrated to owners and operators of Cafés, Restaurants and Hotels in and around Kampala. Training partnership was established with hospitality training institutions where UCDA trains students of those institutions how coffee should be prepared. Through these endeavours, the quality of coffee served in out-of-home outlets has tremendously improved; and some of these outlets have become social meeting points for the youth over a cup of coffee. Ready-to-drink-coffee continued to be served to the general public at trade-fairs, shows and exhibitions.

To actualize the Prosperity For All (Bonna Bagaggawale) Programme of government, UCDA's activities are geared towards improved productivity and production at every stratum. A demand-driven concept of 'Community Based Nurseries' to guarantee availability of clean planting materials was developed. UCDA provides certified seed, polypots and technical extension services to organized farmers to raise the seedlings which are distributed to the members.

A number of farmers have been organized into associations/ farmer groups for purposes of bulk marketing and ease of provision of extension services. Through enhanced bargaining power – economic quantities and uniform quality - farmers received as high as Shs. 1,500 a kilo of Kiboko while the conventional ones received Shs 1,200. Some farmer groups such Kibinge, Bukonjo Co-op & Marketing coffee associations and others went a step further to add value at farm gate by milling and grading to sell directly to exporters; a healthy practice for the coffee industry.

UCDA continues to promote production of sustainable coffee to meet the fast growing demand for such coffees. A number of farmers have been certified and others verified for production of these coffees. Emphasis is laid on Organic, Utz Kapeh, Fair-Trade and Forest Alliance, where close to 40,000 farmers have been registered. Coffee from these initiatives fetched an average premium of about \$ 270 a tonne during the year. The volume of these coffees has increased by nearly 40% in the last 2 years.

On promotion of domestic coffee consumption, good coffee roasting and brewing techniques have

The achievements above would not have been possible if it was not for the support received from development partners. I therefore do wish to express my gratitude to LEAD/USAID, ASPS-Danida, Urth Caffé, and EAFCA to mention but a few. EAFCA is particularly commended for the role they played in organising the 5th Fine Coffee Conference and Exhibition at Serena Hotel which was graced by the presence of His Excellence the President, Yoweri Kaguta Museveni. The President urged all exhibitors to add value to Uganda's coffee. A maiden Uganda National Barista Championship was held.

Lastly, I would like to extend my heartfelt appreciation to the entire coffee fraternity for the support and constructive guidance provided to me and the Board in our tenure of office. Allow me, ladies and gentlemen, in a special way, to thank the Minister of Agriculture, Animal Industry and Fisheries, Hon. Eng. Hillary ONEK, for the trust he bestowed on me and the Board to steer the industry on his behalf. To UCDA Management and Staff, we are very appreciative of the passion for the industry you have continued to exhibit in implementing Board's decisions, which, needless to say, have translated in the achievements recorded during our tenure of office.

Finally, I urge you to read this coffee publication to equip yourselves with what is going on in the coffee subsector.

A handwritten signature in black ink, appearing to read 'Paul S. Mugambwa'.

Paul S. Mugambwa
Chairman – UCDA Board

ACRONYMS / ABBREVIATIONS

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
CBN	-	Community Based Nurseries
CBS	-	Central Broadcasting Service
CFC	-	Common Fund for Commodities
CHOGM	-	Common Wealth Heads of Government Meeting
CLR	-	Coffee Leaf Rust
COREC	-	Coffee Research Centre
CWD	-	Coffee Wilt Disease
DFI	-	District Farm Institute
EAFCFA	-	East African Fine Coffees
EPOPA	-	Export Promotion of Organic Products from Africa
EU	-	European Union
FAQ	-	Fairly Average Quality
GAPs	-	Good Agricultural Practices
GHPs	-	Good Hygienic Practices
GMPs	-	Good Manufacturing Practices
HACCPs	-	Hazard Analysis and Critical Control Points
IC	-	Implementation Committee
ICA	-	International Coffee Agreement
ICC	-	International Coffee Council
ICO	-	International Coffee Organization
IMI	-	International Mycological Institute
Kiboko	-	Dry Cherries of Robusta coffee.
LEAD	-	Livelihood and Enterprises for Agricultural Development
MAAIF	-	Ministry of Agriculture, Animal Industry & Fisheries
NAADS	-	National Agricultural Advisory Services
NARO	-	National Agricultural Research Organization
NSSF	-	National Social Security Fund
NTAE	-	Non-Traditional Agricultural Exports
PEAP	-	Poverty Eradication Action Plan
PFA	-	Prosperity For All (Bonna Bagaggawale)
RBS	-	Retirement Benefit Scheme
SEP	-	Strategic Export Programme
SRCC	-	Sub Regional Coffee Coordinators
SIDA	-	Swedish International Development Agency
UCDA	-	Uganda Coffee Development Authority
NUCAFE	-	Nation Union of Coffee Agribusiness and Farm Enterprises
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
ZARDI	-	Zonal Agricultural Research Development Institute

EXECUTIVE SUMMARY

MARKETING

- 1) A total of 3.2 m 60-kilo bags of coffee valued at US \$ 388.4 m were exported during the year ended September 30, 2008, representing a rise in quantity and value of 18.7% and 51.4%, respectively over 2006/07.
- 2) This comprised 2.7 m bags of Robusta and 0.50 m bags of Arabica, a 27% rise in the volume of Robusta but an 11% drop in Arabica in contrast to last year's performance.
- 3) Organic coffee exports stood at 38,456 bags (Robusta – 6,505 bags and Arabica – 31,951 bags), up from 27,534 bags (Robusta – 8,534 bags and Arabica – 19,000 bags) realised in the previous year.
- 4) The weighted average export price was \$ 2.02 per kilo, up from \$1.58 recorded a year ago, where Arabica registered \$ 2.43 per kilo (\$ 1.90) and Robusta \$ 1.94 (\$ 1.50), the figures in parenthesis represent the performance of last year.
- 5) Farm-gate prices averaged Shs. 1,305 per kilo of Kiboko up from Shs. 1,010 in 2006/07. The same improvement was recorded in FAQ and Arabica parchment at Shs. 2,667 and Shs. 2,773 per kilo, respectively up from Shs. 2,040 and Shs. 2,400. Besides the positive price trend on the world market, farmers' use of SMS facility to access market information also contributed to the better prices received.
- 6) The farmer's share in the FOT export price stood at 79%, up from 75% largely on account of continued appreciation of the US dollar against the local shilling.
- 7) The number of registered coffee subsector players at post harvest levels continued to go up from 298 in 2006/07 to 324 in 2007/08 comprising: exporters – 30 (28), export graders – 19 same as last year, primary processors – 271 (251); and roasters – 4 (9), where the figures in brackets represent those recorded in the previous year.
- 8) At export level, over 90% of the volume was handled by 10 companies, to mention but a few: Kyagalanyi coffee Ltd. – 16% (15%), Ugacof Ltd. – 15% (21%), Kawacom (U) Ltd. – 14% (13%), Job Coffee – 8.5% (7.8%). Besides a shift in relative positions, they are the same as last year.
- 9) EU countries continued to be the main destinations of Uganda coffee accounting for 78% (2.49 m bags) up from 77% (2.08 m bags) in 2006/07 and 72% (1.45 m bags) in 2005/06. This was followed by Sudan with a market share of 14%, 1 percent drop compared to last year. Africa as a whole was responsible for around 15%, 2 percent lower than in the previous year.
- 10) Nearly 45% of Uganda coffee was bought by 5 companies, namely Sucafina – 12% (15%), Ecom Agro industrialist – 12% (27%), Bernard Rothfos – 9% (6%), Socadec – 6% (5%), and Louis Dreyfus – 6% (4%). The figures in parenthesis represent their respective performance in 2006/067.
- 11) 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.
- 12) Coffee bazaars were operated by UCDA staff to serve ready-to-drink coffee to participants at the local trade-fairs, exhibitions and at the corporate league encounters.
- 13) Market research continued to be jointly conducted by UCDA and UCRA to discern consumer tastes and preferences. The findings are regularly passed on to roasters and brewers to improve their products.
- 14) Uganda's coffee exports in 2008/09 are envisaged to go up by over 3% from 3.2 m bags (192,000 tonnes) to around 3.3 m bags (198,000 tonnes). The projection was based on more coffee planted under Strategic Exports Programme (SEP) continuing to come into production and good weather.

QUALITY AND REGULATORY

- 15) Field visits were regularly carried out to provide technical extension services to the subsector players – farmers, traders, processors & exporters – with emphasis on good agricultural and handling practices. This translated into a noticeable improvement in the quality of coffee presented for export.
- 16) Through routine inspection of primary processing factories in the Robusta area, 54 hulleries found processing coffee of MC > 14% were suspended from operations for a period of 2 weeks.
- 17) Out-turn tests showed an improvement from

54.5% in the previous year to over 55% mainly due to the good climate which facilitated full bean formation; and more young and vigorous coffee trees coming into production.

- 18) Over 75% of the Robusta coffee was Sc. 15 and above, Sc 18 being 14.6% as opposed to below 10% the previous year, an attribute of a combination of good husbandry and young coffee trees continuing to come into production.
- 19) Generally, the cup taste was clean and better than last year, an improvement in post handling at all stages within the value chain. In the Arabica, Organic Okoro had the best cup performance.
- 20) A total of 46 students were trained in basic quality control techniques, 37 of whom were fielded by the coffee industry while the rest were from institutions of higher learning, especially those offering food science courses, bringing the total number of quality controllers trained under this arrangement to 468 since the training was initiated in 1993.

DEVELOPMENT

- 21) To ensure availability of clean planting materials, the following initiatives were undertaken: -
 - a) 614 Community Based Nurseries (CBNs), with a capacity of 9 million seedlings, were established in the reporting period;
 - b) 18 Clonal Mother gardens (8 former MAAIF and 10 private ones) in the traditional Robusta areas were rehabilitated;
 - c) 2 seed gardens for Robusta established in Ngetta ZARDI and Serere ZARDI to cater for Mid-North and North Eastern Uganda; and
 - d) 7 ha Sironko district (ZARDI) and 1 ha in Nebbi of Arabica seed gardens were fully supported to be able to produce at least 7 tonnes and 600 kg of Arabica seed respectively per season

Through these undertakings, at least 20 m seedlings shall be generated annually.

- 22) Along with Local governments, NAADS, NUCAFE and Cafe Africa, extension services in GAPs, GHPs, were provided to farmers and farmer groups. Over 104 sub-counties had, by the end of the coffee year, selected coffee as a preferred enterprise. NAADS provided these sub-counties with seedlings.

- 23) Farmers continued to receive training in proper use of agro-inputs to boost productivity. UNADA, an association of agro-inputs dealers, identified stockists and equipped them with business management skills, product knowledge and safe use. A total of 149 were trained out whom 50 would be certified.
- 24) Farmers were mobilized into farmer groups for easy access to agro-inputs, market information, bulk marketing and forward integration to shorten the supply chain. 97 subcounty farmer groups were formed.
- 25) Farm visits by groups of farmers, technology transfer demonstration site established at subcounty level and conventional training seminars and workshops were used to impart knowledge on field management to farmers. A total of 2,406 farm visits were conducted by the District Coffee Coordinators in the 52 coffee growing districts.
- 26) Growing of coffee in new areas of Mid Northern Uganda, Eastern and Teso region continued. The 13 model one-acre coffee farm trials, established in the previous year, are being used as sites of excellence to train and demonstrate to farmers all aspects commercial coffee growing.
- 27) 75 coffee rehabilitation demos through which productivity enhancement technologies of old coffee trees – pruning, fertigation, mulching, etc. – are demonstrated to farmers, were established in the 25 traditional coffee districts. Through these initiatives, the early adopters have seen yields per tree go up from less than a kilogramme to around 3 kg of clean coffee in the case of Robusta, and at least 1 kg of Arabica parchment.
- 28) The socio-economic research undertaken during the year on competitiveness and profitability of coffee as a business, showed that coffee remained profitable at all levels within the value chain with farmers taking a larger share (70%) of the export price.
- 29) At yields of 1,200 kg/ha, 5,000 kg/ha and 960 kgs/ha of old Robusta, Clonal Robusta and Arabica parchment, respectively net revenues were Shs. 923,800, Shs. 4,865,000 and Shs. 1,436,000 per ha at the current prices. Farmers are called upon to adopt both Clonal coffee and the appropriate agronomic practices.
- 30) Surveillance and field diagnostic studies of coffee wilt disease indicate a decline in the incidence

of the disease in most of the Robusta districts especially with good husbandry practices.

COFFEE RESEARCH

- 31) Coffee research concentrated on development and dissemination of technologies for the control of CWD, Leaf Rust, red blister and Coffee Berry Disease (CBD) to enhance the productivity and production of the coffee industry.
- 32) The 8 Elite CWD resistant Robusta clones selected in the previous reporting period and proposed for release to farmers were being propagated as clones, using rooted nodal cuttings and tissue culture for distribution to farmers for rapid multiplication. Propagation by Nodal cuttings is being undertaken in Mityana, Kamuli, Nakanyonyi and Ibanda as rooted cuttings while in Kituuza, Bushenyi and Mpigi cuttings were planted in mother gardens. Somatic embryogenesis (tissue culture) of the 8 lines is being undertaken at Kawanda Research Institute (KARI) and the results are promising.
- 33) Evaluation of Ruiru II Arabica variety for yield and Coffee Berry Disease (CBD) continued at Bugusege and Buginyanya, the highland areas; and in some low land areas continued during the year with the following results: it is a high yielding, CBD and Leaf Rust resistant variety with low liquor qualities. It has the potential for cultivation in highland areas, ≥ 1700 m, where CBD is endemic but quality can be improved by altitude.
- 34) Coffee genotypes – seed and cuttings – were drawn from Kitgum and Gulu districts with a view of developing appropriate cost effective technologies for the marginal areas. These are being screened for resistance and/or tolerance to drought. The cuttings are in a nursery at Kituuza Coffee Research Centre (COREC).
- 35) A gene bank of CWD resistant genotypes has been set up at Kituuza and evaluation of these genotypes to profile their respective yields, quality and resistance against various diseases is going on.

ADMINISTRATION AND MANAGEMENT

36) Staff matters:-

To implement the second year of the Corporate Plan: 2007/08 – 2009/10, the Board approved the following changes:-

- Staff levels were reduced by 32.6% from 86 to 58 overall. The positions of secretaries, messengers, receptionist and plumber were scrapped;
- New positions were created - Asst. Accountant, Systems Administrator, Asst. Quality Controllers and Information Officer to manage the archive and library;
- Secretaries were redesignated to Administrative Assistant while the District Coffee Coordinators became Sub Regional Coffee Coordinators (SRCC); and
- The Principal Development Officers became regional officers residing in their regions of operation – Central, Western, South-Western, Eastern and Northern effective October 01, 2008.
- Terms and conditions of service were revised in line with the provisions of the Employment Act 2006 – a new staff code of conduct, paternity leave, maternity leave of 60 days, and a section on redundancy package were introduced.
- A car loan scheme was effected for field based staff initially, this is envisaged to enhance service delivery to the industry.

37) Staff training: Trainings were conducted through external and internal workshops and seminars with a view of improving the productivity of the workforce. The focus was on parenting, downsizing, career shift and managing personal finances.

38) A one-day stakeholders' workshop was conducted along with Café Africa to review the performance of the Coffee Production Campaign in its 3rd year of implementation. NAADS reported that virtually all coffee growing districts picked on coffee in their enterprise mix. Under UNADA 774 agroinputs dealers had been registered and trained and were seeking certification by MAAIF.

39) Uganda hosted the 5th East African Fine Coffee Conference, which was officially opened by H.E, the President of the Republic of Uganda, Yoweri K. MUSEVENI, who called upon African coffee farmers to improve quality and add value to their product for increased household income. Alongside the Conference, Uganda held the 1st Uganda National Barista Championship (UNBC) in which Peter MUSANA of Serena Hotel emerged the winner and represented Uganda in the World Barista Championship in Copenhagen, Denmark.

Chapter One

COFFEE SUBSECTOR POLICIES

1.0 Introduction

The coffee subsector has continued to play a dominant role in the development of the economy of Uganda in terms of foreign exchange earnings, accounting for nearly 25 percent of the total export earnings; and as employment provider to the vast majority of the rural population, thus significantly contributing to the monetary GDP. Around 1.2 million households are currently involved in coffee production, processing and marketing.

In view of its importance, UCDA Board developed policies in the areas of research, production, quality improvement, market information, promotion of domestic coffee consumption, value addition and generic promotion, to boost its competitiveness.

1.1 Research

The thrust on research is to develop high-yielding, disease and pest resistant coffee varieties without compromising the cup quality. Through this initiative, 8 Robusta lines resistant to coffee wilt disease, Tracheomycosis, were developed at the Coffee Research Centre (COREC) at Kituza in Mukono district; and are at the multiplication stage for commercial release to the private nursery operators in 2009. And development of Arabica coffee lines resistant to Leaf Rust and Coffee Berry Disease through hybridization of the commercial varieties continued – SL 14 and KP423 with Catimors continued. The Arabica hybrids are at evaluation stage at Kituza, Bugusege and Bulegeni.

In order to increase the number of scientists in the coffee industry, the Board approved a programme of sponsoring scientists specific to coffee for higher studies. During the year, 2 researchers were taken on board: one to pursue a PhD in breeding, and the other to specialize in tissue culture technology.

1.2 Production

The objective is to increase the productivity of the subsector without necessarily expanding the area under coffee, through various strategic actions, such as the Coffee Production Campaign, Replanting, Rehabilitation of the existing old fields and collaborative linkages with other stakeholders on coffee related projects and programmes. Under

this arrangement, annual exportable production is envisaged to reach 4.5 m 60-kilo bags (270,000 tonnes) by the year 2015.

The Coffee Production Campaign puts special emphasis on research, extension services, farmer organizations, and inputs and credit, the main drivers of increased production and productivity.

Under the replanting programme, planting is against Coffee Wilt Disease, the old and less productive coffee trees, and planting in new areas. Over 20 million seedlings shall be planted annually.

Support in terms of availability of clean planting materials was extended to organized farmer groups around the Wet Mills and nucleus coffee farms such as Kaweri coffee plantation, Four Ways Group of Companies in Kalungu, Masaka, MTL in Sironko, and others so as to beef up the catchment areas. This is being realized through:

- Community Based Nurseries (CBNs), where some members of the coffee farming communities together raise seedlings for the benefit of their members. UCDA provides them with elite coffee seed, poly pots, shade tree seed and training. To ensure a steady supply of elite seed, support is given to research centres, the seed gardens in Buginyanya, Ngetta and Zombo.
- Rehabilitation of the MAAIF divested Clonal mother gardens to preserve the germplasm, and to produce cuttings for establishment of other mother gardens.. The rehabilitated mother gardens could be used to produce plantlets on contractual arrangement. Support shall also be extended to 50 Clonal private nurseries.
- Tissue culture laboratories at Kawanda Agricultural Research Institute (KARI) and a private one at Buloba, which was inaugurated by H.E. the President shall be made use of on a contract basis to raise the plantlets.
- Development of Specialty Coffees, especially organic in the Mt. Elgon area, Nebbi, Arua, Kasese and Ibanda continued to receive attention. This is done in partnership with the University of Florida which provides resource persons in the training of farmers.

1.3 Quality Improvement

The policy of quality improvement at every stage of the supply chain continues to be strengthened by creating awareness through radio programmes, workshops/seminars and short training courses; and involvement of local governments in enforcement of the Coffee Regulations. The concept of bulk marketing, where farmers pool together their coffee, greatly improved the quality through self-policing at the farm, primary processing and post harvest levels.

UCDA continues to promote wet processing to benefit from the niche markets through partnerships with stakeholders to ensure that the 16 washing stations are fully installed.

1.4 Value Addition

In order to add value to Uganda's coffee, a policy to develop and encourage export of sustainable and relationship coffee to the Specialty markets was developed. These coffees include Organic, Fair Trade, 4Cs, Utz Kapeh. Farmers are mobilized and organized into viable groups to produce for these markets – they are linked to certifying and verifying bodies for training and extension services

to improve their handling and farming methods.

1.5 Domestic Coffee Consumption

Domestic coffee consumption continued to be promoted through a number of initiatives that included training of roasters and brewers for the industry to ensure supply of good coffee, showcasing of coffee products at trade shows, and providing ready to-drink coffee to participants at workshops and seminars. This was on top of sensitizing the public on coffee and health and introducing Barista Championship.

1.6 Marketing and Information Dissemination

UCDA continues with the strategy of providing timely coffee market information¹ to end users to boost their competitiveness. Information on the entire coffee industry is collected, collated, analyzed and disseminated on a daily, monthly and annual basis.

1.7 Research

More effort continued to be directed towards final evaluation of the eight lines already developed by COREC and multiplication into other gardens for subsequent multiplication countrywide.



Preparing a cup of Capuccino

¹ About the dynamics of the global coffee industry.

Chapter Two

COFFEE MARKETING

2 GENERAL PERFORMANCE

During the coffee year ended September 30, 2008, Uganda's coffee exports to all destinations stood at 3.2 m 60-Kilo bags (192,000 tonnes) worth US \$ 388.4 m, representing an increase of 18.7 per cent in volume and 51.4 per cent in value compared to 2.7 m bags (162,000 tonnes) valued at \$ 257 m, which were recorded in the previous coffee year.

The improvement in volume is in line with the Coffee Production Campaign, in its second year of implementation, which envisages an annual exportable production to reach 4.5 m bags (270,000 tonnes) by the year 2015.

The realized export price averaged US \$ 2.02 per Kilo, 17.6 percent up compared to \$ 1.58

registered in 2006/07. The improvement was in both Robusta and Arabica from \$ 1.50 and \$ 1.90 to \$ 1.94 and \$ 2.43, respectively.

2.1 COFFEE PROCUREMENT

There was an increase of 21 percent in coffee deliveries (FAQ and Arabica parchment) at the export grading factories from 2.9 m bags (approx 175,000 m/tonnes) in 2006/07 to 3.5 m bags (210,000 tonnes). This comprised 3.0 m bags (210,000 tonnes) of Robusta, a rise of 30 percent from 2.3 m bags (138,000 tonnes); and 0.48 m bags (28,800 tonnes) of Arabica, a drop of 17 per cent from 0.58 m bags (34,800 tonne) recorded in 2006/07 coffee year. Table 2.1 shows annual marketed production over the last 5 years in terms of Robusta and Arabica.

Table 2.1 Coffee Procurement by type: 2003/04 - 2007/08 in 60-kilo bags.

Coffee Year	Coffee Type		TOTAL	%-Age Change
	Robusta	Arabica		Over Previous year
5-year Average	2,254,622	554,195	2,808,816	-
2007/08	2,982,339	507,917	3,490,256	20.7
2006/07	2,325,960	579,321	2,905,281	33.6
2005/06	1,550,497	624,724	2,175,221	(19.3)
2004/05	2,149,403	544,575	2,693,978	(2.5)
2003/04	2,221,850	542,104	2,763,954	1.26

The improvement in quantity was due to a number of factors, which included:-

- Improved husbandry practices on account of the good prices received by farmers in the last three years;
- The good weather conditions, especially in the Robusta growing districts, that prevailed during the year especially at the time of flowering, fruition and coffee bean development;
- Coffee planted under the government's Strategic Export Programme (SEP), which has continued to come into production.
- The coffee production campaign, which was in its second year of implementation, through which farmers receive extension services, access inputs and credit and organise

themselves into viable groups for bulk marketing..

- Implementation of the President's Election Manifesto – 2006 (Prosperity For All), which aims at reduction of household poverty. Under this arrangement, coffee seedlings are given to farmers to enhance productivity and production of their coffee fields;

The above favourable factors notwithstanding, Arabica coffee production continued to decline from 624,724 bags (37,480 tonnes) in 2005/06 to 579,321 bags (34,760 tonnes) in 2006/07 and 480,250 bags (28,820 tonnes) this year as represented in Table 2.1. The drop in volume is largely due to the old Arabica coffee trees, prevalence of pests and diseases; and absence of blanket spraying.

Table 2.2 shows coffee deliveries (market production) on a monthly basis in the last two years. The deliveries were highest in February 2008 at 374,218 bags followed by March 2008 at 371,112 bags. This was in response to the good prices

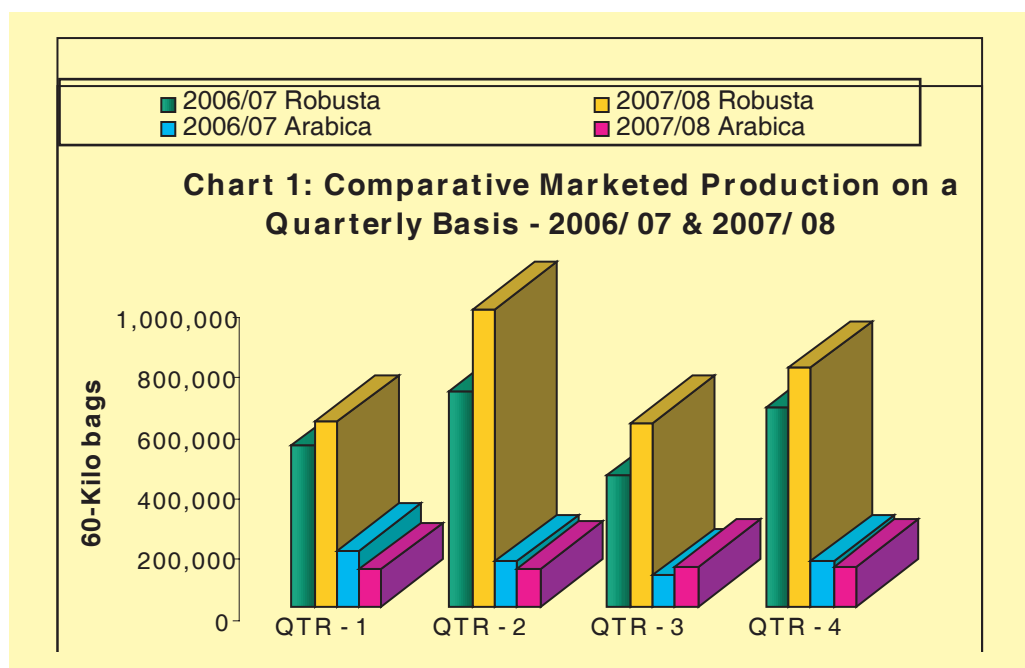
on the global market – the ICO Composite price was highest in those months at 138.82 ct/lb and 136.17 ct/lb in February and March respectively, which the farmers took advantage of.

Table 2.2 Comparative Procurement Figures - 60-Kilo Bags.

	2007/08			2006/07		
	Robusta	Arabica	Total	Robusta	Arabica	Total
TOTAL	2,982,339	507,917	3,490,256	2,325,960	579,321	2,905,281
OCT.	157,233	45,001	202,234	115,710	48,950	164,660
NOV.	180,143	35,015	215,158	197,002	78,958	275,960
DEC.	272,300	40,102	312,402	215,009	54,854	269,863
QTR - 1	609,676	120,118	729,794	527,721	182,762	710,483
JAN.	325,019	35,025	360,044	250,112	56,446	306,558
FEB.	335,441	38,777	374,218	278,573	39,040	317,613
MAR	320,100	51,012	371,112	181,203	52,019	233,222
QTR - 2	980,560	124,814	1,105,374	709,888	147,505	857,393
APR.	180,019	34,015	214,034	98,369	30,187	128,556
MAY	195,211	45,005	240,216	135,659	34,027	169,686
JUN.	230,125	52,100	282,225	195,621	35,773	231,394
QTR - 3	605,355	131,120	736,475	429,649	99,987	529,636
JUL	295,012	53,103	348,115	212,012	37,256	249,268
AUG.	292,106	49,012	341,118	257,465	55,654	313,119
SEPT	199,630	29,750	229,380	189,225	56,157	245,382
QTR - 4	786,748	131,865	918,613	658,702	149,067	807,769

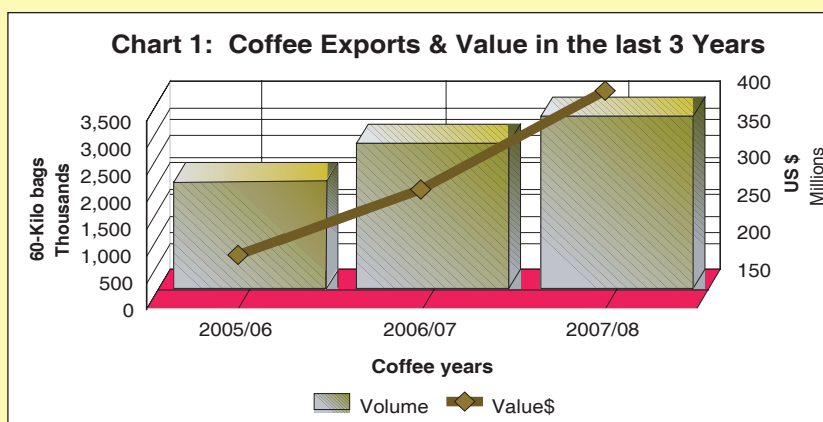
Chart 1 visually represents coffee procurement on a quarterly basis in the last two years. Procurement for Robusta was highest in the 2nd quarter of 2007/08, totalling 980,560 bags followed by the 4th quarter – 786,748 bags.

Arabica coffee deliveries have remained almost stable but for the 3rd quarter in 2006/07 when it fell to around 100,000 bags, the lowest in 5 years.



There was an overall increase of 18.7 percent and 51.4 percent in the volume and value, of coffee shipped during the year, respectively, compared

to that of the preceding coffee year. A total of 3.2 m bags worth US \$ 388.4 m were recorded against 2.7 m bags (\$ 256.6 m) in 2006/07 and 2.0 m bags (\$ 170 m) in 2005/06 as indicated in Chart 1 below.



Of the 3.21 m bags exported in 2007/08, 2.72 m bags were Robusta and 0.48 m bags Arabica, an improvement of 26.2 percent in Robusta and a drop of 14.3 percent in Arabica compared to the previous coffee year.

Chart 2, on a comparative basis, shows coffee exports in the last 3 years by type – Arabica and Robusta, annually. While shipment of robusta depicts a positive trend from 1.41 m bags in 2005/06 to 2.14 m bags in 2006/07 and 2.72 m bags in 2007/08 that of Arabica has been on a decline though slight. The fall in Arabica was due to the biennial trend characteristic of Arabica coffee species coupled with climate changes in

the Arabica growing areas.

On the other hand, the positive trend for Robusta is ascribed to more and more coffee planted under the various programmes – Strategic Export Programme, Replanting against Coffee Wilt Disease, replacement of the old and less productive trees and introduction of coffee in new areas - coming into production. These initiatives were underpinned by other programmes such as the Coffee Production Campaign through which farmers are organised into groups for bulk marketing and ease of provision of extension services; demo plots at sub-county level for technology transfer.

Chart 2: Comparative coffee exports by type - Robusta & Arabica

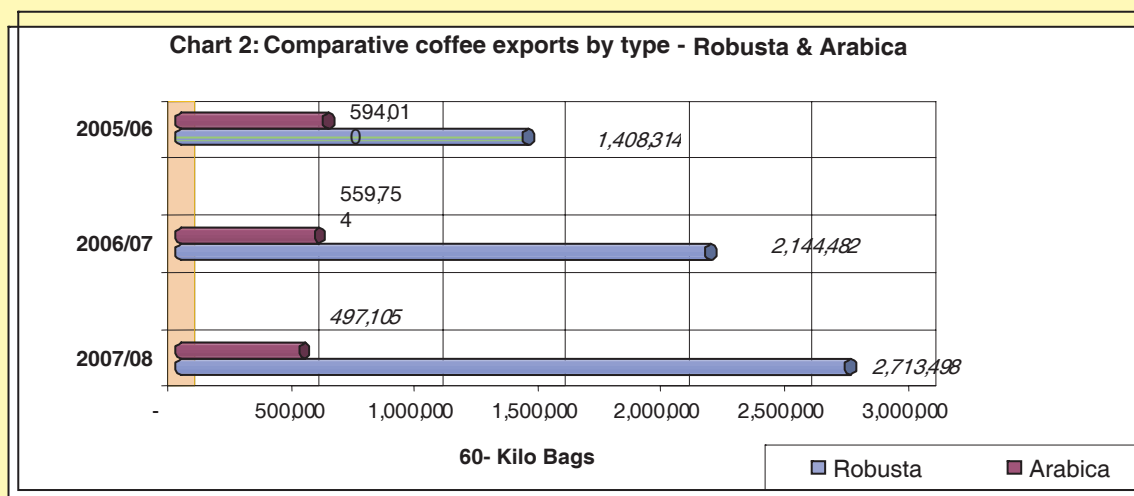


Table 2.3 gives coffee exports during the year in terms of volume and value on a monthly basis compared with the previous coffee year – 2006/07. The peak periods were recorded in the months of January and February, the main harvesting and marketing season for coffee producing districts in

the northern hemisphere; and Jul/Aug for south of the equator. The improvement in volume of export is attributed to a number of factors; to mention but a few: increase in production as represented by procurement above and the improvement in transport logistics.

Table 2.3 Monthly Coffee Export Performance in 60-kilo bags and US \$

MONTH	2007/08		2006/07		%age Change	
	Qty	Value\$	Qty	Value\$	Qty	Value\$
TOTAL	3,210,603	388,398,200	2,704,236	256,580,844	18.7	51.4
OCT.	172,576	17,649,992	155,571	13,357,091	10.9	32.1
NOV.	198,864	21,000,150	250,728	22,960,240	(20.7)	(8.5)
DEC.	272,519	29,484,786	248,709	22,206,729	9.6	32.8
QTR - 1	643,959	68,134,929	655,008	58,524,060	(1.7)	16.4
JAN.	360,875	39,727,037	316,128	28,367,743	14.2	40.0
FEB.	318,013	36,973,375	222,099	20,145,787	43.2	83.5
MAR	279,248	36,298,208	265,399	24,228,715	5.2	49.8
QTR - 2	958,136	112,998,620	803,626	72,742,245	19.2	55.3
APR.	237,226	31,962,009	137,156	12,955,518	73.0	146.7
MAY	231,442	29,498,902	184,560	17,906,947	25.4	64.7
JUN.	278,107	35,526,411	244,779	24,284,254	13.6	46.3
QTR - 3	746,775	96,987,322	566,495	55,146,719	31.8	75.9
JUL	325,080	42,017,500	268,864	28,333,278	20.9	48.3
AUG.	324,127	41,507,604	230,849	23,496,655	40.4	76.7
SEPT	212,526	26,752,224	179,394	18,337,887	18.5	45.9
QTR - 4	861,733	110,277,328	679,107	70,167,820	26.9	57.2

2.21 Coffee Exports by Type and Grade

Table 2.4 represents coffee exports by type, grade and unit value as compared to those of the previous coffee year. Robusta coffee exports totalled 2.71 m bags worth \$ 316 m up from 2.14 m worth \$ 193 m, representing a rise in volume

and value of 26.6 percent and 63.7 percent respectively. The unit price for Robusta went up by 44 cents per kilo (30 percent) compared to that of last year. Among the Robusta grades, Organic and Washed Coffee fetched the highest average prices of \$ 2.31 and \$ 2.30 per kilo respectively, an improvement from last year.

Table 2.4: Coffee Exports by Type, Grade and Unit Price

TYPE/GRADE	2007/08			2006/07		
	Qty	Value\$	\$/Kg	Qty	Value\$	\$/Kg
Grand Total	3,210,603	388,398,200	2.02	2,704,236	256,580,844	1.58
ROBUSTA	2,713,498	316,060,409	1.94	2,144,482	192,779,546	1.50
Organic Rob	6,505	903,247	2.31	8,534	910,442	1.78
Washed Rob	17,330	2,392,104	2.30	8,771	869,745	1.65
Screen 18	315,645	39,417,099	2.08	191,710	19,579,561	1.70
Screen 17	61,916	7,589,488	2.04	75,638	7,464,675	1.64
Screen 15	1,449,118	174,877,381	2.01	1,150,351	107,657,029	1.56
Screen 14	28,644	3,509,506	2.04	28,294	2,415,873	1.42
Screen 13	12,674	1,663,188	2.19	-	-	-
Screen 12	552,412	61,710,229	1.86	371,061	32,470,988	1.46
BHP 1199	113,688	9,510,772	1.39	97,933	6,493,117	1.11
Other Rob.1	155,566	14,487,395	1.55	212,190	14,918,116	1.17
ARABICA	497,105	72,337,792	2.43	559,754	63,801,298	1.90
Organic Okoro	24,554	4,203,751	2.85	15,350	2,340,341	2.54
Organic Bugisu	7,397	1,354,827	3.05	3,650	524,166	2.39
Bugisu AA	44,589	7,225,979	2.70	77,857	10,547,687	2.26
Bugisu A	39,059	6,333,683	2.70	20,564	2,808,469	2.28
Bugisu PB	3,807	571,398	2.50	8,559	1,093,532	2.13
Bugisu B	684	98,910	2.41	1,800	206,946	1.92
Bugisu C	2,288	341,949	2.49	2,725	295,769	1.81
Bugisu E	6	812	2.25	0	0	0
Arabica - AB	33,272	5,348,911	2.68	42,628	5,656,968	2.21
Arabica - CPB	7,020	1,037,363	2.46	5,860	750,653	2.13
Mixed Arabica	4,480	458,056	1.70	3,869	368,418	1.59
Wugar	53,902	8,752,238	2.71	52,680	7,085,620	2.24
Drugar	223,125	31,467,114	2.35	253,741	27,311,018	1.79
Other Arabica	52,922	5,142,801	1.62	70,471	4,811,711	1.16

The volume of Washed Robusta stood at 17,330 bags up from 8,771 bags, representing a rise in volume of 97.6 percent compared to last year. Of the 17,330 bags, 15,360 bags (89%) came from Kaweri Coffee Plantation in Mubende district.

Among the Arabica grades, Organic Bugisu and Okoro fetched the highest prices of \$ 3.05 and \$ 2.85, respectively, an improvement of 27.6 percent and 12.2 percent, respectively.

2.22 Performance by Individual Exporters

Table 2.5 shows performance of the individual coffee exporters in terms of coffee type (Arabica

& Robusta) and market share. Although 30 companies registered to export coffee in 2007/08 - the new entrants being Anderson Investments, Semliki Rift, Senti Initiatives and Nile Highland Arabica - only 25 did actually export. The rest traded internally. The best 5 companies held a market share of 61 percent down from 65% last year. These included Kyagalanyi Coffee Ltd with a market share of 16.0% up from 15.1%, Ugacof Ltd. – 14.8% (21.0%); Kawacom (U) Ltd. – 13.5% (13.3%); Job Coffee Ltd. – 8.5% (7.7%) and Ibero (U) Ltd. – 8.4% (7.0%).

The figures in brackets show the performance of each exporting company in the previous year.

**Table 2.5: Performance of the Individual Coffee Exporters by Type
- 60-Kilo Bags & Percentage Share -**

	EXPORTER	Qty - 60-Kilo Bags			%age Market Share	
		Total	Robusta	Arabica	Individual	Cumulative
	GRAND TOTAL	3,210,603	2,713,498	497,105	100.00	
1	Kyagalanyi Coffee Ltd.	512,715	329,838	182,877	15.97	16.0
2	Ugacof	474,083	457,399	16,684	14.77	30.7
3	Kawacom (U) Ltd.	434,819	280,913	153,906	13.54	44.3
4	Job Coffee Ltd.	271,203	247,203	24,000	8.45	52.7
5	Ibero (U) Ltd.	270,128	258,528	11,600	8.41	61.1
6	Great Lakes (U) Ltd.	237,089	205,959	31,130	7.38	68.5
7	Kampala Domestic Store	222,068	221,827	241	6.92	75.4
8	Lakeland Holdings Ltd.	200,487	188,526	11,961	6.24	81.7
9	Savannah Commodities	186,224	178,308	7,916	5.80	87.5
10	Pan Afric Impex	115,799	115,799	-	3.61	91.1
11	Wabulungu Multipurpose Estate	90,413	90,413	-	2.82	93.9
12	Nakana Coffee Factory	78,280	78,280	-	2.44	96.3
13	Olam (U) Ltd.	35,233	18,180	17,053	1.10	97.4
14	Kaweri Coffee Plantation	15,360	15,360	-	0.48	97.9
15	Mbale Importers	14,690	-	14,690	0.46	98.4
16	Union Export Services (UNEX)	13,803	13,803	-	0.43	98.8
17	Semliki Rift	12,800	-	12,800	0.40	99.2
18	Anderson Investment	8,792	8,792	-	0.27	99.5
19	Gumutindo	6,739	320	6,419	0.21	99.7
20	Bakwanye Trading Co. Ltd.	4,480	-	4,480	0.14	99.8
21	Kitasha	2,800	2,800	-	0.09	99.9
22	Good African Coffee	1,294	-	1,294	0.04	100.0
23	Senti Initiatives	1,050	1,050		0.03	100.0
24	MTL Traders	200	200		0.01	100.0
26	Nile Highland Arabica	54	-	54	0.00	100.0

Nearly 80% of the Arabica coffee was handled by 5 companies: Kyagalanyi Coffee Ltd. – 182,877 bags (36.7%), Kawacom (U) Ltd. – 155,316 bags (31.2%), Great Lakes – 31,130 bags (6.3%) and Job Coffee – 24,000 bags (4.8%).

2.23 Coffee Exports by Buyers

Table 2.6 shows the main buyers of Uganda Coffee in 2007/08 in terms of quantity and percentage

market share. The market share held by the top 5 buyers slightly fell from 47 percent last year to around 45 percent due to increased competition for Uganda Coffee. These included Sucafina – 12.4% (15.1%), Ecom Agro-Industrialist – 11.8% (11.6%), Bernard Rothfos – 8.6% (6.2%), Socadec – 6.0% (2.9%) and Louis Dreyfus – 5.9% (1.3%); where the figures in parenthesis represent the performance of each buyer in 2006/07.

Table 2.6: Buyers of Uganda Coffee in 2007/08 – 60 Kilo Bags

Overseas Buyers		Qty	%age Market Share	
		60-Kilo Bags	Individual	Cumulative
	Grand Total	3,210,603	100.00	
1	Sucafina	398,303	12.41	12.41
2	Ecom Agro-Industrialist	378,664	11.79	24.2
3	Bernard Rothfos	274,900	8.56	32.8
4	Socadec	192,095	5.98	38.8
5	Louis Dreyfus	187,032	5.83	44.6
6	ABACO	137,550	4.28	48.9
7	Aldwami	122,468	3.81	52.7
8	Olam International	112,311	3.50	56.2
9	Cofftea (Sudan)	111,268	3.47	59.6
10	Icona Café	104,168	3.24	62.9
11	Golluckie	100,109	3.12	66.0
12	Decotrade	98,810	3.08	69.6
13	Drucafe	97,356	3.03	72.1
14	Volcafe	94,172	2.93	75.0
15	Coffee Select	74,246	2.31	77.4
16	TATA Coffee - India	63,520	1.98	79.3
	Others	663,631	20.67	100.0

2.24 Coffee Exports by Destination

Chart 3 represents the main destinations, continent-wise, of Uganda coffee during the year

under review. 80 percent (2.57 m bags) went to Europe, 14 percent (0.45 m bags) to Africa, 4.4 percent (0.14 m bags) to Asia and the rest, 1.6 percent (0.04 m bags) to North America.

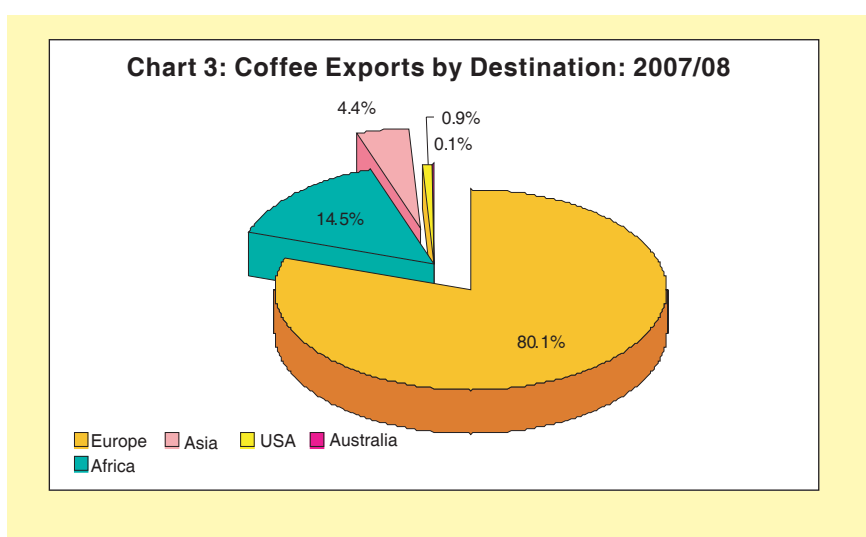


Table 2.4 gives a breakdown by country destinations, quantity and percentage market share. EU countries continued to be the main destinations of Uganda Coffee accounting for

around 78 percent (2.50 million bags) followed by Africa (Sudan, Morocco, Algeria, Eritrea and Egypt) with 14 percent as represented in the pie chart above.

Table 2.4: Coffee Exports by Destination – 60 Kilo Bags

Destination	Qty	%age Market Share	
	60-Kilo bags	Individual	Cumulative
Grand Total	3,210,603	100.00	
EU ²	2,498,397	77.8	77.8
Sudan	440,834	13.7	91.5
Switzerland	73,089	2.3	93.8
India	70,560	2.2	96.0
Singapore	27,708	0.9	96.9
USA	27,065	0.8	97.7
Japan	26,678	0.8	98.6
Israel	14,170	0.4	99.0
Morocco	9,998	0.3	99.3
Australia	4,770	0.1	99.5
Algeria	4,676	0.1	99.6
Eritrea	3,436	0.1	99.7
China	3,349	0.1	99.8
Egypt	2,569	0.1	99.9
Others	3,304	0.1	100.0

2.25 Registered industry players at post-harvest

A total of 324 industry players at post-harvest level were registered during the year, an increase of 8.7 percent compared to the previous year as illustrated in table 2.7. The increase was mainly

in the category of primary processing facilities that totalled 271, up from 251 in response to the increase in crop size. However, load shedding and soaring fuel pump prices experienced during the year did negatively impact on operations, leading to a 10 percent increase in operational costs.

Table 2.7 Registered Subsector Post-harvest Players

CATEGORY	2004/05	2005/06	2006/07	2007/08
Exporters	28	27	28	30
Export grade factories	19	19	19	19
Hulleries	202	212	251	271
Roasters	06	06	06	4
Total	255	264	298	324

2.26 Price Movement

2.26.1 Local Prices

The monthly average coffee prices continued with the positive trend experienced in the preceding two years. The annual average price for Kiboko,

unhulled Robusta cherries, stood at Shs. 1,305 per kilo up from Shs. 1,010 in 2006/07. Similarly, the average for FAQ and Arabica parchment went up by 32.6 percent and 15.7 percent respectively from Shs. 2,040 to Shs. 2,666 for FAQ and Shs. 2,400 to Shs. 2,773 in the case of Arabica parchment.

Table 2.8: Monthly Average Farm-gate Prices – Shs. /Kilo

2007/08	ROBUSTA		ARABICA
	Kiboko	FAQ	Parchment
Oct – 07	1,200	2,200	2,500
Nov – 07	1,250	2,200	2,700
Dec – 07	1,200	2,500	2,700
Jan – 08	1,250	2,450	2,525
Feb – 08	1,530	3,000	3,000
Mar – 08	1,275	2,950	3,050
Apr – 08	1,375	2,800	2,900
May – 08	1,275	2,635	2,800
Jun – 08	1,375	2,825	2,900
Jul – 08	1,300	2,810	2,700
Aug – 08	1,350	2,850	2,800
Sep – 08	1,275	2,775	2,700
AVG: 2007/08	1,305	2,666	2,773
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

The good prices received by farmers translated into good agricultural practices, which later resulted in a rise in yield per unit area, good quality; and a remarkable demand for planting materials by farmers.

Table 2.9 shows farmers' percentage share in the FOR/T, Kampala price in the last 5 years. The share rose from 75% in 2006/07 to 79%. The

improvement is attributed to the fact that a number of farmers adopted the ownership model and value-addition along the supply chain through wet processing and production of sustainable coffees - Utz-Kapeh, Fair-Trade and Organic. Farmers continued to receive training in organic production practices; and direct trade links were created with buyers abroad such as Urth Caffé, California and The Coffee Legends from Littlerock, USA.

Table 2.9 Farmers' Percentage Share of For/t Kampala Price

COFFEEYEAR	Average Price in Shs/Kilo		%Age Share
	F.A.Q	SC. 1500	
2003/04	1,090	1,420	77
2004/05	1,371	1,720	80
2005/06	1,863	2,351	79
2006/07	2,040	2,740	75
2007/08	2,666	3,367	79

2.26.2 Prices on the global market

World coffee prices reached 10-year highs in the first quarter of 2008. Chart 4 represents the behaviour of realised prices at the export level. Both Arabica and Robusta prices depicted a similar trend in tandem with the international market.

2.27 Domestic coffee Consumption

In an effort to promote domestic coffee consumption on a sustainable basis, the following activities were undertaken.

2.27.1 Training of Roasters and coffee brewers

In response to coffee consumers' outcry about the

quality of coffee served outside home, a series of training secessions in good roasting and brewing practices were conducted at UCDA laboratory, Lugogo show ground. Over 45 brewers fielded by Cafés and Restaurant in and around Kampala were trained in preparation of a good cup of coffee. The training was also extended in the hospitality training institutions that feed the cafés, restaurants and hotels in Uganda.

2.27.2 Participation in Trade Fairs and Exhibitions

UCDA in conjunction with members of the Uganda Coffee Roasters Association (UCRA), which comprises roasters and brewers, participated in a number of local shows and exhibitions in which Uganda Coffee was served to show goers. The response was quite encouraging based on the sales made of the Uganda Coffee brands by roasters. The shows and exhibitions attended included:

- The 5th Fine African Coffee Conference and Exhibition was held at Serena Hotel on February 14-16, 2008 during which the first National Barista Championship (NBC) for Uganda was also conducted. The best participants came from Serena Hotel, UCDA⁵ and Café Pap in that order.
- The UMA International Trade Fair from October 6-12, 2007; the Agricultural Trade Fair in Jinja in July 2008; the Western Region Trade fair in Mbarara and AFREXIM Bank Exhibition in Munyonyo in September 2008. In all these events, UCDA operated a coffee bazaar, which was well attended.
- The Coffee Production Campaign platforms at the districts where farmers were offered the opportunity to taste the coffee they grow. At the end of the workshops, participants received packets of coffee powder to take home.
- The CHOGM where Uganda Coffee was showcased to the delegates at the National Theatre and Uganda Museum during the period in November 2007. The coffee stand was jointly manned by UCDA and members of the private sector – Star cafe Ltd., 1000 Cups, Zigoti Coffee, One Café International and Savannah Coffee. Business links with consumers and suppliers of coffee equipment were later established.
- Delicious coffee was also served to players and the public participating in the Corporate League held once a month throughout the year.

2.27.3 Market Survey on perception of coffee Consumption

A market survey to discern perceptions about coffee consumption and the factors that affect consumption in Uganda was undertaken in 5 districts: Kampala for Central, Mbarara (Western), Jinja and Mbale (Eastern), and Lira (Northern). The factors of interest were age, sex, employment status, monthly income and highest level of education.

On perception the following were highlighted:-

- 70% of the respondents agreed that coffee improves their mental alertness;
- 69% reported coffee makes them more energized;
- 76% agreed (strongly and moderately) that they feel good when they take coffee;
- 66% agreed that coffee is a healthy beverage;
- 55% agreed that the quality of coffee brands on shelves had greatly improved in the last two years;
- 76% of respondents had heard about the risks of drinking coffee; and
- On whether consumers perceived coffee as more expensive than other beverages, 39% agreed that it was so whereas 53% disagreed.

It was shown that coffee consumption had a direct bearing on the sex, age, and employment status of the consumer. Males tended to drink more coffee than women; and the young people were consuming more coffee than the elderly who associate it with health related problems. There was no direct association between education level and number of coffee cups consumed.

The above results point to the fact that the public somewhat knows about benefits of drinking coffee as well as the health risks associated with it especially the caffeine intake. The non-consumers of coffee still attributed it to high blood pressure.

2.27.4 Drafting of the Domestic Coffee Consumption Strategy

To ensure a systematic growth in domestic coffee consumption, a draft Domestic Coffee Consumption Strategy (DCCS), as part of the three-year corporate plan, 2007/08- 2009/10, in line with the ICO step-by-step guide to increase coffee

consumption, was developed. The DCCS, which is a Public-Private-Partnership (PPP), addresses the critical areas and identifies key players who are envisaged to increase coffee consumption by 5% per year in the next five years.

The vision of the DCCS is 'Creating a robust, competitive roasting and retail structure for enhanced consumption of high quality Uganda coffee'. The major components of the strategy are to develop a coffee drinking culture in Uganda through:

- (a) Creating awareness with regard to health benefits and risks and the; different types of coffee on the market;
- (b) Education/Knowledge through training of industry players with particular emphasis on sensitizing the medical professionals and the youth; curriculum development; newspapers, websites and publications;

- (c) Product Standards & Regulations-quality adherence, packaging, shelf-life of coffee brands and monitoring;
- (d) Exhibitions, Trade shows and a Coffee Week; and
- (e) Carrying out market research frequently to discern changes in consumer tastes and preferences and also gauge the impact of the interventions made.

2.27.5 Supermarket Prices of Coffee Brands and Cup Prices in Cafés and Hotels

UCDA continued collecting supermarket prices in different supermarkets and prices of a cup of different coffees in hotels and cafés across the country. Table 2.7 below shows average prices of different coffee brands found in supermarket shelves in varying packaging units while table 2.8 shows prices paid for a cup of coffee in different cafés and hotels.

Table 2.7: Average Supermarket Prices of various Coffee Brands

Coffee Brand	Unit of Packaging	Average Price in Shs.
Star Coffee (Instant)	50 g tin	3,500
Star Coffee (Instant)	100 g tin	6,500
Star Coffee (Instant)	250 g tin	13,500
Star Coffee (R& G)	50 g packet	600
Star Coffee (R& G)	100 g packet	1,200
Star Coffee (R& G)	250 g packet	3,500
Masaba (R & G)	250 g packet	3,500
Masaba (R & G)	500 g packet	6,500
Masaba (R & G)	100 g packet	1,800
Good African Coffee (freeze dry)	100 g jar	7,000
Savannah (R & G)	250 g packet	4,000
Savannah Roasted beans	500 g packet	6,500
Nescafe (instant)	50 g tin	3,500
Nescafe (instant)	100 g tin	7,000
Nescafe (instant)	250 g tin	13,500
Nescafe Decaffeinated (instant)	100 g jar	12,000
Africafe (instant)	50 g tin	4,000
Africafe (instant)	100 g tin	7,500
Africafe (instant)	250 g tin	14,500

Average prices ranged from Sh. 600/= per 50 g packet of Star Coffee (Roast & Ground) to Sh. 14,500/= per 250 g tin of Africafe (Instant). Supermarket prices in other districts other than Kampala were slightly higher attributed to increasing transport costs as a result of high pump prices. Operators reported usage of buses as the cheapest and safest means of transporting coffee to the districts.

2.27.6 Prices of Different Coffees in cafés and hotels

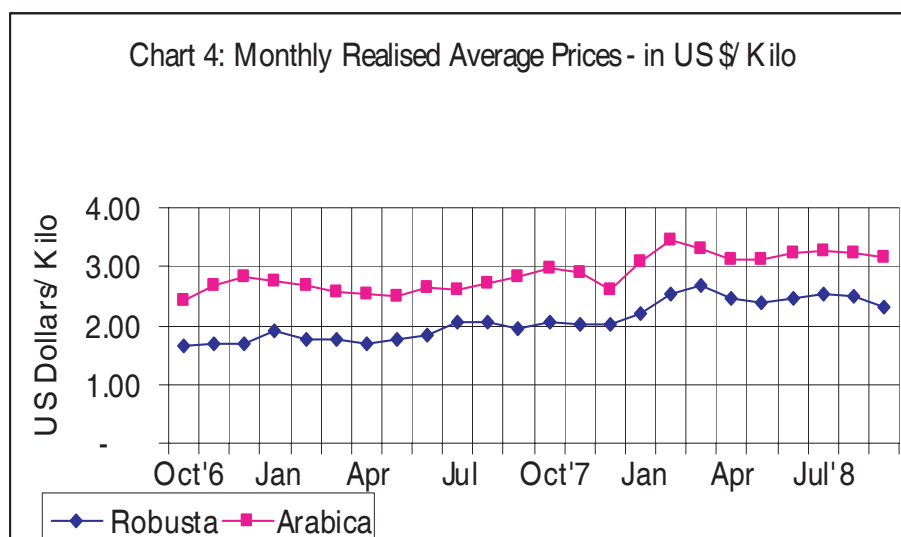
Table 2.8 shows price ranges of a cup of delicious coffee in different areas. Cappuccino prices ranged from Sh. 4,000-6,000/= per cup, Espressos, Sh. 2,000-4,500/=; Coffee Mocha, Sh. 4,000- 6,000/= per cup and African coffee, Sh. 1,500-2,000/= per cup.

⁴About the dynamics of the global coffee industry.

⁵Ms. Clare Rwakotogoro, UCDA Assistant Quality Controller was the first runner-up.

Table 2.8: Prices of Different Coffees in Cafés & Hotels

Type of Coffee	Price Per Cup in Shs.
Cappuccino	4,000-6,000
Espresso	2,000-4,500
Latte	4,000-6,000
Mocha	4,000-6,000
African Coffee	1,500-2,000



2.3 Closing Stocks

Table 2.8 represents the coffee stock position as at the close of the coffee season, September 30, 2008. Stocks at the export and primary processing levels were estimated at around 380,000 bags

of exportable grades, an increase of 35.5% compared to the previous year. Most stocks were for Robusta which registered significant growth. There were some stocks in the pipeline especially with farmers who had anticipated a higher price.

Table 2.8 COFFEE STOCK MOVEMENT – 60-Kilo Bags –

Oct/Sept. 2008/09	Robusta	Arabica	Total
Opening Stock	215,901	64,250	280,151
Total Production ⁴	2,982,339	507,917	3,490,256
Availability	3,198,240	572,167	3,770,407
Domestic Consumption	144,200	36,050	180,250
Exports (Oct/Sept)	2,713,498	497,105	3,210,603
Closing Stock –Sept 30.	340,542	39,012	379,554

2.4 Global Situation

Global coffee production in 2007/08 coffee year was recorded at around 115.4 m bags, a drop of 8.4 percent (10.6 m bags) from 126 m bags realized in 2006/07 as per ICO reports. The drop was due to the 13.7 percent decline in Vietnam's production over the previous year. Consequently, global exports fell by 0.13 percent from 98.2 m

bags valued at \$12.44 billion in 2006/07 to 94.9 m bags worth \$ 13.22 billion.

Closing stocks in coffee producing countries dropped by around 8 m bags from 25.4 m bags a year ago to 17 m bags as on September 30, 2008. The drop could be explained by the mismatch in production and demand experienced during the year. World demand was estimated at 125 m

bags in 2007 compared to 121.4 million bags in 2006, an increase of 3%.

Coffee consumption in exporting countries was estimated at 33.2 m bags of which 17 m bags, almost 50 percent, were consumed in Brazil. Consumption in Brazil is envisaged to increase to 18 m bags in 2008. The current financial/economic crisis notwithstanding, ICO estimated global coffee consumption to reach 128 m bags by the end of 2008.

Retail prices of roasted coffee in selected importing countries indicated an increase of as low as 3% between 2007 and 2006 in Austria (412.94 cts/lb compared to 426.93) to as high as 26% in Poland (276.47 cts/lb against 349.23 cts/lb). Soluble coffee retail prices in UK increased from 1581.65 cts/lb to 1792.40 cts/lb, an increase of 13% while in Malta, it increased by 11% from 1092.44 to 1213.68 cts/lb³.

2.50 Outlook for 2008/09

Uganda's exportable production is envisaged to go up by 9.4% from 3.2 m bags in 2007/08 to around 3.5 m bags on the account of improved

husbandry, ability to access farm inputs, and coffee planted under the various programmes continuing to come into production.

Coffee stocks held by importing countries according to ICO Market report fell to 17.9 m bags by the close of the Coffee Year, the lowest in many years, because of the supply-demand deficit experienced in 2007/08.

Fundamentally, reports indicate that there will be a reduction in the Brazilian production in crop year 2009/10 due to the biannual cycle typical of Arabica crop. This is compounded by some climatic changes experienced in Central America and Colombia that may lead to a reduction in world production. Generally, world supply is likely to be higher in 2008/09 in the region of 132.5 million bags. Demand in 2007 was estimated at 125 million bags compared to 121.4 million bags in 2006 and is projected to expand to 128 million bags with Brazil alone consuming 17 million bags.

Opening stocks for coffee year 2008/09 in the exporting countries were estimated at 17 million compared to 25.4 million in 2007/08 coffee year while it was 21 million in importing countries.



Dried Coffee Beans

Chapter Three

QUALITY AND REGULATORY SERVICES

3.1 Technical Extension Services

Field visits were carried out to provide technical extension services to the subsector players at the farm, collection centres, processing factories and export level. Through these visits, 271 hulleries, 30 exporters, 19 export grading factories and five roasting facilities were inspected and registered.

At the farm level, Good Agricultural Practices - proper harvesting and drying were emphasized. The harvesting of immature cherries and delays in the commencement of the drying regime were highlighted as the key problem areas that lead to deterioration of the coffee quality. The farmers were particularly advised not to heap fresh cherries to avoid over-fermentation and mould formation.

At the buying stores and hulleries, Good Hygienic and Manufacturing Practices were stressed. Under hygiene, the processors were advised to use good physical structures - walls, roofs and floors - in addition to having a good husk/dust extraction and disposal system.

At the washing stations, emphasis was on having a good pulp extraction and disposal system, and raised drying trays. The dealers were also shown the correct use of moisture analysers.

3.1.1 Enforcement of the Coffee Regulations

Poor processing and handling of semi dried Kiboko/Parchment followed by adulteration of processed coffee (FAQ) with BHP's and other extraneous matter, to cheat on weight by some dealers, continued to be the major causes of quality deterioration at the primary processing level. Use of unsuitable drying yards was discouraged as it increases the amount of extraneous matter in FAQ.

Task forces aimed at enforcing the Coffee Regulations and curbing the deteriorating quality in the Masaka/Rakai, South-Western and the Mt. Elgon zones were deployed. In the Robusta areas, the task forces were charged with curbing the rampant trading and processing of wet Kiboko, the poor drying and storage facilities. While in the Mt. Elgon zone, the focus was on eliminating the drying of wet parchment along dusty roads, in trading centres and on road shoulders.

A total of fifty four (54) hulleries found processing and handling wet coffee (M.C > 14%) were suspended from operations for two weeks. In the east, five buying stores in Mbale town were also suspended due to improper drying practices.

The export grading factories that accept poor FAQ deliveries and levy heavy penalties for the poor quality were advised to reject such deliveries in order to deny a market for these coffees.

3.1.2 Field Quality Evaluation

At the beginning of the season Kiboko, the dry robusta cherries, traded on the local market was generally wet as farmers and traders rushed to benefit from the then prevailing good prices. The coffee quality improved as the season progressed.

Samples of Kiboko coffee at moisture content of 12 – 13% were collected during the peak periods in the various coffee growing zones and analysed at the UCDA laboratory, Lugogo. The analyses focussed on percentage out-turn and screen size distribution. The coffee was not subjected to gravimetric sorting. Comparative out-turns and screen distributions in the 2006/07 and 2007/08 are shown in tables 3.1 and 3.2, respectively.

Table 3.1: Average %-age Out-turn (OT) and Screen Distribution for Natural Robusta- 2006/07.

ZONE	OT	Sc 18	Sc 17	Sc 16	Sc 15	Sc 14	Sc 13	Sc 12	< 12
South-Western	58	16.5	21.5	24.6	18.9	9.8	4.6	2.5	1.6
Western	55	13.3	21.8	28.0	17.2	12.8	3.2	1.9	1.8
Masaka	56	15.9	20.2	22.6	19.0	14.4	4.5	2.3	1.1
Central	56	12.9	17.9	23.4	17.5	14.4	8.8	2.5	2.6
Eastern	55	14.2	17.2	21.5	21.3	15.6	6.2	2.3	1.7
Average	56	14.6	19.7	24.0	18.8	13.4	5.5	2.3	1.8

Table 3.2: Average %-age Out-turn (OT) and Screen Distribution for Natural Robusta- 2007/08.

ZONE	OT	Sc 18	Sc 17	Sc 16	Sc 15	Sc 14	Sc 13	Sc 12	< 12
South-Western	59	16.7	20.4	22.3	17.6	10.1	5.1	5.9	1.9
Western	57	15.6	22.1	26.1	16.9	11.6	4.5	1.6	1.6
Masaka	56	15.3	20.2	21.3	19.5	15.6	4.3	2.4	1.4
Central	57	13.5	18.9	22.6	19.8	13.1	5.4	4.8	1.9
Eastern	56	12.1	17.6	20.9	20.4	17.6	5.9	3.4	2.1
Average	57	14.6	19.84	22.64	18.84	13.6	5.04	3.62	1.78

In both coffee years, out-turn and screen distribution showed a good crop with OT above 55%. The high percentages of screen 18 and 17 are attributed to the increasing influence of the larger Clonal coffee beans in all the Robusta

areas and the influence of the new coffee planted under the replanting programme. Table 3.3 gives the percentages of out-turn and screen distribution over the years for natural Robusta in the various zones.

Table 3.3 Comparative %-Age Out-turns & Screen Distribution of Natural Robusta

COFFEE ZONE ⁶	COFFE YEAR	OUT-TURN (%)	SCREEN RETENTION (%)			
			1800	1500	1200	<12
South Western	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
	2007/08	58.8	14.6	61.3	22.3	1.8
Western	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
	2007/08	56.9	15.6	65.1	17.7	1.6
Masaka	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
	2007/08	56.4	15.3	61.0	22.3	1.4
Central	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
	2007/08	56.7	13.5	61.3	23.3	1.9
Eastern	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
	2007/08	55.8	12.1	58.9	26.9	2.1

Table 3.4 shows the comparative average out-turns for Washed Arabica coffee in the last 5 years.

⁶ 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, Kayunga & Mukono
Eastern - Jinja, Iganga, Kamuli, Mayuge, Kaliro, Namutumba & Bugiri.

Table 3.4 Comparative Percentage outturn for washed Arabica

DISTRICT	2001/2	2002/3	2003/4	2004/5	2005/6	2006/7	2007/8
Mbale	81.0	80.5	79.9	80.1	79.6	80.0	79.4
Kapchorwa	81.0	81.0	80.2	80.8	80.0	81.2	80.4
Nebbi	80.0	79.9	80.3	78.6	80.2	80.1	81.2
Kisoro	81.8	81.7	81.0	82.0	81.0	81.5	81.0
Average	80.9	80.8	80.4	80.4	80.2	80.7	80.5

The outturn in the Arabica areas was generally good, which was attributed to improved husbandry and post-harvest handling practices; and the presence of a number of sustainability coffee projects in the Arabica areas.

3.2 Liquoring Reports

The figures below show the liquor report for various coffee grades exported in 2007/8 compared to the previous two years. The average clean cup was

97.3%, slightly up compared to 95.9% recorded in 2006/7 and 94.7% in 2005/06. The continued improvement in the cup taste is attributed to improved handling practices along the production chain.

Evident from Chart 3.1, the best Cup taste was recorded by Wugar at 98.8% followed by Bugisu A at 98.6%, Bugisu B – 97.8%, Bugisu PB – 97.6% and Bugisu AA – 97.3%. All were above 95% but Drugar, which has continued to have lesser clean cups due to inferior handling practices.

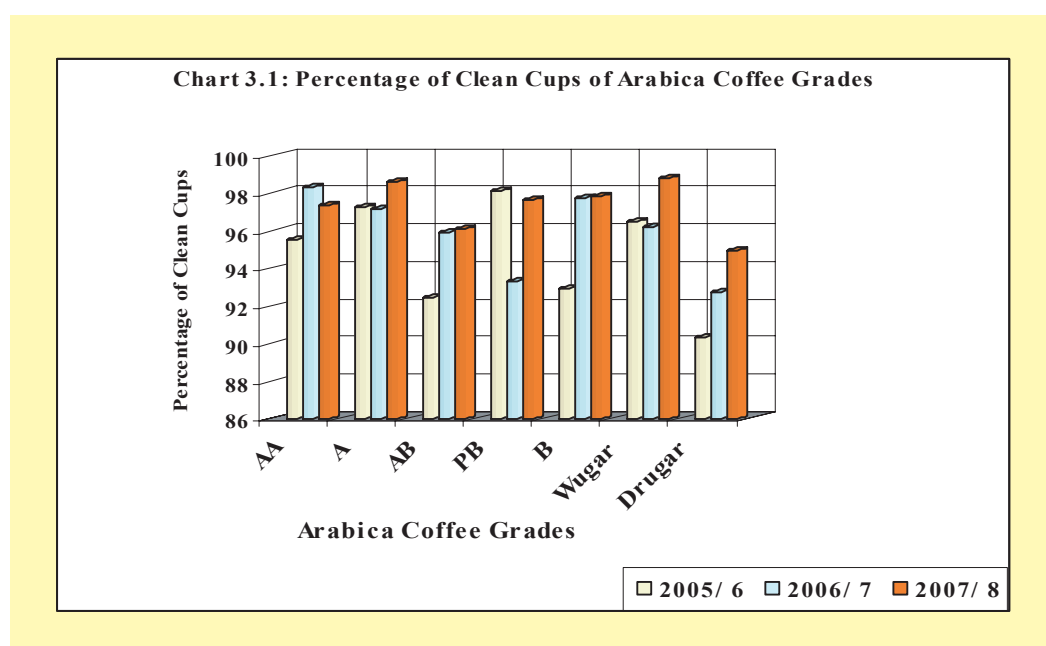
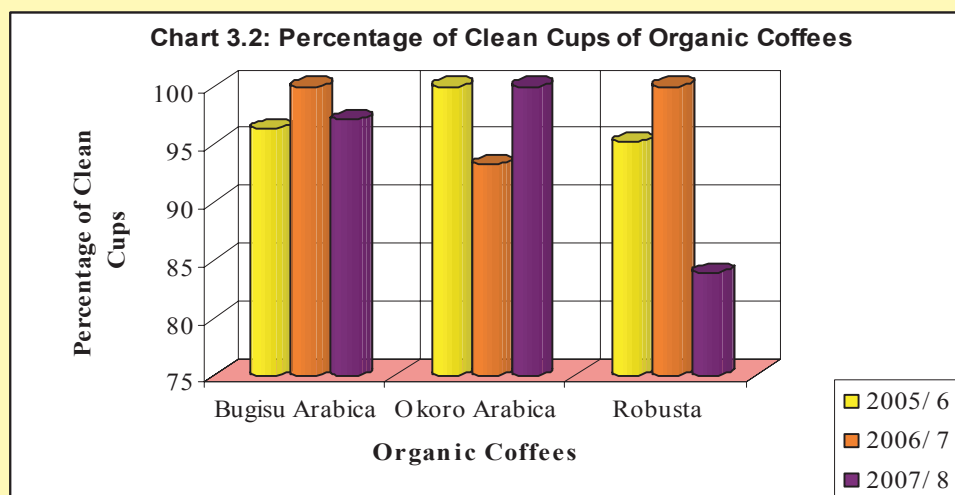


Chart 3.2 gives the Cup performance for Organic coffees - Okoro, Bugisu and Robusta. The best coffee liquored during 2007/8 was Okoro organic Arabica (100%) followed by Bugisu Organic with

97.1% clean cups and organic Robusta with 83.9%. These coffees are exported to the specialty markets, the quality sensitive niche markets.



The Cup quality of Robusta coffee in the last 5 years is represented in table 3.5. Washed Robusta coffee excelled in the cup for three consecutive years from 2003/4 to 2005/6. In 2006/07, screens

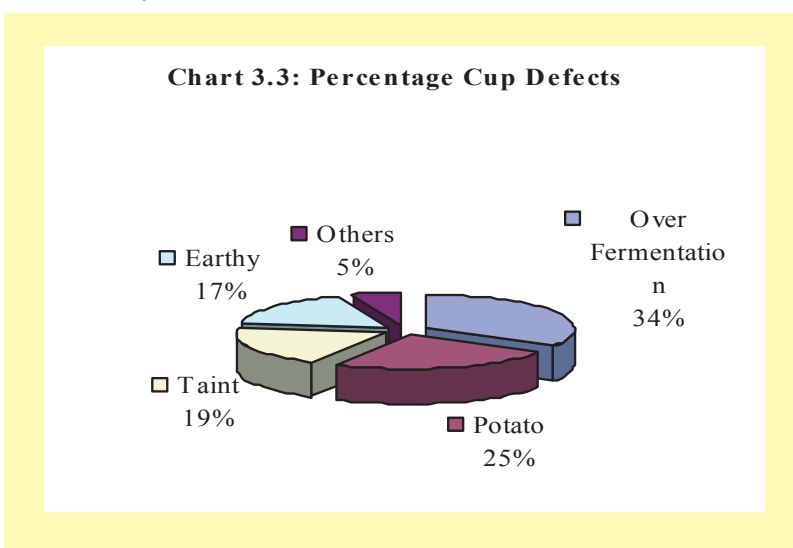
13 and 16 scored 100% in cup quality. This reveals the importance of washing in improving the cup quality.

Table 3.5: Percentage of Clean Cups of Robusta Coffee: 2003/4 – 2007/08

TYPE	GRADE	2003/4	2004/5	2005/6	2006/7	2007/8
Natural Robusta	Sc 18	90.8	86.8	87.8	90.6	94.2
	Sc 17	94.0	89.7	86.4	95.6	93.2
	Sc 16	94.0	92.8	97.6	100.0	-
	Sc 15	91.5	87.9	89.1	91.5	95.8
	Sc 14	94.0	87.1	89.2	93.6	98.2
	Sc 13	91.5	89.3	90.5	100.0	92.9
	Sc 12	93.0	87.2	88.4	90.3	91.9
Washed Robusta		100.0	100.0	100.0	96.7	92.1

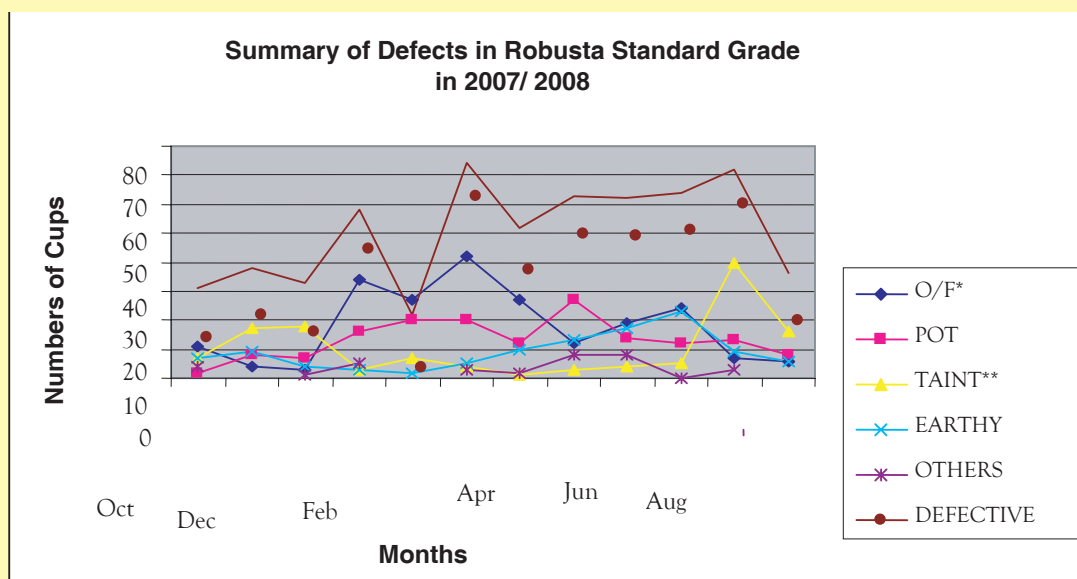
Chart 3.4 shows a summary of cup defects in Natural Robusta grade, Screen 15, on monthly basis. The month of March showed the highest cup defects followed by September while February had the least. The major defects in March were

Over-fermentation and potato cups. The defects are ranked as follows: Over-fermented - 35.7%, Potato- 26.3%, Taints-20.7%, Earthy 17.9% and others 5.6%.



Over-fermentation continued to be a major defect in coffee which is a reflection of improper handling methods at the farm and primary processing

levels. Handling of wet coffee at the lower levels of the value chain continues to compromise quality.

Chart 3.4 Summary of cup defects in the standard grade Sc 15

O/F* - Over-Fermentation, POT – Potato, Others include: Woody, winey, bitterness, harsh, grassy, and musty.

3.3 Coffee Referred for Reprocessing

Through pre-shipment inspection, 3.2 m bags of

coffee were approved for export only 40,584 bags, which did not conform to the export standards, were referred for reprocessing in 2007/08.

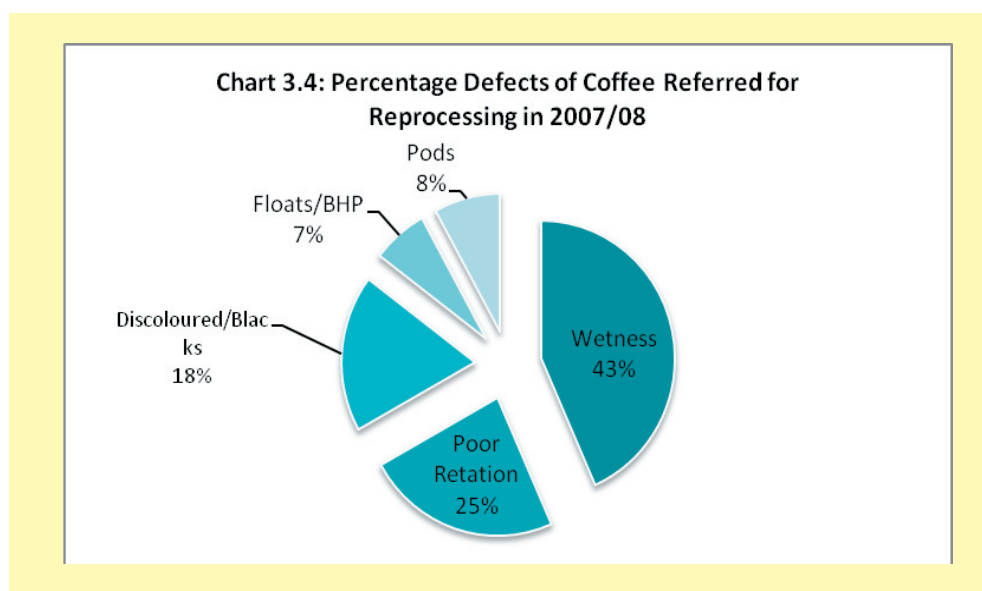


Chart 3.4 shows the number of bags in percentage terms and the reason for referrals in the last five years. The major reasons for rejections in 2007/8 included: wetness – 43.4%; poor screen retention – 23.5%; discoloured/black – 18.4%, floats/BHP – 6.7%; and pods - 8%. The high percentage of wetness was due to the heavy rains received

in March/April, and it is during that period most referrals were recorded.

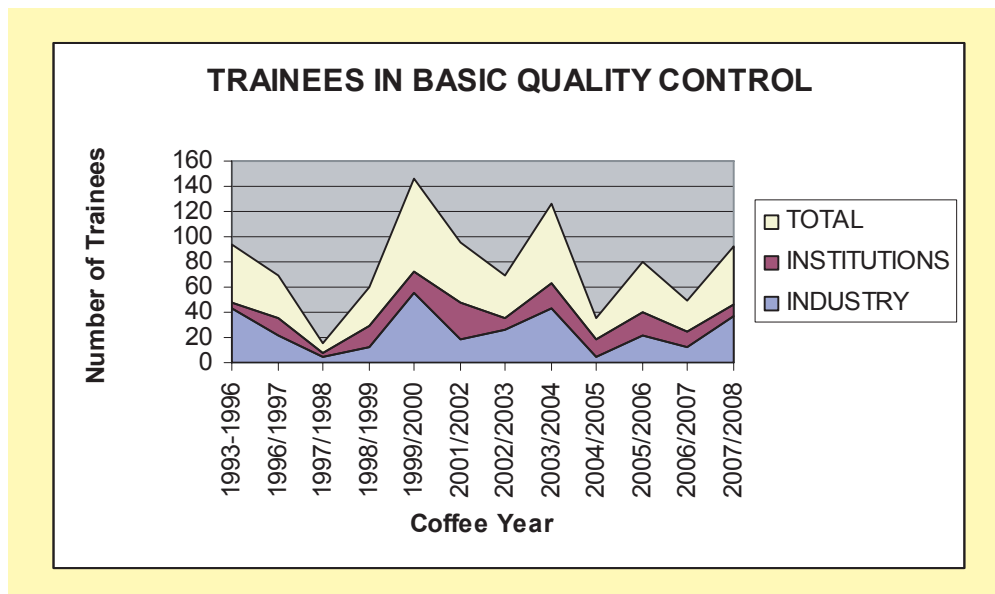
However, there was a noticeably sharp decline in the amount of coffee referred for reprocessing, a reflection of improved processing and handling practices along the production chain and particularly at the export level.

3.4 Training in Basic Quality Control

During the year, 46 students participated in the training in the Basic Quality Control. Thirty seven of these were from the industry while nine were

from the institutions of tertiary education. The industry has continued to show enthusiasm in the training. This is depicted in chart 5.6 where 2006/7 had a total of 25 trainees while 2007/8 had 46 participants.

Chart 3.5 Basic Quality Control Training



Roasted Beans

Chapter Four

COFFEE DEVELOPMENT PROGRAMMES

4.0 Introduction

Under the theme 'Back to the Future – Rejuvenated Coffee Replanting', UCDA continues to develop programmes to consolidate the achievements of previous activities under the Coffee Production Campaign.

The Programmes include;

- Multiplication of coffee plantlets, Coffee Rehabilitation and Replanting using clean planting materials.
- Coffee Research and Technology Development through deliberate support to COREC.
- Farmer Training and Extension liaison in collaboration with other government programmes – NAADS, UNADA, Development Partners, exporters and Local Governments
- Special intervention for commercial coffee production in Mid Northern Uganda

4.1 Coffee Production Campaign

The Coffee Production Campaign⁷, which was in its Second Year of Implementation, targets increasing annual 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. It is being implemented by UCDA in conjunction with other stakeholders, namely Café Africa, NUCAFE, COREC, ASPS-Danida, UNADA, NAADS, UCTF, EDF Projects, and others through a Steering Committee chaired by UCDA. The Committee's role is to coordinate coffee activities in the districts participating in the campaign.

In order to achieve its objectives, the campaign has been based on four pillars;

- (a) Research and Technology Development. This includes breeding and propagation of coffee wilt resistant varieties, tissue culture propagation, development of community based nurseries (CBNs), and coffee rehabilitation through demonstration plots. The target for CBNs was to establish 600

CBNs with a capacity of 20 million seedlings annually in the coffee growing districts, with at least one CBN per sub-county. In 2007/08, 614 CBNs were established with an output of 9 million seedlings. The capacity of these CBNs will later be expanded to achieve the target of 20 million seedlings per annum.

To date;

- 8 clones of CWD resistant lines are ready for Commercial release to Nursery operators and farmers
 - Continued to collect yield and diseases data on 100 other varieties in Kituza field trial garden, for further screening and evaluation for CWD resistance.
 - Continued development and evaluation of Arabica varieties that are resistant to Coffee Berry Disease and Leaf Rust.
- (b) Enhancement of coffee extension services to equip farmers with the appropriate agricultural and post-harvest handling practices. This is undertaken in partnership with NAADS, Local Governments, Multilateral funded projects and Exporters. Below are achievements recorded during the year:
- By end of 2007/08 Coffee Year, 104 Sub counties had selected coffee as the preferred enterprise, an increase of 65% over the previous year.
 - NAADS supported private sector in provision of coffee planting materials and technical advice, in the Ankole Sub Region.
 - Coffee Production Handbooks for both Robusta and Arabica were produced through funding from ASPS-Danida, and are available for use.
- (c) Promotion of agro-inputs and credit systems among small-holders farmers through UNADA, the private sector. Below were the achievements:
- Training of stockists on business management and product knowledge – Five

⁷ Currently operates in 20 districts - Kapchorwa, Sironko, Mbale, Manafwa, Mukono, Luweero, Mpigi, Masaka, Rakai, Ntungamo, Bushenyi, Ibanda, Mbarara, Rukungiri, Kanungu, Kasese, Kyenjojo, Kibaale, Nebbi, Arua

business management training sessions were undertaken; 149 Agro-dealers were trained; six training sessions were held on safe usage of chemicals.

- Ensuring that Capital/Finance is more easily accessible to Inputs Dealers/ Stockists
 - Loan facility of \$100,000 available for Agro-input dealers
- Supply and dissemination of data relating to inputs to Coffee farmers –
 - NKG Alliance established 288 large (110 trees) demos and 960 small (25 trees) demos
 - EDE Projects established 317 large demos, and 1,246 small demos
- Certification of Stockists – 50 trained dealers from Coffee Districts were certified;
- Soil analysis – this was done in collaboration with the University of Florida, and results have been released, and will be used in formulation of fertilizer recommendations and requirements to the farmers.
- (d) Promote formation of Farmer Level Organizations to enable farmers access agro-inputs, do bulk marketing, access market information and forward Integration.

Several milestones have been achieved:-

- Increases in number of Coffee Farmer Associations – 97 new Sub-county associations were formed; 19,250 new coffee farmers mobilized into farmer organizations.
- District Stakeholder Meetings were held in all the 20 districts. These were partly funded by ASPS (Danida). District Coffee Platforms have been formed in all the 20 districts under the campaign.
- Establishment of more Private sector Coffee Nurseries –
 - o 3 nurseries established under NUCAFE with capacity of 300,000 plantlets a year
 - o NKG Alliance has 6 Nurseries with capacity of 150,000 seedlings a year
 - o EDE Projects has 8 Nurseries with a total capacity of 356,000 seedlings a year.

- Training farmer Organization Leaders at farm level in Good Agricultural Practices (GAPs), - 4,594 leaders of farmer organizations were trained comprising 1,171 women and 3,423 men, clearly addressing the importance of gender in coffee value chain.

The activities within the Production Campaign have now been consolidated into an amalgamated work plan to be implemented in the third year – 2008/09.

4.2 Farmer Training And Extension Liaison

Farmer training and extension liaison continued to be the major focus of UCDA.

- Farmer training was done in partnership with NAADS and District Extension workers. In all the coffee growing districts, Coffee has now been chosen as a strategic crop under NAADS and PFA programmes. A total of 42 training sessions were carried out. Areas of focus included nursery management, pruning, fertilisation and post harvest handling. The participants involved mainly local leaders, farmer's leaders and other coffee stakeholders.
- In our efforts to create more awareness and reach a bigger farmer audience and address all aspects of the coffee value chain, tailored programmes were undertaken using Radio. Weekly radio programmes were run using radios in the 5 Regions (Central, Western, South Western, Eastern and Northern).
- A number of farmer trainings and technical backstopping on coffee were undertaken. The programme was implemented in all the 57 coffee growing districts by the District Coffee Coordinators; supervised by regional officers. In order to have effectiveness and efficiency in implementing coffee training and liaison programmes, close collaboration programmes were developed together with NAADS and the Local Government Extension staff at Sub County level. A total of 108 trainings were undertaken.
- Quality improvement at farm level continued to be an area of focus. Farmer groups were sensitised on the benefits of good handling practices at harvesting, post harvesting, and the benefits of group marketing for better premiums.

4.3 Coffee Research and Technology Development

4.3.1 Support to COREC

Continued support was given to COREC in support of Research related activities. The objectives in Research included;

- i) To develop and disseminate 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 and disseminate diseases resistant Arabica coffee varieties, which are high yielding and have good qualities attractive to markets.
- iii) To develop and disseminate appropriate agronomic packages for dwarf/short varieties of Arabica coffee.
- iv) To develop high yielding and diseases resistant Arabusta coffee varieties with cup qualities acceptable to the market.
- v) To develop appropriate and cost effective technologies for enhancing Robusta coffee productivity in marginal areas.
- vi) To evaluate, conserve and utilize coffee germplasm

4.3.2 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, Pader, Amolata, Amuru, Kitgum, Gulu, Pallisa, Tororo, Butalejja, Busia, Bukedea, Soroti and Kaberamaido.

Thirteen model one acre coffee farm trials, (Technology Development Sites) established in the previous Coffee Season were used as sites of excellence to train and demonstrate all aspects of coffee technology. This is part of our Programme activities aimed at up scaling our intervention in Northern Uganda for Commercial Coffee Production under a specially funded project.

4.3.3 Coffee Rehabilitation

UCDA continued to contribute funds for pruning, stumping, fertilizer, manure, digging fertigation trenches, herbicides, and mulching material, spray

pumps, scateures and pruning saw, in our efforts to improve productivity of the coffee trees to at least 1Kg of parchment for Arabica, and 3Kgs of Kiboko for Robusta.

Seventy five coffee rehabilitation demonstrations have been established in 25 traditional coffee growing districts of Iganga, Mbale, Sironko, Kapchorwa, Jinja, Mubende, Kyenjojo, Kibaale, Hoima, Kamwenge, Wakiso, Mpigi, Masaka, Mukono, Kayunga, Sembabule, Bushenyi, Ntungamo, Mbarara, Kiruhura, Rukungiri, Kasese, Arua and Nebbi. The 25 demonstration plots established in the previous Coffee season have shown clear benefits of rehabilitation, and are being used for training and to change farmer behavior and attitudes. The targeted levels of productivity per tree can be achieved if the farmers start adopting the demonstrated benefits at these demonstration plots.

4.3.4 Coffee Nursery Development

UCDA continues to address the need for availability of clean coffee planting materials to support the Coffee Replanting Programme. Main outputs of the support included:

- Community based nurseries (CBNs) – (provided with coffee and shade tree seeds, poly pots and technical knowledge) – at least 614 CBNs created with a capacity to supply 9 million plantlets.
- Former MAAIF Clonal mother gardens (for preservation of Germplasm) – 8 mother gardens supported to date, and are now engaged in Commercial Clonal plantlets multiplication.
- Rehabilitation of other privately owned Mother gardens in the traditional Robusta Coffee districts – to date we have supported 10 privately mother gardens, all involved in commercial distribution of Clonal plantlets.
- Establishment of Robusta Seed gardens in Mid North and North – Eastern Uganda – 2 elite seed gardens have established in Ngetta and Serere Zonal Agricultural Research and Development Institutes.
- Arabica Seed gardens – full support given for rehabilitation of 7 hectares at Buginyanya ZARDI (Sironko) with production 2 tonnes, and eventually 7 tonnes at peak production, of Arabica seed. Zombo Seed garden in Nebbi District is also fully rehabilitated (2 acres) with a potential of producing at least 1000 Kilograms of seed per season starting

from 2010/2011 season.

- Support was also given to organized farmer groups, organizations and prominent farmers involved in large scale coffee growing. – Kaweri Farmer Alliance, Four Ways, MTL.

4.4 Socio-Economic Research

UCDA continued to undertake socio-economic research on: competitiveness and profitability of coffee business at all levels in the value chain; economic feasibility on organic Arabica coffee production; and on the implied economic effects of the coffees wilt disease (CWD). These researches are conducted in collaboration with Sub-sector players: Bank of Uganda; Coffee Research Centre (COREC) and Local Governments' Field Extension Staff.

During the Coffee Year; 2007/08; coffee business remained profitable at all levels in the value chain, with farmers taking a larger share of the export price at about 65-70 percent; while other players shared the balance. The competitiveness and profitability of the coffee business at the levels was a result of improvement in world coffee prices and favourable exchange rate in the domestic market. Detailed analysis of the cost structure at the different levels is presented in the next sections.

4.4.1 Coffee Production Costs and Margins at Farm level

Table 4.1 summarizes the results of Uganda's coffee cost structure at farm level for the two types of coffee, Robusta and Arabica. Robusta is divided into old Robusta and Clonal Robusta. The data was captured from both coffee seasons, the main and fly crops. Estimates indicate that the cost of producing a kilogramme of Kiboko of Old Robusta, Clonal Robusta, and Arabica parchment were Shs. 531, Shs. 332 and Shs. 1,277/=, respectively. Compared to the previous Coffee Year, 2006/07, the estimates were Shs. 450 for old Robusta, Shs 320 for Clonal Robusta and Shs 1,140 for Arabica. The variation in the cost structure is due to different levels of agro-input use and relative increase in nominal wages from around Shs. 1500 in 2006/07 to Shs. 2,000 per man-day in 2007/08. The per unit cost estimates for the period was based on the average yield per hectare of 1,200 Kilos of Kiboko for old Robusta, 5000 Kilos for Clonal Robusta and 960 kilo-parchment for Arabica coffee. The yield estimates are consistent with the recent study findings from Kaweri Coffee Farmers Alliance Support Project (2008) in Mityana and Mubende, which established that the average yield for Clonal Robusta varied from about 4,000 – 6,000 Kilos of Kiboko per ha. per annum under medium input-output production levels.



Coffee Seedlings

Table 4.1: Farmer level Costs and Margins

Type of coffee and cost details	Physical	Rate in Shs/unit	Amount
A. Old Robusta coffee			Shs.
1. Maintenance cost: (weeding, pruning, desuckering, manure application, harvesting etc)	120 man-days	2,000/man-day	240,000
2. Input cost (herbicide, Fertilizer, mulch)			100,000
3. Equipment costs: (Depreciation)			100,000
4. Harvesting	20 bags	5,000/bag	100,000
5. Drying	20 man-days	2,000/man-day	40,000
Sub-total			580,000
6. Contingency costs (10%)			58,000
Sub-total			638,000
Yield/ha/year (Low-medium)	kg	1200 kg/ha	
- Cost of producing 1kg of dry cherries/Kiboko			531
- Average farm gate price/kg		1,305/kg	1,305
- Grower's margin for old Robusta coffee/Kg of dry cherries			774
- Gross income/ha/year			1,566,000
- Net income/ha/year			928,800
B. Clonal Robusta Coffee			
1. Maintenance cost:	320 man-days	2,000	640,000
2. Input cost			200,000
3. Equipment costs:			150,000
4. Harvesting	80 bags	Shs 5,000/ bag	400,000
5. Drying	60 man-days	2,000/man-day	120,000
Sub-total			1,510,000
6. Contingency cost(10%)			151,000
Total costs			1,661,000
Yield/ha/year	5,000 kg		
- Cost of producing 1 kilo of dry cherries			332
- Average farm gate price/kg		1305/kg-kiboko	1305
-Grower's margin for Clonal coffee/kg			973
- Gross income/ha/year			6,525,000
- Net income/ha/year			4,865,000
B. Arabica coffee			
1. Maintenance cost	220 man-days	2,000/man-day	440,000
2. Equipment (Depreciation costs)			160,0000
3. Input cost (herbicides, fungicides/pesticides and fertilizers.)	- 2 litre-herb. - 4 ltr. pest. - 10 ltr. Fung. - 2 bags.fert.	-15,000/l -5,000/kg -50,000/bag /fertilizer	240,000
4. Harvesting	16 bags-parch	5,000/bag	90,000
5. Pulping and Fermentation	80 man-days	2,000/man-day	160,000
6. Drying	20 man-days	2,000/man-day	40,000
Sub-total			1,115,000
Contingency (10%)		412.7	111,500
Sub-total			1,226,500
Yield/ha/year	Kg	960	
- Total cost/kg of parchment			1,277
Average farm gate price/kg of Parchment		Ush. 2773/Kg	2773
- Arabica coffee grower's margin/kg of parchment			1,496
- Gross income/ha/year		2,531	2,662,080
- Net income/ha/year		2,118	1,436,000

Source: UCDA Field Data, 2007/08.

4.4.2 Costs and Margins to Farmers Group Marketing Arrangement

Farmers' estimated cost and margin for bulk marketing - Data was collected from NUCAFE farmer groups of Kibinge in Masaka district and Nakanyonyi in Mukono district. The analysis also utilized some of the raw data available at NUCAFE Secretariat regarding costs of transportation, processing and marketing of coffee for farmer groups. This was meant to establish whether bulk marketing and direct linkage to exporters has a marginal revenue effect on farmers' earnings. It was established that group farmers incur almost similar costs as the FAQ trader, but theirs include payment for marketing services provided by the farmer association. For instance, under NUCAFE, market linkage costs were Shs. 100 per Kilo of FAQ sold to the buyer in 2007/08. However, this fee was shared as follows: Shs. 50 went to NUCAFE

Head Office; Shs. 15 to farmer organization (FOT) at coordinating regional level, and Shs. 35 to the farmer group (FG). Table 4.2 gives a summary of the estimates.

From the cost-margin estimates in the table, it is shown that farmers, who sold their coffee after adding value through hulling and utilizing marketing services provided by NUCAFE system, earned a net margin of Shs. 1,527 compared to Shs. 1382 of the individual farmers who sold dry Kiboko at farm gate equivalent of FAQ at Shs. 1305. This gave a marginal net revenue effect of Shs. 145 per Kilo of FAQ. This certainly suggests that bulk marketing and vertical integration of farmers could be one better way of maximizing revenues from their product marketing. Intermediaries have also developed specific competences derived from their experience in coffee business.

Table 4.2: Cost and Margins to Group Farmers

Cost line in Shs/kg	Amount - Shs.
Transport to the huller/kg of dry Kiboko	5.00
Handling costs/kg of for dry Kiboko	2.00
Hulling charge per kilo of FAQ	80.00
Handling cost per kilo of FAQ	2.00
Market linkage charge	100.00
Transport charge per kilo of FAQ to export buyer	2.00
Total cost	191.00
Cost of producing 1kg of dry cherries	531
Clean coffee equivalent at (56%) outturn	948
Total costs per kilo of FAQ	1139
Price of FAQ per Kg	2666
Group farmer's margin/kilo of FAQ	1,527
Individual Farmer margin-Farm-Gate at - 56% -out-turn (Shs. 774)	1382
Net Marginal Revenue Effect	145

Source: UCDA / NUCAFE Field Data, 2007/08.

Furthermore, they provide fast information to the farmer on price and at times extend without requiring collateral. This demonstrates that middlemen are very important players in the coffee chain.

4.4.3 Estimates of Costs and margins to the Robusta Kiboko and FAQ Traders

The study also established the costs and margins to Robusta traders. The costs were for the first level (dry cherries) traders and second level (FAQ) traders include - commission to local collectors, transport costs to milling centers, milling cost, store hire costs that vary from location to location,

and handling costs. From table 4.3, the first level incurred a total cost of Shs. 2473 per kilo of FAQ and a net margin of Shs. 193, while the second level trader's total cost per kilo of FAQ was Shs. 2,278.40 and a net margin of Shs. 391.60 per kilo of FAQ. The first level trader's margin is very low compared to that of second level trader due to the high total cost per kilo of FAQ (Shs.142) compared to that of second level trader (Shs. 30.26). Perhaps this could explain why most traders have withdrawn from processing to mere handling of FAQ and working for a commission from exporters.

Table 4.3: Estimates of Costs and Margin to FAQ Traders

Cost line in Shs /kg of Kiboko/FAQ Equivalent	Financial (Shs.)
A. First level/Dry Cherries/Kiboko trader	
Commission to local collectors per kilo of dry cherries	35.6
Cost of gunny bags per kilo	10.68
Transport costs of dry cherries to the huller/kg	5.34
Handling cost for dry cherries/kg	1.78
Milling charge per kilo of FAQ	80.10
Handling costs per kilo of FAQ	1.78
Transport cost per kilo of FAQ to FAQ trader	5.34
Total cost	142.40
Farm gate price of dry cherries/kg	1305
Clean coffee equivalent at (56%) outturn	2330.35
Total cost per kg of FAQ	2473
Price of FAQ per Kg	2,666
First level trader's margin/kilo of FAQ	193.00
B. Second level/FAQ trader	
Transport costs to central store/per kilo	5.34
Bulking/storage costs per kilo	5.34
Handling costs per kilo of FAQ	1.78
Transport costs per kilo of FAQ to Export buyer	17.80
Sub-total	30.26
Cost of FAQ per kilo from the Kiboko trader	2,242.80
Total costs/kilo of FAQ	2278.40
Price FAQ per kilo paid to FAQ trader	2666
Second level trader's margin per kilo of FAQ	387.60

Source: UCDA Field Survey, 2007/08.

4.4.4 Processor Level Costs and Margins for 2007/08

The total costs to a processor per kilo of FAQ for the coffee year is Shs. 2473.00 and a margin of Shs. 193.00 per Kilo. This assumes that the

processor owns a huller and the factory cost of Shs. 70 is the equivalent price that the operator would have charged for private hulling at zero profit. But because of profit element from the service, hulling charges went up to Shs. 100 per kilo of FAQ in 2007/08.

Table 4.4: Cost and Margins to Robusta Processing

COST ITEM	Financial (Shs.)
A. Collection costs	
Transport costs from farmer to factory	10.00
Commission	20.00
Loading and offloading	2.00
Cost of gunny bags	10.68
Sub-total (cherry)	40.68
Clean coffee equivalent at (56) outturn	72.64
B. Factory costs (hulling)	
Salaries & wages	7.50
Operational costs	10.00
Depreciation cost	12.50
Sorting costs at US \$.../ Bag	17.00
Processing losses	10.00
Administrative costs	6.34
Sub total	63.34
Sub-total	
Financial cost at (10%)	6.33
Sub-total	70.00
C: Price of Dry cherries/kg	1,305
Clean equivalent at 55% outturn	2330.36
Total processing costs per kilo of FAQ	2473.00
FAQ price/kg	2,666.00
Net margin per kilo of FAQ	193.00

Source: UCDA Field Data, 2007/08.

4.4.5 Exporter Costs and Margins for 2007/08

The study utilized data collected for the first two quarters of 2007/08 Coffee Year, from 10 exporters. Average prices of green coffee in the export market for 2007/08 were used in the estimation. Table 4.5 gives a summary of cost, prices and margins for Robusta Coffee while Table 4.5 (b) gives a summary for Arabica.

The total exporter cost for green coffee beans for Robusta exporter was Shs. 2947.60, while the net margin was Shs. 471.68. Electricity and water cost continued to be a major cost item to exporters at average of Shs. 142 per kilo of exported Robusta coffee. The higher cost of electricity could be due to the additional costs spent by Robusta exporters in operating the driers.

Table 4.5 (a): Robusta Export Costs and Margins Estimates - Shs/ Kilo

Cost Item	Financial Cost
A. collection costs	
Storage costs	5.00
Commission	11.00
Loading and offloading	4.00
Cost of gunny bags	11.00
Transport costs	15.00
Sub-total (I)	46.00
Salaries & wages	6.00
Maintenance cost	10.00
Electricity/Water cost	142.00
Fumigation costs	11.00
Bagging/marketing costs	10.00
Office/rental costs	3.00
Warehouse costs	3.00
Insurance costs	5.00
Transport costs	10.00
Processing losses at (1%)	10.00
Subtotal (II)	210.00
Sub total (III) = (I + II)	256.00
Financial cost at 10%	25.60
Subtotal (IV)	281.60
D: Price of FAQ/kg	2666.00
Export processing costs	281.60
Total Exporter costs	2947.60
Price of exportable green coffee bean	1.94
Total exporter receipts	3453.20
Exporter Gross Margin	505.60
Less 1 % CESS	34.532
Exporter Net Margin	471.68

Source: UCDA Field Data, 2007/08.

For Arabica coffee the export processing and marketing cost are combined into a single stage process.

In terms of profitability to Arabica exporters, the Gross profit to exporters was Shs. 554.40 per

kilo of exported coffee. In comparison between the margin per kilo for Robusta and Arabica exporters, Arabica exporters received a higher margin than Robusta exporters relatively higher price premium relative to costs offered to Arabica exporter compared to Robusta.

Table 4.5 (b): Arabica Export Costs and Margins - Shs/ Kilo

Cost Item	Financial (Shs.)
A. Collection costs	
Storage costs	11.00
Commission	20.00
Loading and offloading	2.00
Cost of gunny bags	21.00
Transport costs	16.00
Sub-total (I)	70.00
Salaries & wages	16.00
Depreciation cost	11.00
Electricity	60.00
Communication	11.00
Fumigation costs	11.00
Bagging/marketing costs	21.00
Processing losses	20.00
Office/rental costs	1.00
Warehouse costs	10.00
Insurance costs	10.00
Transport costs	10.00
Factory operational costs	16.00
Subtotal (II)	207.00
Subtotal (III) = (I + II)	277.00
Financial cost at (10%)	27.70
Total	304.70
C: Price of parchment/kg	2773.00
Clean equivalent at 80% outturn	3466.25
Export processing costs	304.70
Total Exporter costs	3771.00
Export price US\$/kg	2.43
Total receipts	4,325.40
Gross Margin to Exporter	554.40
Less (1%) CESSs	43.25
Net margin	511.15

Source: UCDA Field Data, 2007/08

4.5 Economic Viability of Organic and Conventional Arabica Coffee

The cost estimates are based on data collected from organic and conventional Arabica farmers in Sironko and Mbale districts during 2007/08.

The yields per hectare of conventional and organic Arabica were 960 kilos and 750 kilos of parchment, respectively. Tables 4.6 (a) and (b), give a comparison of costs and returns to the categories of farmers.

Table 4.6 (a): Conventional Arabica Costs and Returns

Conventional (Non-Organic) Arabica Coffee		
Cost Parameter	Physical	Total Cost (Ush.)
1. Maintenance cost	220 man-days	440,000
2. Equipment (depreciation cost)		160,000
3. Input cost - Herbicides, fungicides/pesticides and fertilizer)	- 2 litre-herb. - 4 ltr. pest. -10 ltr. fung. - 2 bags.fert.	240,000
4. Harvesting	16 bags-parch	90,000
5. Pulping and fermentation	80 man-days	160,000
6. Drying	20 man-days	40,000
Sub-total		1,115,000
Contingency (10%)		111,500
Sub-total		1,226,500
Yield/ha/year	Kg	960
- Total cost/kg of parchment		1,277
Average farm gate price/kg of Parchment		2773
- Arabica coffee grower's margin/kg of parchment		1,496
- Gross income/ha/year		2,662,080
- Net income/ha/year		1,436,000 **

Table 4.6 (b): Organic Arabica Costs and Returns

B: Organic Arabica	Man-days/other	Total Cost (Shs.)
Weeding cost/ha/year	120 man-days	240,000
Pruning and desukering/ha/year	15 man days	30,000
Costs for manure application/mulching	20 man days	224,000
Cost of organic inputs	N/A	150,000
Tools and equipment Depreciation		150,000
Harvesting costs	60 man days	120,000
Pulping	20 man days	44,000
Fermentation costs	20 man days	44,000
Drying and storage costs	20 man-days	44,000
Total cost		1046,000
Yield/ha/year	750kg	
Cost of producing kg of parchment		1,400.00
Average farm gate price premium /kg		3,000
Organic Arabica grower's margin/kg of parchment		1,600.00
Gross income/ha/year		2,250,000
Net income/ha/year		1,200,000**

Source: UCDA Field Data - 2007/08.

The analysis of the cost structures for both systems indicates that producing conventional Arabica is more profitable than organic at the prices of Shs. 2,773 and 3,000, per kilo of parchment. At these prices, the net income per ha per year for a conventional farmer was Shs. 1,436,000 against Shs. 1,200,000 earned by an organic farmer. The results confirm that the premium price for organic

Arabica may not sufficiently compensate for the loss in yield for farmers that shift to organic practices. In an effort to promote organic Arabica production, therefore there is a need to reward farmers appropriately to cover additional costs and loss in yield. In addition, farmers will be encouraged to practice Good agricultural practices to minimize on the costs of production.

4.5.1 Other Collaborative Programmes and Projects

UCDA as the Government regulator in charge of the Coffee sub sector recognizes and appreciates the efforts of other stakeholders, and other interventions directed into the Coffee industry. We were able to partner and develop the following intervention programmes in collaboration with other development partners;

- Development of a Project proposal for Special Intervention in Scaling up Coffee programmes in Northern Uganda
- Collaborative engagement on the Coffee Banana project
- Promotion of Specialty Organic Coffee for export to the American market by Kisoro farmers
- Collaboration with University of Florida on soil analysis and training to facilitate export of organic coffee under the NOP to the USA market
- Support to groups of farmers in certification process for specialty coffee programmes – Gumutindo, Ankole Coffee Farmers.
- Support to the replanting programme – supplied plantlets to organized farmer groups – Four Ways, MTL and Farmers under the Kaveri Farmers Alliance.



A flowering coffee plant

Chapter Five

COFFEE RESEARCH

5.1 Introduction

Research aim at the Coffee Research Centre (COREC) in 2007/08 remained to be the development and dissemination of technologies for increasing coffee tree productivity. The emphasis is to develop technologies for controlling coffee wilt disease (CWD) on Robusta and leaf rust (CLR) and coffee berry disease (CBD) on Arabica. Research towards development of technologies for enhancing coffee production in marginal areas (drier than traditional areas) was also initiated. The main research objectives remained to be:

- vii) To develop and disseminate 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.
- viii) To develop and disseminate disease resistant Arabica coffee varieties, which are high yielding and have good market qualities.
- ix) To develop and disseminate appropriate agronomic packages for dwarf/short varieties of Arabica coffee.
- x) To develop high yielding and disease resistant Arabusta coffee varieties with cup qualities acceptable to the market.
- xi) To develop appropriate and cost effective technologies for enhancing Robusta coffee productivity in marginal areas.
- xii) To evaluate, conserve and utilize coffee germplasm

5.2 Progress/achievements during 2007/08

5.2.1 Development and dissemination of high yielding and good quality Robusta coffee varieties which are resistant to CWD and other diseases.

This involved various activities, major ones being:

On-station evaluation of CWD resistant Robusta coffee clones

All the CWD resistant genotypes, which were

identified through artificial inoculations in the screen house, are supposed to be cloned by rooted cuttings and the clones planted in on-station field trials for evaluation for yield, quality (cup and bean) and resistance to leaf rust and red blister diseases so as to select best performing clones for validation in multi-location trials in different Robusta coffee growing agro-ecological locations. The establishment of on-station evaluation trials at Kituza has been going on every rainy season since 2002. The on-station trials provide reference data for selecting elite clones and comparing the performance of the selected clones in on-farm trials located in different Robusta growing agro-ecological areas. For authenticity of results, the data is collected from at least 5 trees of each of the clones and for 4-6 consecutive years.

During the reporting period CWD resistant clones planted in the on-station trials at Kituza were increased from 268 to 357. The fields were well maintained by applying inorganic and organic fertilizers and by controlling weeds using herbicides and manual weeding. 209 of the CWD resistant clones in existing trials were assessed for resistance to diseases, potential yield and general appearance. Wet processed samples of 125 clones out of the 209 assessed, were submitted to UCDA for quality analysis. Results of the quality analysis and of the general assessment will be the basis for selecting more elite clones.

On-farm evaluation of the CWD resistant Robusta varieties

Trials of the 25 pre-selected CWD resistant Robusta coffee clones planted in Mukono (Nakanyonyi), Kamuli and Mityana districts were gap filled and maintained routinely. Another trial was planted in Ibanda district at the Ankole Coffee Growers Ltd.

Establishing and maintaining mother gardens of new 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 artificial inoculations in the screen house. During 2007/08 the CWD resistant clones in mother gardens were increased from 1519 to 1566. The mother gardens were all well maintained by applying organic and inorganic

fertilizer, controlling weeds and pruning.

Identifying new CWD resistant varieties

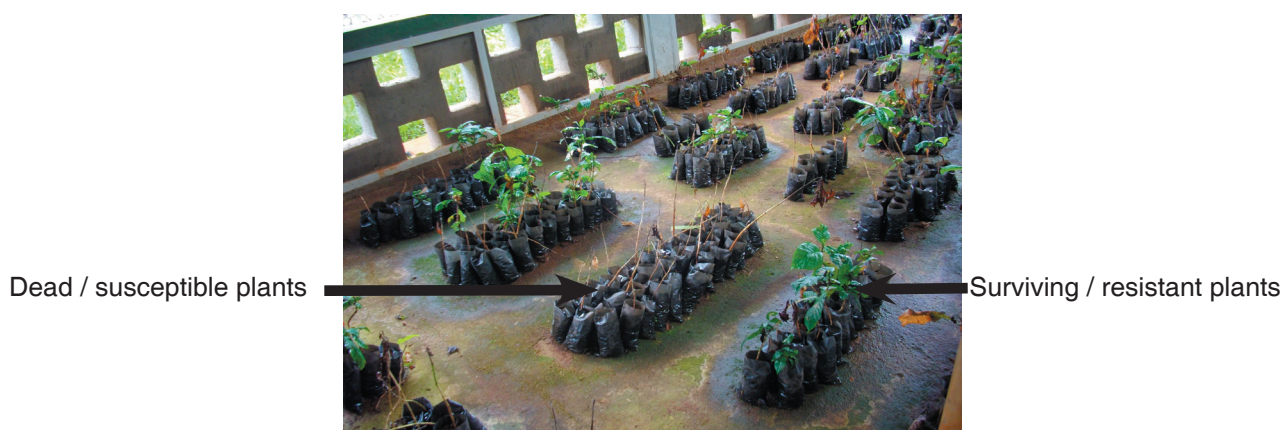
New CWD resistant clones are identified after screening germplasm through artificial inoculations, using root dip in CWD conidial spore at a concentration of $2 \times 10^6 \text{ ml}^{-1}$ under the screen

house. Individual genotypes (Figure 5.1) that survive the inoculation are selected for planting the mother gardens for propagation as clones. During 2007/2008 young seedlings of coffee germplasm from Kawanda, wilt hotspots in farmers fields, feral populations from Ssesse Island and wild forest were inoculated as shown in table 5.1.

Table 5.1: Germplasm screened during 2007/08

Source of material	Inoculated	Re-Inoculated	Individual survival
Farmer seedlings	3408	1643	206
Farmer clones	253	78	22
Ssesse Island	180	58	24

Figure 5.1: Response of Robusta coffee seedlings after artificial inoculation with CWD in the screen house.



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

All mother bushes of each of the CWD resistant Robusta coffee clone planted in the mother gardens are trained to produce suckers for vegetative propagation using nodal cuttings. Nodal cuttings are harvested from about pencil-thick semi-hard suckers and the cuttings are planted in the nursery for potting. During the reporting period rooted COREC continued raise rooted cuttings of clones which have not yet been planted in the on-station trial within Kituza and increasing mother bushes within the mother garden to seven (7). 4800 rooted cuttings of 510 new CWD resistant clones were raised in the nursery and planted in mother gardens and on-station evaluation trials at Kituza. 5388 cuttings from 670 CWD resistant clones were planted under cages within the Kituza nursery.

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 continued in collaborating biotechnology laboratories at Kawanda and Makerere University with the identification of the right primers (genetic markers). Still, there are only 5 working primers, which were identified during the previous reporting period.

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

This activity allows generation of new elite varieties, which carry field and commercial traits originating from one or more complimentary parents. Yield, resistance against diseases (CWD, leaf rust and red blister) and quality (bean size and liquor taste) are the prerequisite farm and commercial traits required for improved Robusta coffee varieties. The newly selected CWD resistant varieties do not possess all these traits. Thus CWD resistance is to be introgressed, through hybridization, from the resistant clones into the current commercial clones, (Resistant to leaf rust and red blister diseases, are yielding, have good liquor taste and bean size but are susceptible to CWD) as a way of obtaining varieties possessing all the complementary traits. During this reporting period a field trial of 333 hybrid progenies from different parental combinations/crosses of CWD resistant and susceptible parents, was maintained at Kituza.

The bearing trees in this trial were assessed for yield and the data is being analyzed. 34 crosses different combinations of CWD resistant and susceptible crosses were made. The hybrid seeds of these crosses will be harvested in the next reporting period

Dissemination of elite CWD resistant clones

Eight (8) elite CWD resistant Robusta coffee clones were selected in the previous reporting period and have been proposed for release to farmers. These varieties are being propagated as clones, using rooted nodal cuttings and tissue to generate planting materials for distribution to farmers to set up private multiplication units and farms.

Propagation by nodal cuttings: The multiplication by using nodal cuttings was initiated at Kituza in the previous reporting period and it continued this reporting period. The production and utilization of the cuttings is shown in table 2.



Red Coffee Cherries

Table 5.2: Production and use of rooted cuttings of the 8 elite CWD Robusta coffee resistant clones

Clone	Cuttings still in cages	Rooted cuttings in on farm evaluation trials				Cuttings planted in mother gardens at:			Available in nursery	
		Mityana	Kamuli	Nakanyonyi	Ibanda	Kituza	Bushenyi	Mpigi	Ready	Young
R/1/4 (Kituza R1)	979	10	10	10	10	3	4	0	0	123
Q/3/4 (Kituza R2)	179	10	10	10	10	0	9	5	10	141
J/1/1 (Kituza R3)	1800	10	10	10	10	25	10	5	40	592
EU/14 (Kituza R4)	230	10	10	10	10	7	0	5	4	52
EU/20 (Kituza R5)	319	10	10	10	10	22	10	5	15	67
2/22/12 (Kituza R6)	197	10	10	10	10	17	0	5	27	48
J1/14/21/1 (Kituza R7)	249	10	10	10	10	0	10	5	4	59
1s/3	1353	10	10	10	10	0	0	0	22	146
Total	5306	80	80	80	80	74	43	30	122	1228

Propagation by tissue culture (somatic embryogenesis)

This activity is carried out by COREC staff in the tissue culture laboratory at Kawanda. The laboratory was provided with four (4) plants of each of the eight (8) elite CWD resistant

clones, which are grown and maintained in clean environment. Leaf explants harvested from these plants are cultured through various media under controlled light regimes to generate plantlets. A summary of the tissue culture activity carried out in the reporting period is given in table 5.3.

Table 5.3: Production and tissue culture plantlets of the 8 elite CWD Robusta coffee resistant clones

Clone	Explants at callus and embryo development stages					Plants in weaning shade
	Explants freshly introduced	In dark	Due for room light	In room light	In RITA	
R/1/4 (Kituza R1)					29	109
Q/3/4 (Kituza R2)	324	35	94	262	89	51
J/1/1 (Kituza R3)	140	81	208	90	78	32
EU/14 (Kituza R4)	48	131	45	69	40	20
EU/20 (Kituza R5)	222	117	143	119	31	14
2/22/12 (Kituza R6)	389	69	71	214	48	
J1/14/21/1 (Kituza R7)	49	29	21	212	34	31
1s/3	632	389	113	210	53	52
Total	2,525	1,112	872	1,371	429	309

Each of the explants at the callus formation and embryo development stages is expected to give rise to 200-300 plants thus expected total plantlets, which will be raised for weaning is 1,261 – 1,892,700.

5.2.2 Development and dissemination of high yielding, good quality and disease resistant

Arabica coffee varieties.

Since the emergency of CWD on Robusta in 1993, emphasis in coffee research has been on development of technologies for controlling the CWD. However in this reporting period, some Arabica coffee research activities were initiated. The main activities carried out include:

Evaluation and dissemination of CBD resistant varieties

Ruiru II is a short variety, which was imported in Uganda and evaluated at Kawanda, Bugusege and Buginyanya. Trials of this variety were also setup in

many lowland areas. The evaluations established that Ruiru II is a high yielding variety and resistant to CBD and leaf rust but has low liquor qualities. Thus it has the potential for cultivation in highland areas (over 1700m above sea level), where CBD is endemic and quality can be improved by the altitude. Data collection to validate its performance continued at Bugusege, Buginyanya and Kachwekano. Analysis of the data is still in progress at Kituza. Over 2000 rooted cuttings of this variety were from its mother garden at Kituza. The cuttings shall be used for establishing mother gardens in other highland localities, if the variety be accepted by the market.

Generation and evaluation of Arabica hybrids for yield, quality and resistance against disease (CBD, red blister and leaf rust)

Evaluation of different Arabica hybrids continued at Bugusege, Buginyanya and Bulegeni. Wet process bean samples of eight (8) hybrid

progenies were analyzed for quality at the UCDA laboratory (Table 4). The results showed that some of the hybrids have good physical and liquor qualities and therefore can be advanced to multi-location evaluation trials en route for release to

farmers. Yield and disease data were collected from 66 hybrid progenies at Bugusege. The data is being analyzed. Wet processed samples were also collected from these progenies and they will be submitted to UCDA for quality analysis.



Harvested Coffee Cherries

Table 5.4: Quality of 8 Arabica coffee hybrid progenies and some of their parents planted at Bulegeni.

sample	100 bean wt	Screen Distribution			Colour	Acidity	Body	Flavour	remarks
		> 18	15-17	< 15					
Arabica hybrids									
A/4/11 x SL14	21.9	45.2	51.2	3.6	Greenish B	1	2	2	Good coffee- for trial +++
A/4/7 x SL34	14.3	65.9	33.2	0.9	Greenish B	1	2	2	Good coffee- for trial +
A/4/7 x SL14	16.8	39.9	56.1	4	Greenish B	1	2	2	
A/4/7 x SL28	18.5	14.4	77.3	8.3	Greenish B	1	2	2	weak liquor
NG9257 x SL28	15.9	15.4	76.5	8.1	Green	1	2	1	weak liquor
A/3/11 x SL28	17.3	50.5	45.5	4	Green	2	2	2	Good coffee- recommended for field trial
A/3/11 x SL14	19.8	67.3	31.5	1.2	Greenish B	1	2	2	Good coffee- recommended for field trial
NG9258 x SL14	15.3	51.7	45.4	2.9	Greenish B	2	3	3	Good coffee- for trial
Controls/ Parents									
SL34	17.1	44.4	51.8	3.8	Green	2	3	3	Good coffee
NG9258	19.05	66.1	31.6	2.3	Greenish B	2	3	3	Good coffee- recommended for field trial
SL14	17.3	27.8	66.3	11.8	Green	1	2	2	winy background and cup leaning towards Drugar
NG9257	20.7	60.4	38	1.6	Greenish B	1	2	2	balances flavour and body with low acidity, chalky white high
A/3/11	15.7	51	47	2	Greenish B	1	2	2	astringent background
KP423	21.6	73.3	26	0.7	Green	0	2	1	very weak liquor
A/4/7	18.7	54.6	42.8	2.6	Green	1	2	2	fairly good coffee recommended for field trial

@ Courtesy of Mr. Edmond Kananura and other staff in the UCDA quality laboratory at Lugogo

5.2.3 Development of agronomic packages for dwarf/short Arabica coffee

Uganda has been cultivating only tall Arabica coffee varieties, such as SL14, KP423, KP162 etc, since the beginning of her Arabica coffee industry. Thus current recommended agronomic practices were developed to maximize productivity of such varieties. Recent introduction and evaluation, and farmers desire to grow dwarf varieties such as catimors and Ruiru 11, which have relatively smaller tree bushes and can be planted at a higher population density, with a higher productivity per unit area, has revealed their potential for increasing the Arabica coffee production. It has therefore become necessary to develop soil fertility, canopy and shade management practices appropriate for maximizing productivity of the dwarf varieties. Trials aimed at deriving recommendations for the 3 Catimor varieties (Kituza A1, Kituza A2, and Kituza A3) continued at Kituza and Bugusege in the reporting period. The trials were maintained (weed control) following the routine Arabica coffee management practices.

5.2.4 Development of high quality Arabusta coffee varieties

Monitoring and data collection continued on some the field trials of 10 Arabusta clones reported in previous periods. The trial at Kituza was stumped to regenerate a new cycle. Bean samples from 7 of the clones in the trial at Bulegeni were analyzed for quality (Table 5). The quality results show that the Arabusta clones have good physical qualities but are lacking in liquor (market qualities). The trials in Luweero, Mubende, Bushenyi, Kyenjojo and Kanungu were monitored. However the trials in Bushenyi and one site in Kanungu were destroyed by the farm owners. From the Bugusege results and the reactions of farmers in other sites, the Arabusta clones are not good varieties for release to farmers. However they shall remain important source of genes for improving CBD, red blister and leaf rust resistance of other Arabica lines.

Table: Quality of 5.5 Arabusta clones and control Arabica lines grown at Bulegeni.

Line	100 bean wt	Screen Distribution			Colour	acidity	body	flavour	remarks
		> 1800	15-17	< 15					
Arabusta clones									
245/25cs20x h148/3	15.5	8.1	76	15.9	Greenish B	Low	medium	medium	Leaning towards Robusta
245/25.cs20xh148/10	19.5	23.6	70.5	5.9	Greenish B	Low	low	low	coffee taste lacking
3/71cs20xh148/11	19.8	70.8	29.2	0	Greenish B	Low	low	medium	
3/71cs20xh148/15	29.1	30.2	65.4	4.4	Greenish B	Low	low	medium	Weak liquor & traces of sliver skin
245/25cs21x h148/7	17.6	26.6	65.6	7.6	Greenish B	Low	medium	low	Coffee taste/flavour lacking
245/25cs20xH148/9	17.6	25.2	70.4	4.4	Greenish B	Low	medium	medium	
236/26cs13-69xsl14/28/2/9	21.4	69.4	27.9	2.7	Greenish B	Low	low	low	Winy background
Control									
sl14 (normal & Arabica variety)	16.4	41.8	54.6	3.6	Greenish B	Low	medium	medium	
kp423 (Normal & commercial arabica variety arabusta)	15.4	35.1	58.6	6.4	Greenish B	Low	medium	medium	Weak liquor
ng9260 (Dwarf catimor/ lowland Arabica)	12.7	7.1	74.3	18.1	Greenish B	lacking	medium	low	

@ Courtesy of Mr. Edmond Kananura and other staff in the UCDA quality laboratory at Lugogo

5.3 Development of appropriate cost effective technologies for enhancing Robusta coffee productivity in marginal areas.

Farmers in northern Uganda and other non-traditional coffee growing areas that have relatively marginal climatic and soil conditions for the crop have enthusiastically adopted coffee growing. However available coffee production enhancement technologies (improved varieties, agronomic and pests' management options) were developed for the ideal localities and therefore are not likely to be appropriate for application in the marginal areas. During the reporting period coffee genotypes (seeds and cuttings) were collected from Gulu and Kitgum districts for raising seedlings and rooted cuttings to be screened for resistance/tolerance to drought. The cuttings were planted in the nursery at Kituza.

5.4 Introduction, evaluation, conservation and utilize of coffee germplasm

A germplasm collection is a gene bank, which is prerequisite for any crop improvement/breeding programme, as exemplified by the recent search

and selection for resistance against CWD. There are about 10 acres of coffee germplasm conservation fields at Kawanda, 6 acres at Kituza and 5 acres at Bugusege. The fields at Kawanda and Kituza are for both Arabica and Robusta coffee gene banks. Bugusege has only Arabica. During the reporting period, the germplasm field, of both Arabica and Robusta coffee, at Kawanda were rehabilitated and together with fields at other sites, are being maintained following routine coffee management procedures. Cloning the genotypes in the germplasm field at Kawanda, to raise plants for replicating it else where, was initiated.

A gene bank of CWD resistant genotypes has of recent been built at Kituza and the evaluation of the genotypes to profile their yield, quality and resistance against disease was initiated.

Seeds of five (5) new Arabica coffee lines (one from India and 4 from Uganda Crop Industries) were sown in the nursery and testing the seedlings for resistance against CBD and other disease was initiated. The seedlings will also be planted in multi-location trials, where they will be evaluated for agronomic and quality traits.

Chapter Six

FINANCE AND ADMINISTRATION

6.0 Human Resources Management

6.1 Staff Matters

The Board approved a new staffing structure as part of implementation of year 2 of the Corporate Plan 2007/08 - 2009/10. The new structure was to address the following:

- Increase staff effectiveness and efficiency;
- Provide reasonable remuneration;
- Reverse the trend of high staff turnover; and
- Provide better facilities to a smaller workforce.

Staff numbers reduced from 86 to 58, whereby District coffee coordinators were reduced from 33 to 18, the positions of Secretary, messenger, Telephone switch board Operator/ Receptionist and Plumber were abolished. Drivers were

reduced from nine to four.. Staff distribution per department under the new structure is as follows: Finance and Administration – 17, Development – 24, Quality and Information Services 17.

The following new positions were created on the new structure.

- Assistant Accountant in the Finance Division;
- Systems Administrator in the Information Division; and
- Information Officer to manage the archives and library.
- Two additional posts of Assistant Quality Controller were created to strengthen the quality control function.

The position of Administrative Assistant and that of District Coffee Coordinator were re- designated to Executive Assistant and Sub Regional Coffee Co ordinator respectively, with expanded roles.

Table 6.1 Comparative staff distribution by Department

DEPARTMENT	2007/08	2008/09
Office of Managing Director	6	4
Finance & Administration	15	13
Quality & info. Services	23	17
Development	42	24
TOTAL	86	58

6.2 Amendment of Terms and Conditions of Service

The Board amended the terms and conditions of service, last issued in November 2008, to bring them in line with the provisions of the Employment Act 2006, and to reflect policy changes approved since 2002.

Some of the changes include; introduction of a new staff code of conduct, introduction of a section on redundancy and the redundancy package, Introduction of paternity leave, and extension of maternity leave to 60 working days.

6.3 Intoduction of a Transport Policy

The Board approved a transport policy to address inadequacies of the old transport system, which was based on a pool vehicle arrangement. The new policy change would guarantee cost effectiveness, operational efficiency and accountability, in addition to easing the administration of transport hitherto lacking under the old arrangement.

Under the policy change, the existing pool was reduced from ten to four vehicles, while a motor vehicle loan scheme was approved for members of staff. The Scheme was meant to ensure better delivery of service to the industry by guaranteeing mobility of staff in the course of their duties, as well as serving as a motivation tool to the workforce.

6.4 Staff Training

6.4.1 Workshops / Seminars

Mr. Julius Madira, Principal Monitoring and Evaluation Officer, attended a one week course organized by Intelligent Africa of South Africa at Sun O. R. Tambo International Hotel in Johannesburg 2nd – 6th June 2008.

The objective of the programme was to impart knowledge to participants to enable them undertake effective monitoring and evaluation of

public sector organizations.

The Board Secretary also attended the annual ICPAU Conference held at Imperial Resort Hotel in Entebbe. The event is meant to update Accountants in Uganda on new global trends in their profession.

6.4.2 In house Training

Management organized group training sessions for members of staff in the following areas

PROGRAMME	PROVIDER	LEAD	OUTPUT
		CONSULTANT	
Parenting	FAME-CON Ltd.	Fagil Mandy	Members of staff were educated on the challenges of parenting in the global village setting. Possible remedial actions were suggested.
Pre-Downsizing Group Counselling	Healing Talk Counselling Services	Lois Ochieng	Members of staff were sensitized on how important it is to work diligently for the organization while preparing for the eventuality of exit at the same time. The session created awareness of the reality of retrenchment and downsizing in the employment world.
Career Shift	IFE Consultants Ltd.	Peter Kimbowa	Members of staff were exposed to the abundant opportunities around them and how they could be tapped for survival. The session created awareness on how individual talents may be transformed into money making opportunities irrespective of whether one is in formal employment or not. The fear of life after employment was demystified.
Managing Personal Finances	Dave & Dave Group	C.D.J. Kuteesa	Participants were prepared to be better managers of their personal finances. Knowledge was imparted of the exploitive opportunities around in anticipation of the eventuality of unemployment.

Management continued to support training in Doctoral studies for one research scientist at CORI, and an Economist working with UCDA.

6.5 SECTOR BASED WORKSHOPS

- UCDA in conjunction with Café Africa organized a one- day stakeholders' workshop in October 2007, to review performance of the Coffee Production Campaign after one year of implementation. The Campaign was launched in the districts of Mukono, Luweero, Masaka,

Mbale, Manafwa, Kapchorwa, Bushenyi, Rukungiri, Kanungu and Kasese.

Ten new districts were to be brought on board in year two, including Arua, Nebbi, Sironko, Mpigi, Rakai, Kyenjojo, Kibaale, Ntungamo, Ibanda and Mbarara.

The following were highlighted as key

achievements of the programme:

- o Seven new lines of wilt resistant material, were ready for multiplication and distribution to coffee farmers by the Coffee Research Institute;
- o NAADS was convinced to include coffee in the enterprise mix especially in the coffee growing districts;
- o Seven hundred and seventy four dealers in agro farm inputs were trained in business management and product knowledge while 184 of these had applied to MAAIF for certification. Three coffee shows on agro – inputs application were held in Rukungiri, Bushenyi, and Kasese;
- o Sixty new farmer groups were formed out of 80 that were targeted. These received a premium price due to bulk marketing and good quality.
- Mr. John Sanders from the Coffee Quality Institute of USA conducted a one-week training for 20 coffee baristas fielded by Café Ballet, Rwenzori, Golf, Café Pap, Bancafé, The American Recreation Centre and UCDA. Besides the idea of promoting domestic coffee consumption, the training was also used to prepare the trainees for the national barista championship, which took place on February 14 – 16, 2008.
- UCDA in conjunction with EAFCA, conducted a taste of harvest competition at which 23 coffee samples were tasted. The best five came from Kyagalanyi Coffee Ltd., Job Coffee – Kapchorwa and NUCAFE organized farmer groups. The judges were drawn from APEP, KAWACOM, UGACOF, KCL and UCDA.
- The 3rd Uganda National Coffee Farmers' Convention organized by NUCAFE and sponsored by UCDA among others was held at MANDELA National Stadium at Namboole on July 30, 2008. The theme of the convention was, "Coffee is our shared business, and together we enhance sustainability".

While responding to farmers' concerns, the Rt. Hon. Prime Minister Professor Apollo Nsubambi, directed the Ministry of Agriculture and other concerned agencies to urgently embark on drafting a coffee policy to guide investment decisions, as well as strengthening the regulatory and institutional frameworks so as to make coffee more competitive..

6.6 INTERNATIONAL MEETINGS / CONFERENCES

6.6.1 ICO

ICO member countries met to discuss the future of the International Coffee Agreement, budget and work plans for 2007/08. A budget of GBP 2,866m was approved of which Uganda was to contribute GBP 35,181.

The Council approved the ICA 2007 with amendments, which included the introduction of a Consultative Forum on coffee sector finance and abolition of the Executive Board.

6.6.2 IACO

- IACO members met in Yaoundé, Cameroon November 2007 for the 47th Annual General Assembly, at which they discussed and approved the budget and work plans for 2007/08. Euros 555,000 was approved of which Uganda was to contribute Euros 105,751 towards the administration budget. A decision was made to allow African consuming countries join the organization, as one way of raising funds to support the budget and activities. Gabon was elected President and was to host the next AGM.
- The meeting also reviewed the ADB/IACO capacity building project, which was extended to 20--. Uganda received a wet processing mill from the Project.
- Uganda was among twenty - three countries that participated in the first African coffee exhibition held in Yaoundé Cameroon, which was opened by Mr. Ephraim Enoni the Prime Minister. Dr. Onorio Executive Director ICO and Mme. Josefa Sacko the Secretary General of IACO visited Uganda's stand.
- Three technical papers were presented at the forum namely; the effects of global warming on coffee, coffee and health, and the dynamics of the coffee sector – vision and prospects.
- The Common Fund for Commodities approved a US \$ 3 million project entitled "Increasing the Resilience of Coffee Production to Leaf Rust and other diseases in India, Kenya, Uganda, Rwanda and Zimbabwe". The CFC will work closely with CABI, the Indian Coffee Board, Kenya Coffee Research Institute, Uganda Coffee Research Centre, and research institutes in Rwanda and Zimbabwe. The

Project aims at building capacity of institutions to enable them share improved germplasm between the participating African countries and India.

6.6.3 Other Meetings

- Uganda hosted the fifth Africa Fine Coffee Conference and Exhibition, February 14 – 16 2008 at Kampala Serena Hotel. His Excellency President Yoweri Kaguta Museveni, who echoed his earlier call on African countries to add value to their produce in order to increase foreign exchange earnings, graced the conference, which attracted over 500 delegates from across the world.
- Prior to the conference and exhibition, the ICO representatives – Mr. Sette and Mr. Denis Seudieu attended the fourth Coffee Scientific Conference at which they made presentations on the role of ICO in the Sustainability Coffee Project and responding to emerging issues in the coffee market through targeted research and development, respectively.
- Alongside the Conference and Exhibition, Uganda held the first Barista Championship, which attracted 19 competitors from UCDA, Hotels, and Cafes. Mr. Peter Musana the winner represented Uganda at the World Barista Championship in Copenhagen Denmark June 19 – 22, 2008 where he emerged 34th overall, and 6th among producing countries.
- At the Copenhagen conference which took place at the same time, Uganda washed robusta and organic Bugisu coffee from Gumutindo competed at the Coffee Club and Taste of Harvest where they were ranked among the best coffees in the world.
- H.E. President Y. K. Museveni of Uganda officially inaugurated the OIC Business Forum at the Commonwealth Village in Munyonyo Kampala. June 16-18, 2008. A paper titled “Promoting Trade and Investment in the coffee industry” highlighted areas of possible investment with high returns to both the investors and farmers under Prosperity for All.

The President invited foreign delegates to invest in the agro-processing industry in Uganda especially coffee, cotton, fruits and vegetables.

- UCDA participated in the second Africa Food Safety and Traceability Conference in Arusha, Tanzania and presented a paper on product

differentiation in coffee through traceability by use of bar coding.

- UCDA participated at the 20th Uganda North American Association Convention August 29 – 31, 2008 in Orlando Florida, at which Uganda coffee was served to over 500 guests who included Ugandan Ministers Mrs. Syda Bumba, Mr. Urban Tibamanya and Mr. James Kinobe. Uganda's Head of Mission in the USA Mr. Perez Kamunanirwe, along with Mr. Charles Sentongo his deputy, also visited the stand.

6.7 Generic Promotion

The following successes were recorded under Joint ventures over the period.

Marketing and Branding

6.7.1 UGEMCO – Egypt

The joint venture registered growth compared to the same period last year. Overall, sales revenue grew by 131% from LE 57,681.56 in 2007 to LE 131,571 by June 2008. There was a leap in terms of quantities sold, from 1131.5 kilos in 2007 to 2042.5 kilos in 2008. This performance was largely due to;

- a) The introduction of a new brand name - ILDUCCI on the market for espresso and filter coffee, with new and enhanced packaging which greatly improved sales.
- b) Certification of the company's products by SGS also boosted customer confidence in the quality.
- c) Expansion of the role of the distribution agency - ACTIVE EGYPT - to include training and machines maintenance resulted in cost reduction.
- d) Adoption of hot air roasting technology, attracted client satisfaction levels.

This sales performance greatly boosted the company's policy of supplying customers with coffee makers whenever demanded for by the clients. The machines coupled with good customer support enabled the company to break into tight market segments and to keep a better and more stable clientele.

The company's low level of publicity, the limited budget to satisfy customer requests for coffee makers and reliance on outsourced coffee

roasting, grinding and packaging services are the major hindrances to the joint ventures maximum success.

6.7.2 BCCCL – China

The Company has registered the following successes:

- (a) Set up a coffee factory on land with a five - year lease and with adequate capacity to meet the demands of a steadily growing coffee drinking culture in China.
- (b) Crane Coffee obtained shelf space in big supermarket chains that include Jenny Iuo, Makro and Wal- mart.
- (c) Opened a coffee promotion centre/shop in a strategic location where Uganda coffee is served from. The place is used for cupping and training purposes. The Centre has also become a popular spot for Ugandan delegations to China.
- (d) Average sales from value added coffee increased to 650kg per month.

6.8 Value Addition

6.8.1 Soluble Coffee Plant

Uganda Crane Coffee Ltd. a joint venture company between Libyan Arab Portfolio and UCDA was registered and incorporated with a share capital of Shs. 2 bn/-. LAP also put in startup capital of Shs 2.7 bn/-. Mr. Richard Adubango of Lwere, Lwanyaga and Co. Advocates was appointed Company Secretary.

The following actions were taken to kick - start the venture:

- a) Land and an investment license were secured from Uganda Investment Authority.
- b) A Company Secretary was appointed.
- c) Office space was allocated on the 1st Floor of Coffee House, and a website was opened.
- d) U CDA was under the share holding agreement required to provide for infrastructure development out of its share of Shs. 300m/-.

6.9 Assets Management

6.9.1 Vehicles

Following the initiation and approval of a new transport policy by the Board of Directors, the motor vehicle fleet was reduced to six. All the redundant stock was to be boarded off for auctioning.

6.9.2 Land and Buildings

- All rentable space is fully occupied. Rent is hitherto one of the major sources of the Authority's income.
- The Board approved funds to the Authority's landed assets revalued.
- Preliminaries for re – development of Plot 9/11 Baskerville Avenue Kololo have started as part of an ongoing programme to upgrade properties.

6.10 Board Activities

6.10.1 Participation in CHOGM Business Forum

Three members of the Board including the Chairman, the Managing Director and Director Lukenge, attended the CHOGM Business Forum, at which important business contacts especially on prospects for value addition were made with high profile dignitaries, who included seven Heads of state.

6.10.2 Approval of UCDA Budget 2008 /09

The Board approved the budget and work plans for FY 2008/09 at their last meeting in May.

The following strategic objectives of UCDA for the New Year were approved:

- Development and production of planting material through community based nurseries.
- Quality improvement through good agricultural and manufacturing practices, as well as effective enforcement of Coffee Regulations.
- Development and promotion of coffee as a final product through partnership with other Agencies.

- Promotion of domestic coffee consumption through value addition.
- Support to coffee research and development.
- Efficient utilization of the Authority's assets and other resources.
- Maintenance of a motivated and results oriented workforce.

6.10.3 Field Activities

The Board undertook a successful tour of the coffee districts of Arua and Nebbi in March, to acquaint themselves with activities the region as well as provide policy guidance.

The following were identified as challenges:

- Lack of adequate processing machines agro inputs and farm implements
- Low productivity and high cost of production.
- Lack of preferential price to farmers with good quality coffee.
- The need to improve bulk coffee marketing
- Poor crop husbandry practices coupled with ageing coffee trees.
- Poor soil and water conservation methods

The suggested way forward to some of the raised issues included:

- Members should continue working in groups in order to be able to raise funds for the much needed agro inputs.
- Farmers should continuously be sensitized about the need to stump their coffee through extension services.
- Free and timely market information to organised farmer groups be provided. Use of SMS messages was encouraged as one of the options.
- There is need to create a grading system for Okoro coffee.
- There is need for more effort on soil and water conservation measures beyond the existing stone barriers.
- More efforts should go towards integrating more youths to enhance the low participation levels.

6.10.4 Meetings of the Board

The Board held the following meetings before the end of its tenure in May 2008.

Table 6.3: Gives Frequency of Meetings by the Board

Nature of Meeting	Frequency
Full Board	4
Finance & Policy Committee	3
Audit Committee	2
Promotion & Value Addition Committee	1
Technical Committee	2
Field Trip	1
Total	13

Statistical Abstracts

STATISTICAL ABSTRACTS APPENDIX I

COFFEE PROCUREMENT FIGURES FOR ROBUSTA & ARABICA – 60-KILO BAGS

Month	2004/05			2005/06			2006/07			2007/08		
	Robusta	Arabica	Total	Robusta	Arabica	Total	Robusta	Arabica	Total	Robusta	Arabica	Total
G/Total	2,149,403	544,575	2,693,978	1,550,497	624,724	2,175,221	2,325,960	579,321	2,905,281	2,982,339	507,917	3,490,256
Oct	189,216	35,604	224,820	80,151	50,125	130,276	152,082	49,080	201,162	157,233	45,001	202,234
Nov	150,112	50,119	200,231	200,178	65,149	265,327	187,642	77,958	265,600	180,143	35,015	215,158
Dec	185,024	55,728	240,752	136,100	75,124	211,224	195,760	51,788	247,548	272,300	40,102	312,402
Qtr - 1	524,352	141,451	665,803	416,429	190,398	606,827	535,484	178,826	714,310	609,676	120,118	729,794
Jan	175,333	46,523	221,856	160,127	75,455	235,582	250,312	56,001	306,313	325,019	35,025	360,044
Feb	165,201	48,625	213,826	95,078	81,003	176,081	189,573	39,122	228,695	335,441	38,777	374,218
Mar	152,143	55,900	208,043	100,197	72,528	172,725	184,220	52,019	236,239	320,100	51,012	371,112
Qtr - 2	492,677	151,048	643,725	355,402	228,986	584,388	624,105	147,142	771,247	980,560	124,814	1,105,374
Apr	172,854	55,215	228,069	84,540	76,574	161,114	139,369	30,525	169,894	180,019	34,015	214,034
May	159,071	56,777	215,848	105,196	49,310	154,506	146,659	37,777	184,436	195,211	45,005	240,216
Jun	201,535	48,123	249,658	162,282	20,075	182,357	195,621	35,023	230,644	230,125	52,100	282,225
Qtr - 3	533,460	160,115	693,575	352,018	145,959	497,977	481,649	103,325	584,974	605,355	131,120	736,475
Jul	267,148	30,148	297,296	180,032	20,235	200,267	228,012	38,656	266,668	295,012	53,103	348,115
Aug	186,530	37,546	224,076	155,345	20,001	175,346	267,485	55,215	322,700	292,106	49,012	341,118
Sept	145,236	24,267	169,503	91,271	19,145	110,416	189,225	56,157	245,382	199,630	29,750	229,380
Qtr - 4	598,914	91,961	690,875	426,648	59,381	486,029	684,722	150,028	834,750	786,748	131,865	918,613

APPENDIX II

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

MONTH/TYPE	2007/08		2006/07		2005/06		2004/05	
	QTY	VALUE \$	QTY	VALUE \$	QTY	VALUE \$	QTY	VALUE \$
TOTAL	3,210,603	388,398,200	2,704,236	256,580,844	2,002,324	170,343,587	2,504,890	162,146,236
ROBUSTA	2,713,498	316,060,409	2,143,132	192,779,546	1,408,314	103,873,270	1,988,360	105,883,286
OCT	131,879	12,722,394	115,013	9,287,693	71,774	4,469,897	152,346	5,796,722
NOV	165,986	16,742,817	174,587	14,744,480	121,407	8,093,316	141,435	5,019,760
DEC	237,168	24,416,389	196,685	16,369,909	132,336	9,381,631	182,975	7,427,260
JAN	326,468	34,736,650	255,416	21,368,320	156,047	11,016,259	171,107	7,042,443
FEB	281,583	31,583,620	182,090	15,137,262	91,747	6,912,473	167,404	7,508,274
MAR	238,938	30,141,261	207,403	17,251,142	86,973	6,490,296	142,214	7,003,125
APR	177,037	22,484,225	94,685	8,026,750	76,946	5,868,690	156,353	8,172,737
MAY	179,389	21,620,095	139,965	12,762,155	89,157	6,946,257	164,849	9,568,909
JUN	228,771	27,944,904	208,489	20,283,411	167,401	12,428,399	181,899	12,083,444
JUL	289,684	36,693,251	227,364	23,556,869	149,759	11,050,922	220,549	15,438,553
AUG	276,757	34,705,424	194,432	19,395,567	147,366	11,452,930	183,923	12,827,504
SEPT	212,526	22,269,379	147,003	14,595,988	117,401	9,762,200	123,306	7,994,555
ARABICA	497,105	72,337,792	560,114	63,801,298	594,010	66,470,317	516,530	56,262,950
OCT	40,697	4,927,599	40,558	4,069,398	49,922	4,809,598	33,587	2,444,930
NOV	32,878	4,257,336	76,141	8,215,760	60,646	6,379,170	41,446	3,281,692
DEC	35,351	5,068,397	52,024	5,836,821	48,008	5,467,617	54,431	4,942,417
JAN	34,409	4,990,387	60,712	6,999,422	72,667	8,663,022	43,616	4,413,104
FEB	36,430	5,389,755	40,009	5,008,525	74,015	9,201,115	47,714	4,882,210
MAR	40,310	6,156,947	57,996	6,977,573	68,987	8,140,598	53,203	6,907,721
APR	60,189	9,477,784	42,471	4,928,768	69,696	7,845,734	55,035	7,174,852
MAY	52,053	7,878,807	44,595	5,144,792	34,164	4,021,072	55,176	7,208,840
JUN	49,338	7,581,507	36,300	4,000,843	20,047	2,146,047	47,352	6,002,324
JUL	35,396	5,324,249	41,500	4,776,409	26,551	2,660,751	30,464	3,252,408
AUG	47,370	6,802,180	35,417	4,101,088	28,160	2,927,946	35,524	3,714,390
SEP	32,686	4,482,845	32,391	3,741,899	41,147	4,207,647	18,982	2,038,062

APPENDIX III

MONTHLY COFFEE EXPORTS BY TYPE & GRADE IN 2007/08 – 60-Kilo Bags.

CY: 2007/08	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTAL
G/TOTAL	172,576	198,864	272,519	360,875	318,013	279,248	237,226	231,442	278,107	325,080	324,127	212,526	3,210,603
ROBUSTA	131,879	165,986	237,168	326,466	281,583	238,938	177,037	179,389	228,771	289,684	276,757	179,840	2,713,498
Organic - Rob	-	885	350	-	-	350	-	-	-	2,510	1,350	1,060	6,505
Washed - Rob	640	1,280	-	960	1,920	5,130	2,560	1,280	640	970	960	990	17,330
Screen 18	10,170	22,186	24,926	35,275	41,714	36,402	26,318	28,467	26,157	18,214	30,470	15,346	315,645
Screen 17	4,504	6,510	6,200	6,900	8,500	7,370	3,870	2,670	6,026	2,678	4,998	1,690	61,916
Screen 15	21,680	69,233	139,211	190,502	162,276	119,956	88,070	90,157	129,168	169,883	162,006	106,976	1,449,118
Screen 14	334	1,004	1,702	2,084	2,420	3,674	2,100	1,418	2,218	3,674	5,270	2,746	28,644
Screen 13	-	-	-	-	-	-	-	-	-	1,080	1,800	9,794	12,674
Screen 12	73,001	40,221	47,648	67,582	46,456	41,622	26,849	29,548	47,403	65,473	41,699	24,910	552,412
BHP 1199	10,580	10,302	5,766	7,065	7,882	12,148	10,898	11,945	7,380	9,443	10,652	9,627	113,688
Others	10,970	14,365	11,365	16,098	10,415	12,286	16,372	13,904	9,779	15,759	17,552	6,701	155,566
ARABICA	40,697	32,878	35,351	34,409	36,430	40,310	60,189	52,053	49,336	35,396	47,370	32,686	497,105
Organic	360	2,120	2,510	3,730	1,800	4,574	5,210	5,360	6,037	-	250	-	31,951
Bugisu AA	-	-	5,747	7,550	7,859	5,290	3,334	2,962	5,330	2,947	1,950	1,620	44,589
Bugisu A	7,978	6,111	2,203	540	671	990	5,915	4,881	1,620	-	7,680	470	39,059
Bugisu PB	561	353	359	-	460	350	150	134	-	-	-	1,440	3,807
Bugisu B	-	35	-	-	-	-	464	185	-	-	-	-	684
Bugisu C	141	25	-	320	-	640	62	110	850	140	-	-	2,288
Arab – AB	3,094	2,070	3,030	2,810	5,170	3,080	2,690	418	5,470	2,400	1,290	1,750	33,272
Arab - CPB	-	-	-	-	2,510	1,270	2,160	1,080	-	-	-	-	7,020
Mixed Arabica	960	-	-	-	-	640	640	640	-	-	960	640	4,480
Wugar	392	360	2,110	2,860	2,490	-	5,760	5,510	11,070	13,130	6,380	3,840	53,902
Drugar	19,236	19,443	18,192	13,003	14,524	19,230	31,690	24,158	17,139	12,949	18,428	15,133	223,125
Others	7,975	2,361	1,200	3,596	946	4,246	2,108	6,615	1,820	3,830	10,432	7,793	52,928

APPENDIX IV

MONTHLY AVERAGE REALISED PRICE BY TYPE & GRADE IN 2007/08: US \$/KILOGRAMME AT EXPORT.

CY: 2007/08	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Average
Wt Avg Price	1.70	1.76	1.80	1.83	1.94	2.17	2.25	2.12	2.13	2.15	2.13	2.10	2.02
Robusta	1.61	1.68	1.72	1.77	1.87	2.10	2.12	2.01	2.04	2.11	2.09	2.06	1.94
Organic - Rob	-	2.03	1.98	-	-	2.09	-	-	-	2.39	2.43	2.43	2.31
Washed - Rob	1.79	1.90	-	1.88	2.11	2.56	2.34	2.27	2.22	2.36	2.34	2.48	2.30
Screen 18	1.76	1.89	1.78	1.88	1.96	2.28	2.30	2.19	2.15	2.22	2.22	2.20	2.08
Screen 17	1.79	1.84	1.77	1.85	2.00	2.24	2.23	2.28	2.22	2.22	2.25	2.31	2.04
Screen 15	1.70	1.77	1.77	1.82	1.91	2.18	2.22	2.07	2.08	2.18	2.14	2.11	2.01
Screen 14	1.67	1.76	1.80	1.84	1.99	2.04	2.02	2.05	2.06	2.20	2.14	2.15	2.04
Screen 13	-	-	-	-	-	-	-	-	-	2.23	2.23	2.18	2.19
Screen 12	1.66	1.62	1.68	1.71	1.80	2.01	2.08	2.01	2.00	2.07	2.01	2.02	1.86
BHP 1199	1.16	1.18	1.19	1.32	1.27	1.41	1.54	1.49	1.51	1.52	1.57	1.44	1.39
Others	1.32	1.35	1.35	1.43	1.47	1.58	1.68	1.58	1.60	1.72	1.74	1.76	1.55
ARABICA	2.02	2.16	2.39	2.42	2.47	2.55	2.62	2.52	2.56	2.51	2.39	2.29	2.43
Organic	2.20	2.71	2.88	2.95	2.53	3.05	2.97	2.98	2.88	-	2.22	-	2.90
Bugisu AA	-	-!	2.54	2.55	2.60	2.86	2.82	2.88	2.76	2.82	2.86	2.78	2.70
Bugisu A	2.51	2.43	2.98	2.83	2.86	2.39	2.77	2.87	3.17	-	2.79	2.81	2.70
Bugisu PB	2.44	2.56	2.31	-	2.32	2.65	2.44	3.58	-	-	-	2.49	2.50
Bugisu B	-	2.34	-	-	-	-	2.48	2.26	-	-	-	-	2.41
Bugisu C	2.09	2.40	-	-	-	2.84	2.27	2.29	2.43	2.25	-	-	2.49
Bugisu E	-	-	-	-	-	-	2.25	-	-	-	-	-	2.25
Arab - AB	2.52	2.55	2.62	2.68	2.70	2.82	2.87	2.64	2.69	2.68	2.83	2.48	2.68
Arab - CPB	-	-	-	-	2.38	2.48	2.57	2.43	-	-	#DIV/0!	#DIV/0!	2.46
Mixed Arabica	1.84	-	-	-	-	1.70	1.69	1.65	-	-	1.65	1.65	1.70
Wugar	1.53	2.71	2.65	2.69	2.55	-	2.77	2.78	2.70	2.72	2.74	2.67	2.71
Drugar	2.01	2.08	2.21	2.31	2.36	2.47	2.56	2.50	2.32	2.39	2.40	2.42	2.35
Others	1.36	1.10	1.23	1.49	1.48	1.87	1.67	1.67	1.43	1.84	1.81	1.67	1.62

APPENDIX V

PERFORMANCE OF INDIVIDUAL EXPORTER – 60 Kilo Bags & Percentage in 2007/08

EXPORTER	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total	%
GRAND TOTAL	172,576	198,864	272,519	360,875	318,013	279,248	237,226	231,442	278,107	325,080	324,127	212,526	3,210,603	Share
Kyagalanyi Coffee Ltd	47,820	25,838	32,974	43,083	38,537	35,717	56,479	46,859	32,961	49,501	66,620	36,326	512,715	16.0
Ugacof	25,685	35,852	42,600	59,498	49,984	45,773	35,942	25,896	48,207	47,076	41,942	15,628	474,083	14.8
Kawacom (U) Ltd	11,034	28,136	48,275	52,307	37,316	37,168	43,074	26,598	30,439	34,953	43,613	41,906	434,819	13.5
Job Coffee Ltd.	7,058	6,921	24,689	33,991	33,966	26,542	21,012	20,368	37,046	17,447	24,323	17,840	271,203	8.5
Ibero (U) Ltd	22,775	24,626	21,726	27,206	28,946	23,112	22,458	22,913	21,896	24,780	21,444	8,246	270,128	8.4
Great Lakes Ltd.	13,187	15,204	17,623	23,481	25,902	20,690	16,955	19,977	18,816	24,768	18,086	22,400	237,089	7.4
Kampala Domestic Store	12,816	15,598	11,698	15,718	14,394	19,124	10,294	28,637	26,968	24,502	27,092	15,227	222,068	6.9
Lakeland Holdings Ltd	12,550	12,816	22,487	32,958	18,692	15,302	6,060	10,256	7,980	23,632	24,618	13,136	200,487	6.2
Savannah Commodities	3,440	9,754	14,348	21,254	19,116	10,530	5,250	11,808	16,228	28,690	30,659	15,147	186,224	5.8
Pan Afric Impex	2,694	650	10,752	20,909	26,658	13,584	1,750	2,800	16,482	13,580	3,140	2,800	115,799	3.6
Wabulungu Multi-Purpose	2,354	4,152	5,714	10,536	8,238	12,500	4,150	4,854	8,662	11,276	9,942	8,035	90,413	2.8
Nakana Coffee Factory	3,376	4,696	8,154	6,464	5,212	5,204	3,820	5,096	7,210	12,698	8,816	7,534	78,280	2.4
Olam (U) Ltd	1,367	5,777	1,280	1,280	320	1,280	3,520	1,310	3,012	9,755	1,314	5,018	35,233	1.1
Kaweri Coffee Plantation	640	320	-	1,920	1,920	4,800	2,560	1,280	640	640			15,360	0.48
Mbale Importers	2,390	3,240	2,120	1,720	2,430	2,470						320	14,690	0.46
UNEX	1,200	630	334	2,306	1,642	1,718	1,020	320		1,322	1,308	2,003	13,803	0.43
Semiliki Rift	1,320	1,280	2,880	2,640	1,960	1,320	640	320	300	140			12,800	0.40
Anderson Investment			2,936	2,324	1,240	670	1,622						8,792	0.27
Gumutindo		300	939	960	1,220	640	620	870	620		250	320	6,739	0.21
Bakwanye	320	640	640	320	320			640	320	320	320	640	4,480	0.14
Kitasha	350	2,100	350										2,800	0.09
Good African Coffee		334						640	320				1,294	0.04
Senti Initiatives						1,050							1,050	0.03
MTL Traders	200												200	0.01
Nile Highland Arabica						54							54	0.00

APPENDIX VI

CUMULATIVE COFFEE EXPORTS AND VALUE: 2005/06 - 2007/08

COFFEE YEAR 2007/08				
MONTH	QUANTITY		VALUE	
	- 60 Kilo Bags -	CUMULATIVE	- US Dollar\$	CUMULATIVE
OCT.	172,576	172,576	17,649,993	17,649,993
NOV.	198,864	371,440	21,000,153	38,650,146
DEC.	272,519	643,959	29,484,786	68,134,932
JAN.	360,875	1,004,834	39,727,037	107,861,969
FEB.	318,013	1,322,847	36,973,375	144,835,344
MAR.	279,248	1,602,095	36,298,208	181,133,552
APR.	237,226	1,839,321	31,962,009	213,095,560
MAY	231,442	2,070,763	29,498,902	242,594,462
JUN.	278,107	2,348,870	35,526,411	278,120,873
JUL.	325,080	2,673,950	42,017,500	320,138,373
AUG.	324,127	2,998,077	41,507,604	361,645,976
SEPT.	212,526	3,210,603	26,752,224	388,398,200
COFFEE YEAR 2006/07				
MONTH	QUANTITY		VALUE	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.	244,789	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	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

Appendix VII
Production Cost Structure for Coffee Production at Farm Level: 1996/97 – 2007/08 –in Shs.

OLD ROBUSTA COFFEE		1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
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

	22- 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
22	2007/08	2,713,498	497,105	3,210,603		

Uganda Coffee Development Authority
Financial Statements for the year ended
September 30, 2008; together with the Report
and Opinion thereon by the Auditor General.

REPORT OF THE AUDITOR GENERAL TO PARLIAMENT IN RESPECT OF UGANDA COFFEE DEVELOPMENT AUTHORITY (UCDA)

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 on the Financial Statements

The financial statements of the Uganda Coffee Development Authority (UCDA) which comprise the balance sheet as at 30th September 2008, and the income statement, fund balance and cash-flows statement for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 1 to 9 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 disclosures 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 the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting 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 my 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 2008 and of its surplus and cash flows for the year then ended and comply with the Uganda Coffee Development Authority Act (Cap. 325)

Emphasis of Matter

Without qualifying my opinion, attention is drawn to Note 11 to the financial statements:

Investments in Wet Coffee Processing Machines
The Authority invested Shs.834,815,878 in Wet Coffee Processing machines financed by government under the Strategic Exports Program. These machines were offered to the beneficiaries at a discounted price of 50% to Shs.417,407,939 under a Finance Lease arrangement managed by DFCU Leasing. However, not all these machines have been installed. As a result, the original objective of value addition was negatively affected and repayment of the finance lease to UCDA delayed.



John F.S. Muwanga
AUDITOR GENERAL

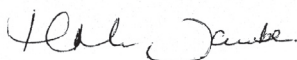
Kampala
15th July 2009

UGANDA COFFEE DEVELOPMENT AUTHORITY STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 30TH SEPTEMBER 2008

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 judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Uganda Companies Act. The Directors are of the opinion that the financial 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.



Kenneth Mugambe
Director



Henry A. Ngabirano
Managing Director

UGANDA COFFEE DEVELOPMENT AUTHORITY

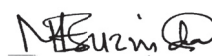
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE PERIOD ENDING SEPTEMBER 30, 2008

	Notes	2007/2008	2006/2007
Fixed Assets(Net)	2	6,017,346,688	6,236,604,262
Investments			
Investment in Joint ventures	10	416,768,423	(508,443,072)
Other investments and work in progress	11	407,532,905	407,532,905
Current Assets			
Short-term Fixed Deposit	3	830,870,343	965,408,124
Cash at Bank	4(a)	1,222,498,582	459,926,389
Cash at Hand	4(b)	51,000	27,200
Debtors	5	573,050,860	693,672,469
Prepayments	6	9,574,500	-
		2,636,045,285	2,119,034,182
Less Liabilities			
Creditors: Amounts falling due within one year	7	2,292,293,540	3,456,400,059
Net Current Assets		343,751,745	(1,337,365,877)
Creditors: Amounts falling due after more than one year	8	-	1,092,657,795
Net Assets		7,185,399,761	3,705,670,423
FUNDED BY			
Funds of the Authority		2,216,750,000	2,216,750,000
Net Surplus		940,131,106	(2,539,598,232)
C.F.C Counter Funding		266,315,261	266,315,261
Capital Reserves		503,532,492	503,532,492
Asac Funding		746,529,785	746,529,785
Stabex Funding		847,800,000	847,800,000
UCDA Coffee Seedlings	9	1,664,341,117	1,664,341,117
TOTAL		7,185,399,761	3,705,670,423



HENRY A. NGABIRANO
MANAGING DIRECTOR



FRED LUZINDA- MUKASA
BOARD SECRETARY/ HEAD OF FINANCE
& ADMINISTRATION

UGANDA COFFEE DEVELOPMENT AUTHORITY

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR PERIOD ENDING 30 SEPTEMBER 2008

	Notes	2007/2008 U Shs	2006/2007 U Shs
REVENUE	1		
UCDA Revenue and share of Joint Venture		8,232,615,200	5,719,093,283
Less: Share of Joint Venture Turnover		96,720,165	115,328,749
Total Operating Revenue		8,135,895,035	5,603,764,534
OPERATING EXPENSES			
Staff Costs	2	2,265,077,389	1,684,051,711
Administrative Expenses	3	869,164,718	749,821,348
Programme Expenses	4	3,063,401,322	2,210,975,939
Support to Coffee Organisations	5	82,660,000	48,050,000
International Obligations	6	388,831,189	374,939,707
Depreciation/ Provisions	7	295,669,545	337,269,976
Total Operating Expenses		6,964,804,163	5,405,108,681
UCDA Operating Surplus/ (Deficit)		1,171,090,872	198,655,853
Loss on disposal of fixed assets		(14,668,733)	-
Share of joint Venture loss in China		(63,121,562)	(48,599,706)
Share of joint Venture profit in Egypt		1,804,385	(9,357,153)
Share of joint Venture loss in Denmark		(35,402,988)	(57,968,670)
Net Surplus/ (deficit)		1,059,701,974	82,730,324

UGANDA COFFEE DEVELOPMENT AUTHORITY
STATEMENT OF CASHFLOWS
FOR PERIOD ENDING SEPTEMBER 30, 2008

	2007/2008 U. Shs	2006/2007 U. Shs
Net Operating Surplus	1,171,090,872	198,655,853
Depreciation	264,647,897	297,814,068
Loss on disposal of fixed assets	14,668,733	-
Provision for bad & Doubtful debts	31,021,648	39,455,908
Prior year adjustments	1,398,095,704	(1,354,801,148)
Decrease in Debtors	111,047,110	3,750,334,317
Decrease in Liabilities	(2,256,764,314)	(2,162,072,269)
Net cash flows from operating activities	733,807,650	769,386,729
INVESTING ACTIVITIES		
Construction of Laboratory equipment/Land & Buildings	(5,865,000)	(1,982,000)
Purchase of computers	(39,617,070)	(20,496,500)
Purchase of Furniture	(1,342,500)	(7,768,834)
Purchase of Liquoring Equipment	(303,500)	(11,798,000)
Purchase of Office Equipment	(8,754,257)	(9,928,585)
Purchase of Vehicles	(2,705,725)	(285,741,800)
Generator Repair Capitalized	-	-
Purchase of Motor cycles	-	(41,475,000)
Purchase of Moisture meters	(16,461,000)	-
Disposal of Fixed Assets	14,990,000	-
Net Cash from Investing Activities	(60,059,052)	(379,190,719)
FINANCING ACTIVITIES		
Lease repayments to DFCU	(45,690,386)	(39,455,911)
Net Cash from Financing Activities	(45,690,386)	(39,455,911)
NET CASHFLOW	628,058,212	350,740,099
ANALYSIS OF CHANGES IN CASH & CASH EQUIVALENT		
Closing Bank Balances	2,053,368,925	1,425,334,513
Closing Cash Balances	51,000	27,200
Opening Bank Balance	(1,425,334,513)	(1,074,463,614)
Opening cash Balance	(27,200)	(158,000)
INCREASE IN CASH & CASH EQUIVALENT	628,058,212	350,740,099

UGANDA COFFEE DEVELOPMENT AUTHORITY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED SEPTEMBER 30, 2008

	2007/2008 U Shs	2006/2007 U Shs
Retained deficit at the beginning of the year	(2,539,598,2)	(1,267,527,408)
Prior year adjustments	2,420,027,364	(1,354,801,148)
Operating Surplus/ Deficit for the year	1,059,701,974	82,730,324
Retained deficit at the end of the year	940,131,106	(2,539,598,232)
Note: 2007/2008 Movement in Reserves		
Prior Year Adjustments		
UCDA		
Government Contribution relating to Domestic arrears	1,398,095,704	

Egypt

1. Translation differences of b/fwd accumulated losses

Exchange rate 2006/7 (EGP)	322
Exchange rate 2007/8 (EGP)	310
Difference	12
B/fwd total long term liabilities	(46,942)
Translated @exch.diff	(571,140)
60% share	342,684

2. Over casting of Fixed Assets in 06/07

Consolidated figure (EGP)	117,262
Accounts figure	104,191
Difference	(13,072)
60% share	(7,843)
@ 322.288	(2,527,711)
Total adjustment for Egypt (Ug Shs)	(2,185,027)

China

1. Non-operating Income & Income from Govt (Note 18&19)

Exchange rate 2007/8 @245.936	1,084,587,007
99% share	1,073,741,137

2. Net assets consolidated in 2006/7

99% share	(3,576,217)
99% share	(3,540,455)
Translation difference	(831,567,943)
Exchange rate 2006/7 @234.876	(870,725,377)
Exchange rate 2007/8 @245.936	(39,157,434)

3. Differences in b/fwd Owners Equity

B/fwd in 2007/8 accounts	(3,619,207)
Net assets translated in 2006/7	(3,576,217)
	(42,990)
99% share	(42,560)
@ Exchange rate 245.936	(10,466,983)
Total adjustment for China (Ug Shs)	1,024,116,687
Total prior year adjustments	2,420,027,364

UGANDA COFFEE DEVELOPMENT AUTHORITY

NOTES TO THE FINAL ACCOUNTS

FOR PERIOD ENDED SEPTEMBER 30, 2008

1.1 BASIS OF ACCOUNTING

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

1.2 RECOGNITION OF REVENUE

- i) CESS: Recognized at the time of export.
- ii) Rent: Recognized at the beginning of the month.
- iii) Government contribution: Recognized at the time of expenditure.
- iv) Other revenues (Licenses and interest earned on account): Recognized on realization.

1.3 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 in the year of disposal.

1.4 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.

1.5 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.

1.6 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.

1.7 GOVERNMENT CONTRIBUTIONS ON VOTE 160: UGANDA COFFEE DEVELOPMENT AUTHORITY

Total Government contribution was Shs 3,027,750,000 for the coffee year 2007/2008 which constituted: Contributions to semi-autonomous organizations (Code 264101) - Shs 1,103,250,000 for recurrent expenditure; and Domestic arrears (code 321605) - Shs 1,924,500,000. UGANDA COFFEE DEVELOPMENT AUTHORITY

UGANDA COFFEE DEVELOPMENT AUTHORITY

NOTES TO THE FINAL ACCOUNTS

FOR PERIOD ENDED SEPTEMBER 30, 2008

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	Moisture Metres	TOTAL
At 1 October 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
Additions 2007/2008	5,865,000	1,342,500	39,617,070	8,754,257	2,705,725		303,500			16,461,000	75,049,052
Disposals 2007/2008	-	-	-	-	(58,089,865)	(76,093,793)	-	(47,785,920)	-	-	(181,969,578)
At 30 September 2008	7,303,069,181	231,836,285	258,181,493	117,836,909	217,084,858	577,164,647	258,819,632	74,395,180	61,370,771	16,461,000	9,116,219,956
DEPRECIATION											
At 1 October 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
On disposal	-	-	-	-	(53,200,065)	(71,829,128)	-	(27,281,652)	-	-	(152,310,845)
Charge for the Year	110,619,187	5,787,508	26,186,996	6,528,811	20,085,185	68,213,009	12,052,506	9,337,974	3,861,401	1,975,320	264,647,896
At 30 September 2008	1,882,729,038	189,394,560	205,013,955	69,958,961	136,744,119	372,525,618	170,434,582	37,043,284	33,053,833	1,975,320	3,098,873,271
Net Book Value	5,420,340,143	42,441,725	53,167,538	47,877,948	80,340,739	204,639,029	88,385,050	37,351,896	28,316,938	14,485,680	6,017,346,685

UGANDA COFFEE DEVELOPMENT AUTHORITY

NOTES TO THE FINAL ACCOUNTS

FOR PERIOD ENDED SEPTEMBER 30, 2008

NOTE 3: SHORT-TERM FIXED DEPOSITS

	2007/2008	2006/2007
Tropical Bank- Pension	558,496,713	542,188,028
Tropical Bank-Operations	272,373,630	423,220,096
Total	830,870,343	965,408,124

NOTE 4(a): CASH AT BANK

	2007/2008	2006/2007
Stanbic Bank City Branch A/C 0140007511801	407,756,329	834,479
Stanbic Bank City Branch A/C 0140007222101	143,690,374	148,621,101
Standard Chartered Bank (Salary Account)	115,575,522	65,149,942
Standard Chartered Bank (Staff Pension Funds)	113,157,505	45,929,852
Barclays Bank Ltd. (Rent Account)	75,694,124	92,806,829
Housing Finance Company of Uganda Ltd	206,100	500,000
Tropical Africa Bank	227,912,651	99,863,881
Tropical Africa Bank Dollar A/C	65,156,838	6,220,305
BOU- Govt funding	73,349,139	-
Total	1,222,498,582	459,926,389

	2007/2008	2006/2007
NOTE 4(b): CASH AT HAND	51,000	27,200

NOTE 5: DEBTORS

	2007/2008	2006/2007
Staff Advances	41,825,000	77,693,239
Specific bad debt provision- Frances Kuka & Swithin Serwada	(1,700,000)	-
Motor Vehicle Loan scheme	54,450,000	94,575,000
Rent Receivable	22,709,768	-
5% General Provision for bad and doubtful debt for rent	(881,295)	51,512,639
Specific bad debt provision- for rent-Kene	(5,083,866)	16,744,607
Cess Debtors	467,129,740	391,978,927
5% General Provision for bad and doubtful debt for cess	(23,356,487)	-
Specific bad debt provision- for cess	-	443,773,253
SIP Debtors (seedling arrears and coffee promotion)	-	154,529,664
Other debtors	17,958,000	17,958,000
Total	573,050,860	1,085,651,397

	2007/2008	2006/2007
NOTE 6: PREPAYMENTS	9,574,500	-

NOTE 7: CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007/2008	2006/2007
International Coffee Organization (ICO)	-	357,300,000
Inter Africa Coffee Organization (IACO)	1,182,946,596	980,000,000
DFCU Leasing facility	14,723,202	48,313,890
Retirement Benefit Scheme	591,536,182	550,244,643
Accruals	506,850,715	307,723,151
Nursery Operators	-	154,529,664
URA Tax arrears	-	1,058,288,711
Local Service tax	1,057,500	-
VAT	(4,820,655)	-
Total	2,292,293,540	3,456,400,059

UGANDA COFFEE DEVELOPMENT AUTHORITY
NOTES TO THE FINAL ACCOUNTS
FOR PERIOD ENDED SEPTEMBER 30, 2008

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

	2007/2008	2006/2007
International Coffee Organization (ICO)	-	180,050,955
Inter Africa Coffee Organization (IACO)	-	897,883,622
DFCU Leasing facility	-	14,723,218
Total	-	1,092,657,795

	2007/2008	2006/2007
NOTE 9: SUPPORT TO UCDA COFFEE SEEDS	1,664,341,117	1,664,341,117

NOTE 10: INVESTMENT IN JOINT VENTURES

	2007/2008	2006/2007
Share of Assets in China	231,148,376	224,799,355
Share of Liabilities in China	(101,721,132)	(1,056,367,253)
Share of Assets in Egypt	87,458,960	82,104,238
Share of Liabilities in Egypt	(94,389,234)	(88,653,852)
Share of Assets in Denmark	294,886,453	330,289,440
Share of Liabilities in Denmark	(615,000)	615,000)
Total	416,768,423	(508,443,072)
Exchange rates used		
China	245.936	234.876
Egypt	310.121	322.288

NOTE 11: OTHER INVESTMENTS

	2007/2008	2006/2007
Wet Processing Machines	417,407,905	417,407,905
Other Investments	(9,875,000)	(9,875,000)
Total	407,532,905	407,532,905

	2007/2008	2006/2007
1 REVENUE	U Shs	U Shs
Cess 1%	6,479,966,179	4,466,700,628
Rent Income	402,562,487	411,871,200
Interest Earned	12,623,768	30,880,035
Export & processing licence	85,530,000	71,374,000
Sundry Income	51,962,602	10,176,637
Government Contribution	1,103,249,999	612,762,034
	8,135,895,035	5,603,764,534

OPERATIONAL EXPENSES

Staff Costs

Employment Costs

Salaries and Wages	1,159,233,534	987,651,942
Emergency Medical Provision	147,000	4,500
Performance Allowance	13,497,000	15,561,600
Public Holiday Expenses	22,235,000	20,690,100
Leave Allowance	138,680,059	106,784,915
N.S.S.F. Contribution	113,956,012	95,681,247
General Staff Welfare	14,469,900	11,102,672
Welfare Costs (funerals)	11,975,500	3,770,000
Retirement Benefit Scheme	172,862,903	141,261,207
Contract Gratuity	304,202,607	31,782,674
Staff training	62,080,263	64,568,640
Outsource Allowance	44,775,000	22,630,000
Medical Insurance	114,813,962	110,553,214
Fuel town running/refund	73,025,500	72,009,000
Acting Allowance	19,123,149	-

2 Total Staff Costs	2,265,077,389	1,684,051,711
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Administrative Expenses

Maintenance and Consumables

Repairs - Buildings	39,460,853	43,006,437
Repairs - Office Equipment	12,476,056	13,155,705
Other Services/Office Cleaning	28,153,315	25,640,047
Repair & Maintenance - Cars	30,708,619	29,988,287
Motor vehicle fuel	67,307,000	64,370,230
M & S - Auto Supplies	23,946,229	26,304,776
Vehicle Registration/Licences	4,956,000	7,561,430
	207,008,072	210,026,912

Establishment expenses

Telephone, Fax Bills	62,167,586	63,941,282
Postage, and Delivery	5,392,920	6,015,920
Professional Fees	10,356,097	26,644,670
Donations/Contributions	2,526,500	4,681,600
Insurance	28,254,356	36,949,310

Utilities - Water	17,098,449	16,355,068
Utilities - Electricity	38,684,348	28,780,916
Bank Charges/Interest Charges	27,931,289	15,319,088
Property Rates and taxes	29,253,880	19,620,858
Printing & Stationery	26,247,623	20,622,114
News Papers/Periodicals/subscription	6,681,375	15,977,730
Directors Expenses	102,798,721	91,045,828
Office Security	35,391,507	25,778,000
Internal Travel Costs	36,244,925	32,433,500
Legal Fees	16,546,769	2,674,632
Foreign Exchange Differences	96,085,955	(6,891,680)
Interest on lease	10,925,821	17,307,830
Rental Income tax	85,886,925	102,056,970
Brochures, Corporate shirts& cards	18,614,500	15,330,000
Billboard Refurbishment	2,767,100	-
Corporate Social responsibility	2,300,000	5,150,800

662,156,646 539,794,436

3 Total Administrative Expenses 869,164,718 749,821,348

Programme Expenses **2007/2008** **2006/2007**
U Shs U Shs

Research and Development Costs

Socio-Economic Research	26,113,700	12,718,895
COREC Support	262,466,320	106,081,450
African Coffee Research	-	-
District Coffee Coordinators	279,479,709	95,541,570
Monitoring & Evaluation	59,152,900	33,564,400
Replanting Program	361,321,532	235,000,994
Training and seminars	95,225,260	144,651,960
Stakeholders Meeting	9,706,500	9,638,100

1,093,465,921 637,197,369

Information Systems

Departmental Publications	47,100,589	5,000,000
Market Evaluation/Stock Survey	20,398,500	13,424,500
Information Technology Functions	47,034,845	38,314,135
	114,533,934	56,738,635

Quality and Regulatory

Technical Extension Services	46,060,350	32,801,600
Coffee & Quality Enhancement	149,936,703	52,005,986
IACO Counterpart Funding	504,000	1,894,000
	196,501,053	86,701,586

Coffee Promotion & Market Development 1,528,355,850 1,311,492,213

Common Technical Programs

Local Tradefairs & Exhibition	23,065,900	11,267,900
Radio Programs	23,526,000	68,527,250
Publicity & Advertisement	83,952,664	39,050,986
	130,544,564	118,846,136

4 Total Programme Expenses	3,063,401,322	2,210,975,939
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Other Support Expenses

Support to Coffee Organisations

UCTF Support	26,240,000	9,240,000
UCFA Support	50,300,000	32,290,000
Coffee Roasters Association	6,120,000	6,520,000
	82,660,000	48,050,000

5 Other Support Expenses total	82,660,000	48,050,000
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6 International Obligations

ICO - Contributions	127,300,000	135,000,000
IACO - Contributions	210,000,000	218,100,000
External Travel -ICO	38,256,736	14,846,707
External Travel - IACO	9,763,776	6,993,000
ADB/IACO Capacity Building	3,510,677	-
	388,831,189	374,939,707

Depreciation/Provisions

Land and Buildings	110,619,187	112,757,027
Office Furniture	5,787,508	6,393,645
Computers and Peripherals	26,186,996	19,572,184
Office Equipment	6,528,811	6,225,341
Motor Vehicle	20,085,185	25,652,503
Commercial Vehicle	68,213,009	92,372,234
Liquoring Equipment	12,052,506	13,654,644
Moisture meters	1,975,320	-
Motor Cycle	9,337,974	16,798,534
Generator	3,861,401	4,387,955
Provision for Cess/Rent/staff debtors	31,021,648	39,455,908

7 Total Depreciation/ Provisions	295,669,545	337,269,976
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(Endnotes)

¹ This production is by Pascal Musoli, Jasper Mwesigwa, Patrick Wetala, Patrick Kucel, Saleh Nakendo, Gerald Kyalo, James Egonyu, Pauline Aluka, G. Hakiza, Africano Kangire