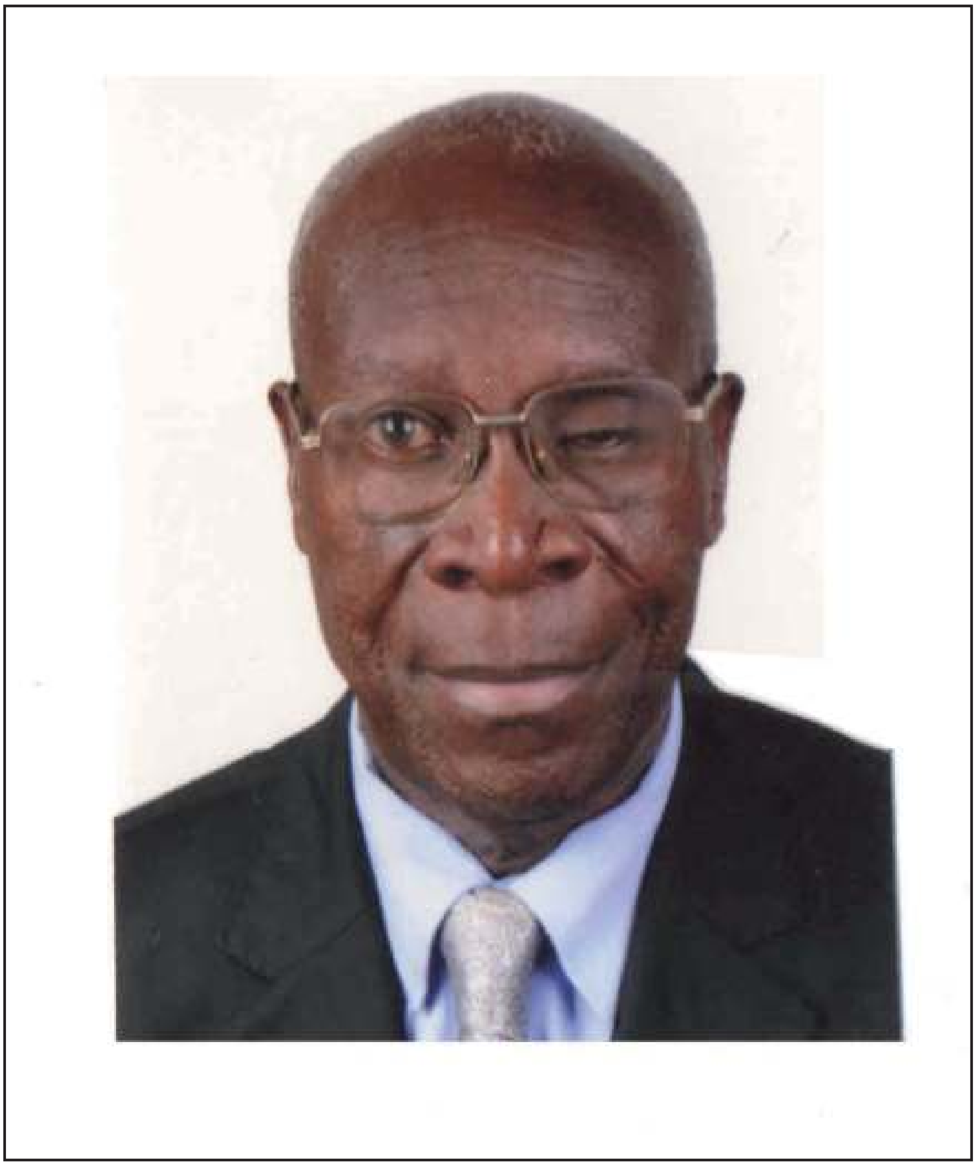
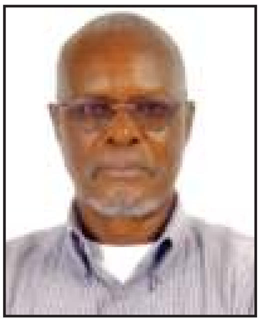
Hon. TRESS BUCYANAYANDI
Minister of Agriculture, Animal Industry & Fisheries



Hon. Dr ZERUBABBEL NYIIRA
Minister of State for Agriculture.

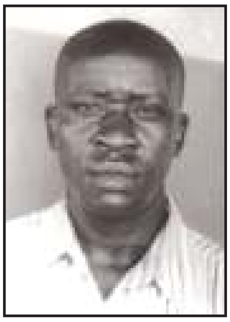
UCDA Board of Directors

Eng. Fabian Tibeita
Chairman



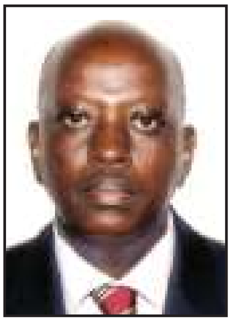
Hon. Gerald Ssendaula
Chairman NUCAFE
Representative of Coffee Farmers

Mr. Silver Ojakol
Commissioner, External Trade,
Representative of MTTI



Mr. Valentine Okot Otanu
Member of NUCAFE
Representative of Coffee Farmers

Hajji Ayub K. Kalule
Managing Director Job Coffee Ltd.
Rep. of Processors

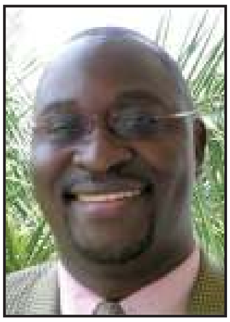


Mr. Hannington Karuhanga
Managing Director Savannah Commodities
Rep. Coffee Exporters

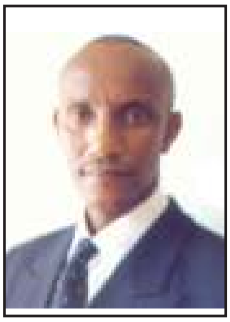
Dr. Emily K. Twinamatsiko
NARO, Director Research
Rep. MAAIF

Mr. Kenneth Mugambe
Commissioner: Budget, Policy & Evaluation, Ministry of Finance

Dr. Hussein A. Shire
Chairman UCRA
Representative of Processors



Mr. Robert Wagwa-Nsibirwa
Vice President UCTF



Mr. Henry Ngabirano
Managing Director, UCDA

Mr. Fred Luzinda
Board Sec. Head of Finance
& Administration , UCDA

Table of Contents

Table of Contents contd....

Foreword

For the coffee year under view that ended on September 30, 2010, the industry registered a 12.6% and an 8.6% decline in volume and value, respectively in contrast to the previous year's performance. The decline was occasioned by the ongoing climate change, which during the year, was characterized by a prolonged dry spell, especially in the robusta coffee growing regions.

That notwithstanding, the industry registered a number of achievements towards enhancement of production and productivity, quality improvement, value addition and domestic coffee consumption as listed below:

i). The 7 Coffee Wilt Disease (CWD) resistant lines partially released by the Minister of Agriculture, Animal Industry and Fisheries, Hon. Hope MWESIGYE, are excellently performing well on other tests such as yield, pest and disease resistance, etc. although further tests are still going on before a full release of the lines is done.

ii). Various quality improvement initiatives along the value chain continue to register encouraging results: a number of wet mills in Mt. Elgon area, a hub of Arabica coffee, have been rehabilitated and some new ones have been installed in Robusta areas as well; working with the Coffee Quality Institute (CQI), USA, Robusta coffee protocols for specialty markets have been developed and later presented to the International Coffee Council in September 2010 for adoption and certification of R Graders is in progress.

iii). Value addition is slowly but steadily taking root at the various nodes of the production chain, leading to general improvement of Uganda coffee quality. Through this endeavour, export of R & G and Soluble coffee has started to flow out of the country – providing employment to Ugandans and subsequently increasing incomes of coffee growing households.

iv). Domestic coffee consumption too is on the rise given the youth's participation in brewing competitions; also reflected in the mushrooming cafés and coffee shops in major towns in Uganda. University students from Makerere, Kyambogo, Kampala International, Uganda Christian and Uganda Martyrs are fully involved in the best coffee brewing practices; some have subsequently launched Coffee Clubs in their institutions.

v). Uganda ratified the International Coffee Agreement (ICA) 2007, which comes into force in February 2011. The ICA has a broader view of the global coffee economy, principally its sustainable expansion in a market-based environment for the betterment of all sector players.

On multiplication of the CWD resistant lines into commercial quantities, the Board, working hand-in-hand with the private sector, is having a pronged approach – use of nodal cuttings and tissue culture methods. Before long, a number of households shall be having the new breeds. Meanwhile, research at the Coffee Research Centre (COREC) in Kituza, Mukono district, continues in CWD resistant lines for other attributes.

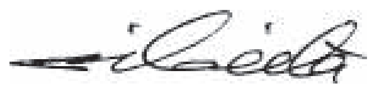
The tremendous achievements the industry continues to register would not be possible without a hand from our development partners: USAID-LEAD, Danida, Urth Caffé, Heifer International, University of Florida, George

Washington University, Ugandans in the Diaspora, Café Mundi, Café Africa and IITA. The initiatives being undertaken by each in the agricultural and trade sectors compliment the coffee industry strategies, especially in production of sustainable coffees. Through these undertakings some farmers received heifers, solar panels, water tanks, and others on top of improved household incomes. We are indeed thankful and do promise our continued support to these programmes.

Finally, on behalf of the Board, Management and Staff of UCDA, we truly thank the Minister of Agriculture, Animal Industry and Fisheries, Hon. Hope MWESIGYE and her entire team at the Ministry for the support and guidance given to the coffee subsector programmes during the year. We pledge our continued commitment to the Ministry's programmes for the benefit of the ordinary coffee farmers under prosperity for all.

Before I conclude, I would like to express my heartfelt thanks to my fellow Board members, UCDA Management and Staff, and members of the entire coffee industry for the support given to the industry programmes. I urge you to seriously take note of the issues raised in the Risk Assessment Report of our industry by the World Bank and adopt mitigation measures.

Dear readers, it is through such publications that one keeps abreast with developments in the global coffee economy and the steps Uganda undertakes to harness the opportunities therein. So, I appeal to you to read it and also visit the UCDA website: www.ugandacoffee.org for updates.



Eng. Fabian R. Tibeita
Chairman - UCDA Board of Directors

ACRONYMS / ABBREVIATIONS

4Cs - Common Code for Coffee Communities
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
CFC - Common Fund for Commodities
CLR - Coffee Leaf Rust
COREC - Coffee Research Centre
CQI - Coffee Quality Institute, USA
CWD - Coffee Wilt Disease
DFI - District Farm Institute
DSIP - Development Strategic Investment Plan
EAFCA - East African Fine Coffees
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
ICS - Internal Control System
IMI - International Mycological Institute
IPM - Integrated Pest Management
KARI - Kawanda Agricultural Research Institute
MAAIF - Ministry of Agriculture, Animal Industry & Fisheries
LEAD - Livelihood and Enterprises for Agricultural Development
NARO - National Agriculture Research Organization
NES - National Export Strategy
NSSF - National Social Security Fund
NTAE - Non-Traditional Agricultural Exports
NUCAFE - Nation Union of Coffee Agribusiness and Farm Enterprises
PFA - Prosperity For All
RBS - Retirement Benefit Scheme
RO - Regional Officer
SIDA - Swedish International Development Agency
SRCC - Sub-Regional Coffee Co-ordinators
UCDA - Uganda Coffee Development Authority
UCTF - Uganda Coffee Trade Federation
UMA - Uganda Manufacturers Association
UNEX - Union Export Services
USAID - United States Agency for International Development
USDA - United States Development of Agriculture
VRC - Variety Release Committee
WRS - Warehouse Receipt System
WTO - World Trade Organization

EXECUTIVE SUMMARY

1. *Marketing*

- A total of 2.67 million 60-kilo bags of coffee worth US $ 266.7 million, comprising Robusta - 1.96 m bags ($ 163.5 m) and Arabica – 0.71 m bags ($103.2 m), were exported during the coffee year ended September 30, 2010.
- Weighted average price stood at $ 1.62 per kilogramme, 1.9% up compared to $ 1.59 recorded in the previous year. Arabica prices went up by 19.2% from $ 2.03/kilogramme to $ 2.42. In contrast, Robusta prices fell by 5.4% from $ 1.47 per Kilogramme to $ 1.39.
- The number of registered coffee exporting companies went up to 42, up from 39 recorded last year. However, 35 were active of which the top 10 handled 84% of the export volume. The 3 new ones being Anitas Coffee, Elgon Commodities Ltd., and Lwanyaga Coffee Factory Ltd.
- 67.3% of Uganda coffee was bought by 10 companies where 5 companies handled 42%: Eco Agro-Industrialists - 10.8%, Sucafina – 8.6%, Socadec – 8.3%, Abaco International – 7.6% and Bernhard Rothfos - 6.7%.
- The main destinations of Uganda coffee were members of the European Union who together imported 1.94 million bags (72.7%) followed by Sudan with 499,755 bags (18.7%) and Switzerland – 98,626 bags (3.7%), USA -79,485 bags (3.0%) and others 1.9%.
- Farm-gate prices averaged Shs. 1,180 Shs. 2,385 and Shs. 3,720 per kilogramme up from Shs 1,010, Shs. 2,270 and Shs. 2,530 for Kiboko, FAQ and Arabica Parchment respectively, realized last year.
- Domestic coffee consumption strategy was developed with emphasis on 6 thematic areas: Creating awareness on health benefits of drinking coffee; Institutional development (UCRA and its members), and the academia; Training in good roasting and brewing practices; Review of Product Standards at roaster level; brand development, and Monitoring and evaluation – market research.
- Continued to promote domestic coffee consumption through district coffee shows, UMA Shows, National Agricultural Show, World Food Day, etc through which attendants were showed how to prepare a good cup.
- Closing stocks as on September 30, 2010 stood at approx 512,240 60-kilogramme bags of coffee – 371,180 bags at export level and 141,060 bags at primary processing level. The stocks at household level were not significant.

2. *Quality Assurance*

- 600 players at post-harvest level were registered during the year - 250 buying stores, 300 primary processors, 42 exporters and 8 roasters. Among exporters, 5 were new companies namely, Penform Trading Co Ltd., Anitas Coffee, Trans-gaz (u) Ltd., Elgon Quality Commodities and Gold (Africa) Nile Ltd.
- Seven (7) new wet mills were installed during the year and UCDA provided technical assistance. These comprised six (6) units in arabica growing areas, namely Busulani (4.0 tonnes/hr), Cheema (3.6 tonnes/hr), Gibuzale (2.5 tonnes/hr), Manafwa (2.5 tonnes/hr), Busana (1.0 tonne/hr) and Kabeywa (0.5 tonne/hr); and one for Robusta of 1.5 tonnes/hr in Ishaka district. This was in addition to the 3 washing stations rehabilitated by Bugisu Co-operative Union (BCU) – Gibuzale, Busano and Manafwa.
- At export grading level, 2 new factories were established by Armajaro (U) Ltd in Bweyogerere and Job Coffee Ltd in Ntinda.

- Out-turn for Robusta dry cherries (Kiboko) to FAQ ranged between 45% and 56%, a drop from an average of 57.3% realized in the previous year. The drop was blamed on the prolonged dry spell experienced during in the robusta coffee areas.
- There is a general improvement in the quality of coffee over the years, which owed to enhanced agricultural and handling practices in the industry. The percentage of clean cups stood at 97.3% up from 96.8% recorded in the previous year. Organic coffees (robusta and arabica) registered 100% of clean cups.
- At total of 46 participants underwent training in Basic Quality Control techniques, which included laboratory management as well. These included 18 university students from the faculties of food science and technology on industrial training.
- Under Barista training, 96 were trained and of these 30 partook in the 3rd National Barista Championship competition where one Roberts MBABAZI of Favour Café in Jinja emerged the champion. Barista training has positively impacted on the quality of the coffee cup served at various outlets.
- Three (3) training sessions in commercial roasting, blending and packaging were conducted during the year benefiting 35 participants who were drawn from hotels, restaurants and cafés.
- Uganda along with other Robusta coffee growing countries developed protocols for fine Robusta coffee with assistance from Mr. Ted Lingle, Executive Director of the Coffee Quality Institute (CQI), USA. The protocols were later presented to the International Coffee Council (ICC) in September 2010.

3. Development

- Under generation of planting materials, 13.5 m/tonnes of elite seed – Robusta 10.7 tonnes and Arabica 2.8 tonnes – were distributed to nursery operators to raise seedlings. In addition 307 tonnes of shade tree seed (Albizia) were also given out.
- Rehabilitation works of seed gardens in Buginyanya and Zombo was completed during the year. Seed production from these gardens is projected at 8,000 tonnes in 2010/11 – Buginyanya 7,000 Kgs and Zombo 1,000 Kgs. Rehabilitation of Nyamigogo seed garden in Kisoro district is due to start.
- A total of 14.91 million seedlings were procured and distributed to farmers and farmer groups to plant during the year – direct to individual farmers 6.35 m seedlings, members of the community-based nurseries (CBNs) 7.06 m seedlings, and other interest groups 1.5 m. Under the Northern Uganda project 150,480 seedlings were planted all together (9,130 were arabica seedlings planted in Lututur Prison area).
- 108 demonstration sites of one acre each were set up, one per subcounty, through which Good Agronomic Practices (GAPs) are passed on to farmers. Farmers' response is good and increase in yield is being sighted on coffee gardens of early adopters of the technologies.
- 168 acres of old coffee shambas have been stumped with direct assistance from UCDA field staff who are equipped with the appropriate tool kits – power saws, secateurs, bow saws and pangas.
- To further stimulate farmers' interest in coffee growing; coffee farmer competitions were introduced in 20 districts although 14 participated – Eastern 4, Northern 2, Central 6 and Western 2. The best farmers in each district received prizes ranging from Solar

panels, Hand pulpers, Tarpaulins, Spray pumps, pruning kits, NPK fertilizers, Radios and Certificates.

- Costs of production at various levels of agro-inputs use were established and the most rewarding option recommended to farmers.
- Coffee farmers under the Northern Uganda coffee project had coffee field tours in South-western Uganda, which exposed them to good agronomic practices for profitability. In addition, lead farmers were facilitated to attend the Agricultural Show in Gulu where they exchanged views with other farmers.
- Two workshops were conducted in Northern Uganda to sensitize farmers on quality and marketing and thereafter, the farmers were given 21 dry trays and 60 tarpaulins. And a total of 96.7 m/tonnes of Kiboko were later sold through group marketing – Acholi 38 tonnes and Lango 58.7 tonnes.
- A total of 25,865 farmers were registered under promotion of the Sustainable coffee initiatives (SCI) – Eastern (18,757 farmers), Central (68 farmers), Northern (5,000), Western & South Western (2,040). Training workshops were conducted on certification and verification of the various sustainable coffee initiatives – Organic, 4Cs, Utz Certified and Rainforest Alliance.
- Farmers under the Mt. Gorilla Organic Coffee Association were supported by Urth Caffé of California, USA with hand pulpers, spray pumps, solar panels, water tanks, goats and bicycles. The support has boosted farmers' interest in the project and production is envisaged to go up by at least 0.5 tonnes to 3 m/tonnes in 2011.
- Propagation of the 7 Coffee Wilt Disease resistant lines, released by the Hon. Minister of Agriculture, Animal Industry and Fisheries in the previous year, into commercial quantities was embarked on using tissue culture technology and nodal cuttings. The Kawanda tissue culture Laboratory was boosted with equipment.

4. Research

- 890 plantlets were generated from the 7 CWD resistant Robusta lines using tissue culture technology at Kawanda, and later given to nursery operators to set up mother gardens for further multiplication. The beneficiaries included MUZARDI of Mukono, JOB Coffee of Nakaseke, Reverend TWINAMATSIKO of Mubende, Kabunanga Investments of Mityana, Mrs. Mukiibi of Masaka and Mrs. Kava of Rakai. This was in addition to a demo garden of 75 bushes set up at NaCRRI, Namulonge.
- Another 8,361 plantlets that are in humidity chambers and 7,908 planted in polypots will be ready for distribution to farmers in the first rains of 2011. This is in addition to the 362 plantlets that are already hardened for field planting.
- Working with COREC, coffee nursery operator sites to work as centre of excellence for rapid multiplication of the 7 elite CWD resistant Robusta varieties were identified – Central region (8), Eastern (3), Western (6), and South Western (3).
- The study undertaken by COREC to identify the pests, to which the 7 CWD resistant lines are susceptible to, revealed twig borer, may be a threat to the new variety. Data on other pests are still being collected with a view of coming up with an Integrated Pest Management package.

5. Finance and Administration

- The Board presented a concept paper to the Hon. Minister of Agriculture, Animal Industry and Fisheries for additional funding, which was included in DSIP. Furthermore, the Board gave an update to the Minister on the National Coffee Policy (NCP) that was being developed in consultation with the stakeholders.

- Under monitoring and evaluation, the Board of Directors undertook field trips in Wakiso, Mpigi, Mityana and Mubende districts and noted the critical success factors on the ground as limited supply of planting materials, rehabilitation of old coffee gardens and quality improvement.
- The Audit Committee of the Board visited the Joint Venture Companies in Cairo, Egypt and Beijing, China and came up with the following recommendation:
  - o That the Private Sector should have greater participation in the JVCs on commercial basis, leaving generic promotion to UCDA.
- Board members on UGEMCO Board attended the Annual General and Stakeholders' meeting where UGEMCO Board was appointed with Uganda as the chair.
- Under generic promotion, Uganda participated in the Canton Guangzhou City trade show, SCAE in London, Shangai Expo 2010 in China, World Travel Market in London, and the UNAA conference through which Uganda coffee was showcased.
- UCDA procurement and disposal process was audited by PPDA and found to be 83% compliant with the PPDA Act, putting UCDA in the 6th position out of the 72 government institutions.
- On management of assets, repair works was done on all UCDA buildings and the access road to Bugolobi premises was tarmacked. The properties are now in tenantable conditions.
- Similarly, the entire fleet of vehicles, 7 vehicles and 19 motorcycles were routinely serviced but 2 units UAF 660 K and UAA 295 E are due for replacement.
- Uganda ratified the International Coffee Agreement (ICA) 2007. UCDA participated in all ICO meetings and it is through these meetings that the Managing Director, Mr. Henry NGABIRANO was elected the Chairman of the International Coffee Council (ICC); and also Uganda was listed as a beneficiary of the Common Fund for Commodities (CFC) funded Gourmet Project.

Chapter One

COFFEE SUBSECTOR POLICIES AND PROGRAMES

1.1 Introduction

A number of policies and programmes have been designed over the years to not only address industry competitiveness but also meet consumer requirements. The policies and programmes focus on production and productivity growth of sustainable coffees, Quality Improvement, Information Dissemination, Value Addition, Promotion and Domestic Coffee Consumption.

Board's thrust during the year, continued to concentrate on production and productivity enhancement activities to meet national development targets, hence augment household incomes for coffee farmers.

1.2 Production and productivity enhancement

1.2.1 Replanting

The programme aims at replacing the old coffee trees and those affected by Coffee Wilt Disease; and planting in new areas, in particular in Mid Northern Uganda. To meet the demand for planting materials/seedlings, the concept of community-based nurseries continued to be used to complement the conventional Clonal mother gardens. UCDA provides certified elite coffee seed and poly-pots to farmers in the community besides technical extension and training.

To speed up propagation of the partially released CWD resistant varieties into commercial quantities, the Board adopted two approaches – tissue culture propagation and the Clonal cuttings. This is on top of the already ongoing rehabilitation of the former MAAIF Clonal mother gardens in which germplasm is preserved.

1.2.2 Rehabilitation

One-acre demonstration coffee sites that act as farm field schools, through which good agricultural practices (GAPs) are showcased to farmers are being set up at subcounty level. The early adopters of these productivity enhancement technologies therein have seen yields from their gardens improve by at least 40 percent.

Farmer competitions to speed up the adoption rate of GAPs were introduced, and the best farmers receive prizes in the range of pruning kits, solar panels, water tanks, etc.

1.2.3 Promotion of Sustainable Coffee

The objective is to increase the volume of sustainable coffees from Uganda to meet the global growing demand besides being mindful of environmental issues. Programmes for Organic, Utz Certified, Common Code for Coffee Communities (4C), and Rainforest Alliance were instituted, and these coffees have already hit the market. Preliminary Cost benefit studies of these coffees indicate economic viability on top of being socially acceptable and environmentally friendly.

1.2.4 Provision of Extension Services

District coffee platforms and steering committees work hand in hand with NAADS in provision of technical extension services to farmers. Farmers in new areas are treated on field trips to see for themselves how their colleagues handle coffee along the value chain.

1.3 Quality Improvement

Shall continue to pursue the notion of total quality management (TQM) in the entire coffee supply chain given quality is a shared responsibility by all the industry players. The Board has adopted a number of quality improvement programmes applicable at each node of the chain. These include:

- Sensitization of industry players on the good hygienic practices through workshops, seminars and radio programmes.
- Introduction of the R Grading concept initiated to develop Robusta coffee protocols through which farmers with good quality robustas shall be rewarded. The concept provides a feedback to farmers, hence improving the agronomic and handling practices.
- Enforcement of the coffee regulations jointly undertaken with local leaders to deter malpractices along the supply chain.
- Adoption of the expanded export grading system to include new grades on demand.

1.4 Value Addition

In order to add value to Uganda's coffee a policy to develop and encourage exportation of specialty and sustainable coffees was developed. The coffees include Organic, Fair Trade, 4Cs, and Utz Certified. Farmers are being mobilized into a critical mass, and linking them to certifying bodies for training and extension services to improve their handling and farming methods.

1.5 Marketing and Information Dissemination

To mitigate the effects of information asymmetry in the coffee industry, UCDA provides regular reports through SMS messages, e-mail, website, radio and others mass media. This enables farmers to access market information easily and negotiates for better prices with traders.

1.6 Research

The Coffee Research Centre (COREC) continues to engage in biological research into more disease resistant (CWD) lines, Leaf Rust and Red Blister, among others.

The seven (7) partially released CWD resistant lines have started being planted in selected nurseries for further multiplication.

[1] About the dynamics of the global coffee industry.

Chapter Two

COFFEE MARKETING

2.0 General Performance

For the coffee year ended September 30, 2010, a total of 2.67 million 60-Kilogramme bags (16,138 tonnes) of coffee worth US $ 266.7 million were exported. This constituted 1.96 m bags (117,444 tonnes) of Robusta worth $ 163.5 m and 0.71 m bags (42,694 tonnes) of Arabica valued at $ 103.2 m. European Union (EU) countries were the main destinations of Uganda coffee, accounting for 73% of the total exports followed by Sudan at 19%.

Unit export price for the year stood at around $1.67 cents per kilogramme, 8 cents up compared to last coffee year. The rise in prices was largely in response to global supply-demand dynamics.

2.1 Coffee Procurement

Table 2.1 represents marketed production (FAQ and Arabica parchment) sold by primary processors and traders to the export grading factories. Compared to the previous year, there was an overall drop of 11.2% in quantity from 3.26 m bags (195,573 tonnes) to 2.89 m bags (173,633 tonnes). Arabica deliveries were up by 25.7% and Robusta was down by 20.4% compared to last year.

As evidenced from the table, Arabica has been on the increase since 2007/08 from 507,917 bags to 817,319 bags during the year under review. The continued rise is explained by favourable weather conditions in the arabica coffee growing areas, good agronomical practices in response to a rise in prices, and newly planted coffee continuing to come into production.

Table 2.1 Coffee Procurement by type: 2005/06 – 2009/10 in 60-kilo bags

Coffee Year	Coffee Type		TOTAL	%-Age Change
	Robusta	Arabica		Over Previous yr.
Average	2,308,974	635,862	2,944,836	-
2009/10	2,076,557	817,319	2,893,876	-11.22
2008/09	2,609,518	650,029	3,259,547	-6.61
2007/08	2,982,339	507,917	3,490,256	20.13
2006/07	2,325,960	579,321	2,905,281	33.56
2005/06	1,550,497	624,724	2,175,221	(19.26)

On the other hand, during the same period, Robusta quantities fell largely due to the dry spell in the Robusta growing areas, resulting in floats; outbreaks of pests such as the black twig borer; presence of coffee wilt disease; and urbanisation particularly in the Central region, the heart of Robusta coffee.

Table 2.2 shows coffee delivered at the export grading factories on a monthly basis in the last two years. The deliveries were highest during the first quarter Oct/Dec 2009 the main harvesting and marketing period in Central and Eastern regions.

Table 2.2 Comparative Procurement Figure - 60-Kilo Bags

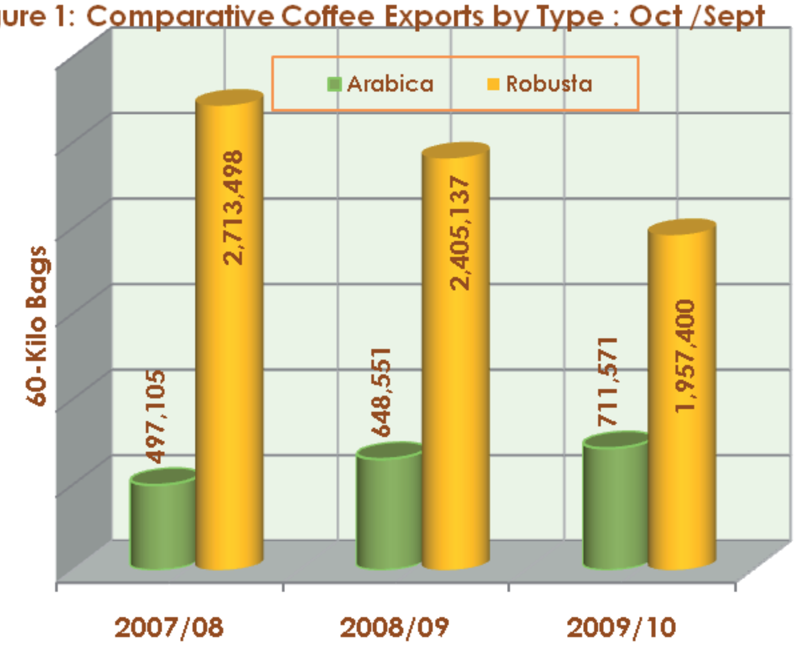
MONTH	2009/10			2008/09		
	Robusta	Arabica	Total	Robusta	Arabica	Total
TOTAL	**2,076,557**	**817,319**	**2,893,876**	**2,609,518**	**725,649**	**3,335,167**
OCT.	165,911	60,500	226,411	165,411	50,236	215,647
NOV.	206,504	50,201	256,705	225,321	69,123	294,444
DEC.	225,637	65,123	290,760	253,139	75,231	328,370
QTR - 1	**598,052**	**175,824**	**773,876**	**643,871**	**194,590**	**838,461**
JAN.	200,454	65,001	265,455	281,599	62,001	343,600
FEB.	193,502	75,008	268,510	272,146	72,005	344,151
MAR	152,103	76,159	228,262	202,168	63,532	265,700
QTR - 2	**546,059**	**216,168**	**762,227**	**755,913**	**197,538**	**953,451**
APR.	92,018	75,001	167,019	195,213	62,015	257,228
MAY	121,513	89,523	211,036	214,126	72,016	286,142
JUN.	179,494	75,096	254,590	225,013	51,023	276,036
QTR - 3	**393,025**	**239,620**	**632,645**	**634,352**	**185,054**	**819,406**
JUL	204,100	82,132	286,232	210,156	45,000	255,156
AUG.	180,121	56,046	236,167	190,225	50,332	240,557
SEPT	155,200	47,529	202,729	175,001	50,135	225,136
QTR - 4	**539,421**	**185,707**	**725,128**	**575,382**	**145,467**	**720,849**

2.2. External Market

2.2.1 Coffee Export Performance

Figure 1 shows annual coffee exports by type (Robusta and Arabica) in 60-Kilogramme bags in the last three coffee years - 2009/10, 2008/09 and 2007/08. As per the graph, Arabica continues to show a positive trend over the years from 497,105 bags in 2007/08 to the current level of 711,571 bags.

Figure 1: Comparative Coffee Exports by Type : Oct /Sept



On the other hand, as earlier explained, there is a persistent decline in Robusta coffee quantities as indicated in the figure, which is explained by the prevalence of Coffee Wilt Disease (CWD) in virtually all the Robusta coffee growing districts. The situation is made worse by climate change, which has seen an upsurge in pests – stem twig borer and caterpillars in Robusta; and urbanisation, which hasn't only encroached on land under coffee but has also created labour shortages. The youth prefer off-farm economic activities, leaving coffee growing to the elderly.

The table below gives monthly coffee export performance in terms of quantity and value during the coffee year under review in contrast with the previous year - 2008/09.

Table 2.3 Monthly Coffee Exports in 60-kilo bags and US $

MONTHS	2009/10		2008/09		%-Age Change	
	Qty	Value $	Qty	Value $	Qty	Value $
G/ Total	**2,668,971**	**266,715,621**	**3,053,688**	**291,761,739**	**-12.60**	**-8.58**
October	199,011	18,672,578	179,564	21,003,596	10.83	-11.10
November	233,511	21,963,202	266,732	27,475,000	-12.45	-20.06
December	272,755	25,698,474	298,648	30,317,917	-8.67	-15.24
Qtr - 1	705,277	66,334,254	744,944	78,796,513	-5.32	-15.82
January	263,014	25,146,131	329,211	30,469,346	-20.11	-17.47
February	262,793	26,277,805	319,605	31,043,412	-17.78	-15.35
March	219,684	21,965,391	256,579	23,923,342	-14.38	-8.18
Qtr - 2	**745,491**	**73,389,327**	**905,395**	**85,436,100**	**-17.66**	**-14.10**
April	152,640	15,546,558	205,725	19,059,267	-25.80	-18.43
May	177,380	18,233,343	220,620	20,166,541	-19.60	-9.59
June	234,956	23,021,102	254,026	23,210,915	-7.51	-0.82
Qtr - 3	**564,976**	**56,801,003**	**680,371**	**62,436,723**	**-16.96**	**-9.03**
July	266,215	27,531,940	265,567	23,364,386	0.24	17.84
August	217,284	23,701,754	260,236	23,562,781	-16.51	0.59
September	169,728	18,957,343	197,827	18,211,069	-14.20	4.10
Qtr - 4	**653,227**	**70,191,037**	**723,630**	**65,138,236**	**-9.73**	**7.76**

Coffee exports totalled 2.67 million bags worth US $ 266.72 million in 2009/10, down from 3.05 m bags ($ 291.76 m) a year earlier. The 8.6% drop in coffee earnings is largely due to the 12.6% decline in quantity and a significant drop in Robusta coffee prices.

2.2.2 Coffee Exports by Type and Grade

Table 2.4 represents coffee exports by type (Robusta and Arabica), grade and realised unit prices for each grade during the year in relation to the previous year.

The weighted average price for the year stood at $ 1.67 per kilogramme, 5% up compared to $ 1.59 realised in 2008/09. The 711,571 bags of Arabica fetched $ 103.23 m at an average price of $ 2.42 per Kilogramme, an improvement from 647,831 bags worth $ 78.91 m at $ 2.03/kilo recorded a year earlier.

Conversely, the weighted average price for Robusta stood at $ 1.39 per Kilo, 5.4% down compared to $ 1.47 recorded last year. Among the robusta grades, Organic robusta attracted the highest price of $ 1.69/kilo, 9 cents up; followed Washed Robusta at $ 1.59.

Table 2.4 Comparative Coffee Export Grades & unit Prices

Coffee Type/ Grade	2009/10			2008/09		
	Quantity	Value	Unit/Kg	Quantity	Value	Unit/Kg
TOTAL	**2,668,971**	**266,715,621**	1.67	**3,053,688**	**291,761,739**	**1.59**
ROBUSTA	**1,957,400**	**163,484,690**	1.39	**2,405,857**	**212,848,980**	**1.47**
Organic Robusta	10,264	1,039,662	1.69	5,657	542,582	1.60
Washed Robusta	19,709	1,877,354	1.59	13,495	1,352,972	1.67
Screen 18	185,373	16,895,430	1.52	267,246	25,647,005	1.60
Screen 17	80,037	7,042,204	1.47	72,852	6,748,096	1.54
Screen 15	1,039,669	89,918,937	1.44	1,336,738	120,584,531	1.50
Screen 14	11,070	925,497	1.39	37,226	3,498,754	1.57
Screen 13	33,806	2,790,390	1.38	49,036	4,413,950	1.50
Screen 12	377,022	30,072,962	1.33	396,127	33,414,838	1.41
BHP 1199	115,583	7,028,194	1.01	99,111	6,841,408	1.15
Other Robusta	84,867	5,894,060	1.16	128,369	9,804,843	1.27
ARABICA	**711,571**	**103,230,931**	2.42	**647,831**	**78,912,759**	**2.03**
Organic Okoro	10,585	1,823,134	2.87	14,780	2,223,496	2.51
Organic Bugisu	13,500	2,461,703	3.04	5,366	825,647	2.56
Bugisu Premium	4,270	615,269	2.40	1,280	211,642	2.76
Bugisu AA	86,497	14,414,366	2.78	105,779	14,235,760	2.24
Bugisu A	22,528	3,764,371	2.78	49,955	7,566,919	2.52
Bugisu PB	3,121	500,232	2.67	3,077	413,671	2.24
Bugisu AB	73,670	11,985,918	2.71	66,904	8,654,611	2.16
Bugisu CPB	15,847	2,482,319	2.61	16,040	2,069,469	2.15
Bugisu B	37	5,397	2.43	3,919	489,223	2.08
Bugisu C	1,402	167,792	2.42	1,000	147,493	2.46
Mixed Arabica	2,940	287,436	2.42	5,800	566,353	1.63
Wugar	51,388	8,911,986	2.42	54,539	7,230,694	2.21
Drugar	333,912	45,876,067	2.42	254,762	29,073,469	1.90
Other Arabicas	91,874	9,934,941	2.42	64,630	5,204,314	1.34

2.2.3 Realized prices at export level

Figure 2 below illustrates the movement of prices for both arabica and robusta at export level during the two years – Oct 2008 to Sept 2010. Arabica coffee prices portrayed a positive trend throughout the period in response to both fundamental and technical factors. On the fundamental side, there was supply tightness, especially of Colombian Milds, which prompted roasters to source elsewhere. The toughs were attributed more onto technicals.

Conversely, robusta prices showed a gradual decline for the vast part of the period before gaining a steady but gentle rise in May 2010. This trend was due to availability, supply outstripping demand.

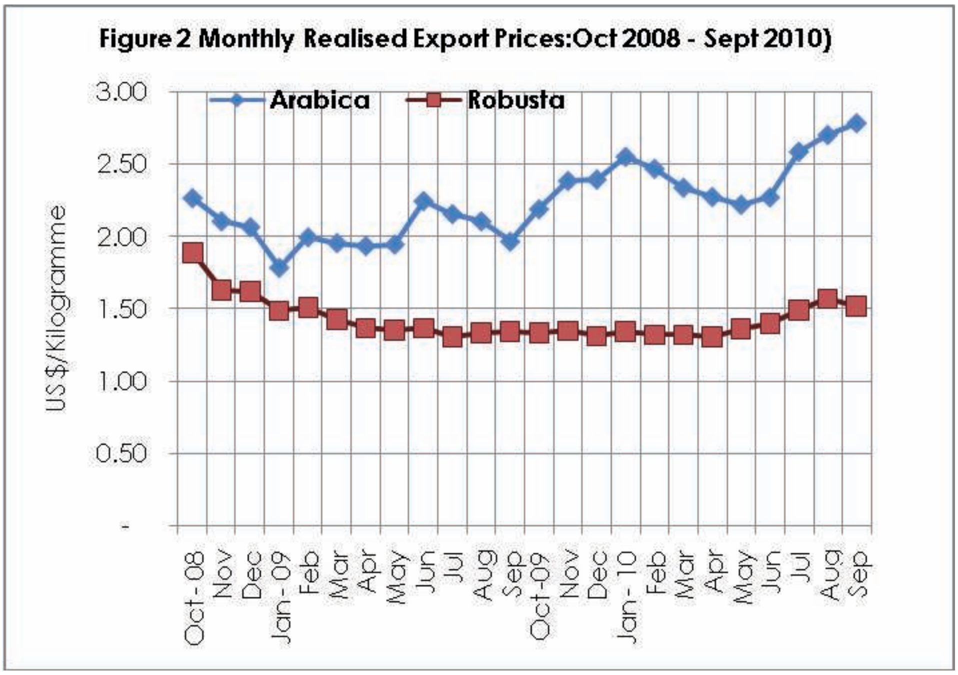


Table 2.5 gives the monthly average prices for each type of coffee – Arabica and Robusta – on a comparative basis.

Table 2.5: Monthly Weighted Average Prices – US $/Kilogramme

Coffee Yr	2009/10			2008/09		
	Arabica	Robusta	Avg	Arabica	Robusta	Avg
Average	**2.43**	**1.39**	**1.67**	**1.39**	**1.47**	**1.59**
Oct	2.19	1.34	1.56	2.27	1.89	1.95
Nov	2.39	1.35	1.57	2.11	1.63	1.72
Dec	2.40	1.32	1.57	2.07	1.62	1.69
Jan	2.55	1.35	1.59	1.79	1.49	1.54
Feb	2.47	1.32	1.67	2.00	1.51	1.62
Mar	2.34	1.33	1.67	1.96	1.43	1.56
Apr	2.28	1.31	1.70	1.94	1.37	1.54
May	2.22	1.37	1.71	1.95	1.36	1.52
Jun	2.28	1.41	1.63	2.25	1.37	1.52
Jul	2.59	1.50	1.72	2.16	1.31	1.47
Aug	2.70	1.57	1.82	2.11	1.34	1.51
Sep	2.79	1.52	1.86	1.97	1.35	1.53

2.2.4 Export Performance By Individual Companies

Table 2.6 gives coffee exports by company in terms of individual and cumulative market shares during the year. Of the 42 registered companies during the year, 35 performed, the rest concentrated on secondary processing for others.

Table 2.6: Coffee Exports by Individual Companies in Oct/Sept 2010 Coffee Year

	Exporting Company	Quantity – 60 kg Bags			%-age Market Share	
		Robusta	Arabica	Total	Individual	Cumulative
	Grand Total	**1,957,400**	**711,571**	**2,668,971**	**100.00**	
1	Kyagalanyi Coffee Ltd.	255,936	145,468	**401,404**	15.04	15.0
2	Ugacof Ltd.	288,230	48,324	**336,554**	12.61	27.6
3	Kawacom (U) Ltd.	119,306	212,361	**331,667**	12.43	40.1
4	Savannah Commodities Ltd.	182,110	24,211	**206,321**	7.73	47.8
5	Great Lakes Co. Ltd	57,709	143,449	**201,158**	7.54	55.3
6	Ibero (U) Ltd.	170,291	16,115	**186,406**	6.98	62.3
7	Kampala Domestic Store	154,242	-	**154,242**	5.78	68.1
8	Olam (U) Ltd.	126,933	26,615	**153,548**	5.75	73.9
9	Job Coffee	121,702	25,800	**147,502**	5.53	79.4
10	Pan Afric Impex	125,041	-	**125,041**	4.68	84.1
11	Nakana Coffee Factory Ltd.	73,980	-	**73,980**	2.77	86.8
12	Lakeland Holdings Ltd.	57,185	9,423	**66,608**	2.50	89.3
13	Coffee World Ltd.	51,226	-	**51,226**	1.92	91.3
14	Kamba Petroleum, Ltd.	32,797	-	**32,797**	1.23	92.5
15	Mbale Importers & Exporters	-	31,070	**31,070**	1.16	93.7
16	LD Commodities Ltd.	28,974	-	**28,974**	1.09	94.7
17	Ankole Coffee Processors	22,140	4,060	**26,200**	0.98	95.7
18	Wabulungu Multi-Purpose	19,153	-	**19,153**	0.72	96.4
19	Penform Trading Ltd.	17,278	-	**17,278**	0.65	97.1
20	Kaweri Coffee Plantation	15,520	960	**16,480**	0.62	97.7
21	Anderson Investment Ltd.	7,066	5,999	**13,065**	0.49	98.2
22	Gumutindo Coffee Co-op	-	7,460	**7,460**	0.28	98.5
23	A.J.S Coffee	6,650	594	**7,244**	0.27	98.7
24	Ankole Coffee Producers Coop	7,120		**7,120**	0.27	99.0
25	Kitasha	5,665		**5,665**	0.21	99.2
26	Senti Initiatives Ltd.	5,591	-	**5,591**	0.21	99.4
27	Coffee Services	1,600	3,400	**5,000**	0.19	99.6
28	Bakwanye Trading Co. Ltd.		4,540	**4,540**	0.17	99.8
29	Anitas Coffee	3,287	-	**3,287**	0.12	99.9
30	Bugisu Co-operative Union	-	990	**990**	0.04	99.9
31	Lwanyaga Coffee Factory	334	-	**334**	0.01	100.0
32	Union Export Services (UNEX)	334	-	**334**	0.01	100.0
33	Elgon Commodities Ltd.	-	330	**330**	0.01	100.0
34	Uganda Coffee Exports Centre	-	312	**312**	0.01	100.0
35	Nile Highland Arabica	-	90	**90**	0.00	100.0

The top ten companies handled 2.24 million bags (84.1 percent), down from 2.75 m bags (90 percent) recorded in the previous year. The best 10 were the same companies as last year but had changes in relative positions. The best was Kyagalanyi Coffee Ltd with 401,404 bags – 15.04% (17.3%), followed by Ugacof Ltd. – 12.6% (9.3%), Kawacom (U) Ltd. – 12.4% (13.3%), Savannah Commodities – 7.7% (7.4%), Great Lakes Coffee Ltd. – 7.5%

(8.9%), Ibero (U) Ltd. – 7.0% (6.6%), Kampala Domestic Store – 5.8% (7.9%), Olam (U) Ltd. – 5.8% (3.7%); Job Coffee Ltd. – 5.5% (7.2%), and Pan Afric Impex Ltd. – 4.7% (2.4%). The figures in parenthesis represent the company's performance in the previous coffee year.

2.2.5 Individual Coffee Buyers' Performance

Table 2.7 shows the performance of buyers of Uganda coffee during the year in terms of quantity and market Share. The ten top buyers held a market share of 67%, approx 1.78 m bags, up from 60% (1.85 m bags) recorded in the previous year. Ecom Agro Industrialists topped the list with 289,803 bags (10.9%), down from 373,690 bags (12.2%) a year ago; and was followed by Sucafina with 228,504 bags (8.6%), up from 220,212 bags (7.2%).

Table 2.7: Performance of Individual Coffee Buyers Companies in the Coffee Year 2009/10

	Buyers	Quantity	%-age Market Share	
		60-Kilo Bags	Individual	Cumulative
	Grand Total	**2,668,971**	**100.00**	**-**
1	Ecom Agro-industrialists	289,803	10.86	10.9
2	Sucafina	228,504	8.56	19.4
3	Socadec	220,685	8.27	27.7
4	ABACO International	202,722	7.60	35.3
5	Bernhard Rothfos	179,883	6.74	42.0
6	Aldwami	169,784	6.36	48.4
7	Olam International	149,946	5.62	54.0
8	Decotrade	135,240	5.07	59.1
9	Volcafé	120,517	4.52	63.6
10	Cofftea (Sudan)	98,684	3.70	67.3
11	Straus Café	81,056	3.04	70.3
12	Icona Café	80,462	3.01	73.3
13	Tata Coffee	80,367	3.01	76.3
14	Hacofco	57,738	2.16	78.5
15	Guzman	45,270	1.70	80.2
16	Coex Coffee	44,392	1.66	81.9
17	Louis Dreyfus	44,372	1.66	83.5
18	Webcor	35,297	1.32	84.9
19	Aziede	31,710	1.19	86.0
20	Coffee Services	31,227	1.17	87.2
21	American Coffee	22,706	0.85	88.1
22	Vayhan	19,741	0.74	88.8
23	Elmathahib	17,850	0.67	89.5
24	World Botanical	17,736	0.66	90.1
25	Hamburg Co	16,854	0.63	90.8
26	Others	246,425	9.23	100.0

1.1.6 Coffee Exports by Destination

Table 2.8 shows Uganda's coffee exports by importing countries in volume and relative market shares. Over 72% (1.94 million bags) of Uganda's coffee exports during the year went to countries in European Union. This represents a drop from 2.31 m bags (75.7%) in 2008/9 and 2.57 m bags (80.1%) in 2007/08.

Coffee to Sudan, second destination, totalled 0.50 million bags (18.7%), up from 0.43 m bags (14.1%) last year and 0.44 m bags (13.7%) in 207/08. Coffee to African countries totalled 0.504 m bags (18.9%) up from 436,622 bags (14.3%) last year and 0.466 m bags (14.5%) in 2007/08. The main destinations in Africa were Sudan, Morocco, Egypt and Kenya in relative order.

Table 2.8: The Main Destinations of Uganda Coffee in 2009/10

	Destination	Quantity in 60-Kilo bags			%-age Market Share	
		Robusta	Arabica	Total	Individual	Cumulative
	Grand Total	**1,957,400**	**711,571**	**2,668,971**	**100.00**	**-**
1	EU[1]	1,319,498	619,737	1,939,235	72.66	72.66
2	Sudan	494,277	5,478	499,755	18.72	91.38
3	Switzerland	83,509	15,117	98,626	3.70	95.08
4	U.S.A.	23,820	55,665	79,485	2.98	98.06
5	Israel	17,576	5,074	22,650	0.85	98.91
6	Singapore	5,310	300	5,610	0.21	99.12
7	Canada	520	4,930	5,450	0.20	99.32
8	Russia	5,186	-	5,186	0.19	99.51
9	Morocco	3,974	640	4,614	0.17	99.69
10	Australia	1,260	3,220	4,480	0.17	99.85
11	Japan	1,800	1,090	2,890	0.11	99.96
12	Egypt	670	-	670	0.03	99.99
13	Kenya	-	320	320	0.01	100.00

2.3 Internal Marketing

2.3.1 Registered industry players at post-harvest

As indicated in table 2.9, the numbers of registered industry players at the various post harvest levels save coffee buying stores, totalled 369 comprising: 42 Exporters, 300 primary processors, 8 roasters and 19 export grading facilities. Of the 42 exporters, five (5) were new ones – Penform Trading Co. Ltd., Anita Coffee, Tranz-gaz (U) Ltd., Elgon Quality Commodities and Gold (Africa) Nile Ltd.; and among the primary processing factories, two were new installations, one in Bushenyi and the other in Kasese.

Table 2.9: Registered subsector players at Post-harvest Value Addition Level

Industry Players	2009/10	2008/09	2007/08	2006/07
Exporters	42	39	30	28
Export grading plants	19	19	19	19
Primary Processors	300	301	271	251
Roasters	8	7	4	6
Total	**369**	**366**	**324**	**304**

2.4 Price Movements

2.4.1 Local prices

Table 2.10 shows the average realized farm-gate prices by farmers per kilogramme of Kiboko (dry Robusta cherries), Fairly Average Quality (FAQ) and Arabica coffee parchment during the year. A number of traders gave price incentives to farmers and processors with good quality coffee in considerable quantities. This has had a positive effect on the quality of coffee at farm gate as farmers correlate quality with price.

Table 2.10: Realized Monthly Average Farm-gate Prices – Shs/Kilo

2009/10	Robusta		Arabica
	Kiboko	FAQ	Parchment
Oct - 2009	1,050	2,225	2,800
Nov	1,000	2,000	3,300
Dec	850	1,850	3,250
Jan - 2010	1,150	2,200	3,700
Feb	1,150	2,200	3,500
Mar	1,100	2,100	3,500
Apr	950	2,100	3,350
May - 2010	1,200	2,450	3,600
Jun	1,400	2,800	3,650
Jul	1,500	2,900	5,000
Aug	1,500	3,000	4,500
Sep - 2010	1,300	2,800	4,500
Average	**1,180**	**2,385**	**3,720**

2.5 Promotion of Domestic Coffee Consumption

2.5.1 The strategy for promotion of coffee consumption in Uganda was finalized and adopted by the industry. It puts thrust on six critical areas, namely:

a) Creating awareness of the health benefits of drinking coffee;

b) Institutional development (UCRA and its members), and the academia;

c) Training in good roasting and brewing practices;

d) Review of Product Standards at roaster level;

e) brand development, and

f) Monitoring and evaluation – market research.

Through this strategy whose implementation is under Public-Private-Partnership arrangement, coffee consumption in Uganda is envisaged to increase by 5% per annum.

2.5.2 Creating awareness of the health benefits of drinking coffee

Together with some industry development partners - East African Fine Coffees Association (EAFCA), Coffee Quality Institute (CQI), USA; USAID-LEAD (Livelihood and Enterprises for Agricultural Development), and NUCAFE (National Union of Coffee Agri-businesses and Farm Enterprises) - UCDA put up some initiatives to stimulate domestic coffee consumption as listed below:

a) Trade Fairs and Shows

UCDA, in partnership with roasting firms – One Café, Zigoti Coffee, Star Café, Good African Coffee and Salati, participated in the UMA International Trade Fair at Lugogo, World Food Day at Kotido, UMA Shows in Eastern and Western regions, and the Agricultural Show in Jinja. At these shows and exhibitions various coffee products were showcased and participants tasted the delicious coffees. Good coffee brewing techniques and literature on positive attributes of coffee were passed on to show-goers.

Through the monthly Corporate League events, where 37 companies participate, UCDA manned a coffee booth and served free coffee to players and the general public. UCDA's team was rated as the most social team in the Corporate League 2010, a confirmation that coffee is a social drink.

b) Training of Baristas

61 participants drawn from coffee outlets – Cafés, Restaurants, major hotels – and Universities were trained as coffee Baristas during the year, bringing the total number of Baristas to around 300 since the concept was adopted. Of the 61 Baristas, 30 contested in the third Uganda National Barista championship (UNBC) which was held at Sheraton Hotel. One MBABAZI Roberts of Flavours Café in Jinja upheld the Championship; and represented Uganda in both the 1st Africa Barista Championship (ABC) held in Mombasa, Kenya and later in World Barista Championship in UK in April 2010. These thrilling Barista events have brought the youth on board and universities and other tertiary institutions have launched coffee clubs.

Barista Training

c) Participation in the Know Your Cup (KYC)

UCDA in partnership with EAFCA, NUCAFE and African Coffee Academy (ACA) participated in the KYC in Eastern Uganda in which farmers had the opportunity to taste the coffee they produce, which has had a knock-on effect on the quality of coffee at farm gate. Good brewing techniques were demonstrated to farmers.

2.6 Inventory Study of Roasteries, cafés and Hotels

Survey of coffee outlets – roasters, cafés, coffee shops and hotels – to establish the status of equipment, supply constraints and identifying the training needs, was conducted in four regions along with Uganda Coffee Roasters' Association (UCRA) with the following results:

- **Roasters**

- Active roasters were 8, down from 16 in 2004. The new ones since the earlier survey in 2004 were MTL Main Traders (Mbale), Good African Coffee (Kampala) and Salati Coffee (Bunga).
- 5 roasters had automatic sealing machines with a component on labeling/branding.
- The equipment in use by most roasters came from Denmark, Italy, Germany, Sweden, China and Malaysia.
- 11 Uganda coffee brands were on the market, namely – Star Café (R & G and Instant), Elgon Pride, One Café, Salati, Zigoti

Coffee, Savannah, Masaba, Good African Coffee, Nguvu, 1000 Cups and Bancafe. The companies also sell roasted beans.

- 57% of the roasters ranked supermarkets as number one outlet for their products and 29% of the roasters sell through hotels and cafés.

- **Cafés**
- 33 Cafés were operational and had been established between 1998 and 2009.
- 15 had modern Espresso machines purchased between 2005 and 2009.
- Price per cup was in the region of Shs 2,500 and Shs. 5,000 for Espresso and Shs 2,800 – Shs 6,000 for Cappuccino.
- Some of the Cafés especially in Kampala, Jinja and Mbarara roast and grind coffee for their customers.
- New Cafés established since 2004 include: Pap Café ; Café Ballet; Flavours Café, Jinja; Source Café Jinja, Samcofa Lira; Tweweyo in Masaka ; Café Java ; Café Mocca ; and Café Mokka.
- 33% of café operators advertise with radios, flyers/brochures and magazines as the main communication media used.

- Hotels
- Of the 20 hotels visited 15 had Espresso machines and had fielded their staff to UCDA to acquire good roasting and brewing practices.
- 50% of the respondents use Internet to advertise their services and have found it to be cost effective and the bulwark of their clients are from abroad.

The crosscutting constraints faced by roasters and brewers were: high electricity tariffs, health related issues due to lack of sensitization, lack of packaging materials and very expensive if available.

- On training, roasters, café and hotel operators hailed UCDA's training programme, which has drastically improved the quality of their products and services. They requested UCDA to do the training more frequently and to extend it to upcountry areas.

2.7 Closing Stocks

Table 2.11 shows the coffee balance as at the close of the year Oct/Sept 2009/10. Approximately 512,000 bags of coffee were in stock at various levels within the supply chain; 60% of which was with exporters in various grades. This constituted 371,180 bags of Robusta and 141,058 bags of Arabica.

Table 2.11: Closing Stocks as on September 30, 2010

Oct 2009-Sep 2010	Coffee Type – 60Kg Bags		Total
	Robusta	Arabica	
Opening Stock	399,923	76,110	476,033
Total Production	2,076,557	817,319	2,893,876
Availability	2,476,480	893,429	3,369,909
Domestic Coffee Consumption	147,900	40,800	188,700
Exports	1,957,400	711,571	2,668,971
Closing Stock	371,180	141,058	512,238

[4] About the dynamics of the global coffee industry.

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

2.8 Global Outlook

Coffee prices in 2010/11 are envisioned to be better than in 2009/10 based on supply tightness, especially of coffees from Central America and Colombia due to climate change. This is supported by low global stocks in producing countries.

Global production for 2010/11 is estimated at 134.8 million bags compared to 123.1 million bags in 2009/10, a 9.5% increase. The increase is attributed to Arabica production which will account for 62.3% of total production compared to 59.6% in crop year 2009/10. The Brazilian crop for the year is estimated between 44-47 million bags being on-year. This could have dampened the prices but for the sharp shortage of Colombian Milds.

Global consumption for 2010 is estimated to be 131 million bags up from 130 million bags in 2009. The increase is attributed to buoyancy in both producing and emerging markets where annual growth rates have been phenomenon, 4% for producing countries and 3.6% for the emerging markets.

The International Coffee Organization will put more emphasis on ensuring that there is increased market regulation by strengthening the technical capacity of the regulators, developing risk management tools for smallholders through hedging and diversification; and also supporting internal consumption. These initiatives will, needless to say, address price volatility, a characteristic of most commodity markets.

Chapter Three

QUALITY AND REGULATORY SERVICES

3.1 Technical Extension Services

3.1.1 Under field quality evaluation out-turn of Kiboko (dry robusta cherries) to Fairly Average Quality (FAQ) was in the range of 45% to 56%, the lowest recorded was in Eastern, Busoga region and the highest was in Western, Bushenyi district. This was a drop in out-turn weighed against last year's range of 54.2% to 56.2%, which is attributed to dry weather experienced during the year.

However, there was an improvement in screen size distribution. Screen 15 and above stood at 79.4%, up from 74.0% recorded in previous year. Table 3.1 represents comparative spread of screen sizes over the years.

Table 3.1: Screen Size Distribution for Robusta Coffee

Screens	2009/10	2008/09	%-age Variance
Screen 18	13.60%	15.2%	-1.60%
Screen 15	65.80%	58.8%	7.00%
Screen 12	18.70%	25.9%	-7.20%
< Screen 12	1.90%	0.10%	1.80%
Total	100.00%	100.00%	-

3.1.2 Technical support services were extended to 102 dry mills largely on post-harvest handling practices – hullers, catador/gravity separator adjustments. Good hygiene at factory and stores was emphasized.

3.1.3 On wet mills, inspected installation works of seven (7) new washing stations as follows:

- 2 units by Kawacom (U) Ltd, a 3.6 tonnes/hr in Cheema, Kapchorwa district and a 1.5 tonne/hr in Ishaka, which will later be upgraded to 10 tonnes; and
- 5 units by Kyagalanyi Coffee Ltd at Gibuzale - 2.5 tonnes/hr, Busuno – 1.0 t/hr, Busulani – 4.0 t/hr, Manafwa – 2.5 t/hr and Kabeywa – 0.5 t/hr.

These efforts will go a long way in improving the quality of Uganda coffee.

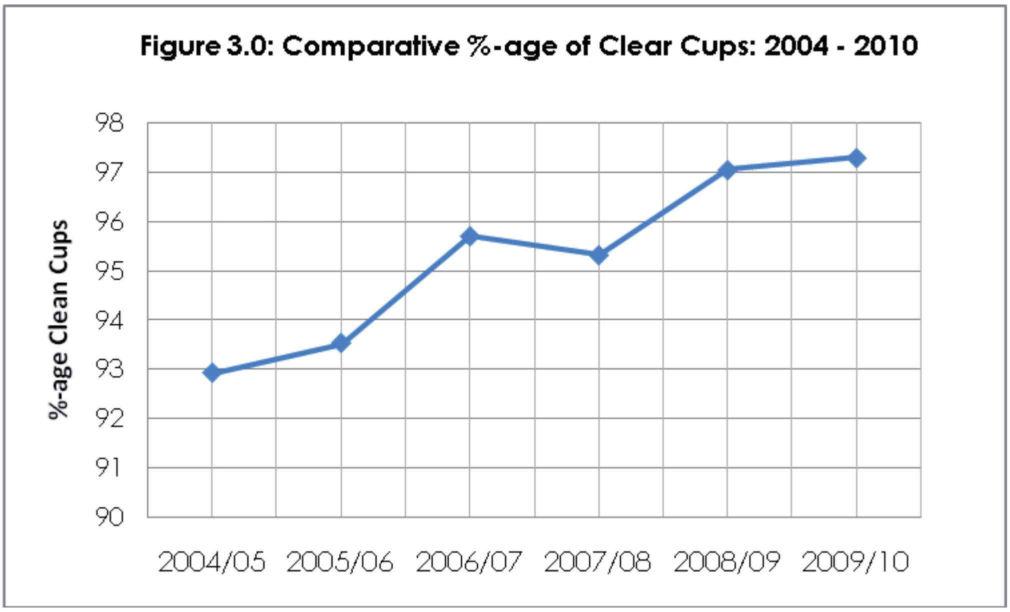
3.1.4 Mechanical graders of the two (2) new export grading factories in Ntinda (Job Coffee Ltd.) and Bweyogerere (Armajaro (U) Ltd) were adjusted to improve on retention.

3.1.5 Through enforcement of coffee regulations, 27 primary processing factories were suspended from operation for a week due to processing semi-dried coffee, poor hygiene and adulteration.

3.2 Quality Assurance

3.2.1 Overall cup performance

There has been a steady improvement in the quality of coffee exports as indicated by the annual percentage of clean cups in the last six (6) years from 92.9% in 2004/05 to 97.3%, figure 3.0, which is attributed to good handling practices within the entire supply chain.



3.2.2 Liquoring details

Table 3.2 below gives the percentage of clean cups per type and grade of coffee presented for export. The Bugisu Arabica had the highest average percentage of clean cups of 97.8% - Bugisu AA (100%), Bugisu A (98.4%), Bugisu AB (96.8%) and Bugisu PB (95.6%), benefit from the recently rehabilitated and newly installed washing stations in Mt. Elgon area. However, the cup quality of Natural Arabica, Drugar, showed a decline from 98.1% last year to 95.1%, which is blamed on poor handling practices and prevalent drought in the area.

All the organic coffees – Arabica and Robusta - recorded the highest number of clean cups rated at 100%. The cup scores for organic Bugisu Arabica rose from 97.6% last year to 100% this year. This type of coffee is handled in structured and prescribed ways that are certified to meet ethical, health and environmental standards.

There was also a big improvement in the number of clean cups of washed Robusta coffee from 93.0% last year to 97.9%, which was above the average for Natural Robusta (95.4%). Operators of wet mills and their out growers are often trained in Good Handling Practices (GHPs); and the current pricing mechanism rewards farmers with good quality coffee.

In the case of Natural Robusta, however poor post harvest handling continues to pose a challenge due to high competition in the internal market, which prompts farmers to sell the crop ahead of the harvesting season.

Table 3.2 Comparative Percentage of Clean Cups: 2005/06 – 2009/10

TYPE	GRADE	2009/10	2008/09	2007/08	2006/07	2005/06
Bugisu Arabica	AA	100.0	99.6	97.3	98.3	95.5
	A	98.4	100.0	98.6	97.1	97.2
	AB	96.8	99.0	96.1	95.9	92.4
	PB	95.6	94.5	97.6	93.3	98.1
	B	-	-	97.8	97.7	92.9
Other Arabica	Wugar	100.0	99.4	98.8	96.2	96.5
	Drugar	95.1	98.1	94.9	92.7	90.3
Natural Robusta	Sc 18	95.7	94.8	94.2	90.6	87.8
	Sc 17	96.5	96.2	93.2	95.6	86.4
	Sc 15	98.2	95.6	95.8	91.5	89.1
	Sc 14	90.3	96.6	98.2	93.6	89.2
	Sc 13	94.1	95.6	92.9	100.0	90.5
	Sc 12	97.4	95.8	91.9	90.3	88.4
Washed Robusta	Ungraded	97.9	93.0	92.1	96.7	100.0
Organic Coffee	Bugisu Arabica	100.0	97.6	97.1	100.0	96.4
	Okoro Arabica	100.0	-	100.0	93.2	100.0
	Robusta	100.0	100.0	83.9	100.0	95.2
Annual Average		**97.3**	**97.1**	**95.3**	**95.7**	**93.5**

Otherwise, the overall improvement in quality could be attributed to the various certification and verification coffee projects in the country such as Organic, Utz Certified, and 4Cs for the Specialty markets. Of Specialty coffees, Organic coffee accounts for the biggest percentage of around 72%.

3.2.3 Cup defects in Natural Robusta

Table 3.3 below gives a summary of cup defects in the Natural Robusta coffee grades on monthly basis. The percentage of clean cups for Natural Robusta, represented by Sc 15, continues to improve from 94.0% in 2007/08 to 96.0% in 2008/09 and 98.3% last year. The cup defects averaged 1.7%, which was composed of Taints (0.54%), Earthiness (0.47%), Overfermentation (0.44%), Potato (0.25%) and others[1] (0.05%). The reduction in the level of cup defects compared to the previous years is explained by continued training of farmers good agricultural practices, storage and post-harvest handling along the value chain. This was complemented by the vigilance of UCDA and NAADS field staff.

[1] This includes: Woody, bitter, harsh, grassy and musty

Table 3.3 Number & %-age of Cup Defects for Natural Robusta Sc 15

2009/10	Cup Defects					Clean	Total
Month	O/F*	Potato	Taint**	Earthy	Others	Cups	Cups
%-age	**0.44**	**0.25**	**0.54**	**0.47**	**0.05**	**98.25**	**100.00**
Total no. of cups	36	20	44	38	4	7,965	8,107
Oct	2	0	6	6	0	447	461
Nov	2	1	3	5	1	927	939
Dec	2	1	4	3	2	872	884
Jan	4	3	3	5	1	782	798
Feb	3	2	5	3	-	365	378
Mar	5	4	2	6	-	775	792
Apr	2	1	3	3	-	534	543
May	1	1	2	0	-	441	445
Jun	3	0	6	2	-	763	774
Jul	4	2	3	2	1	832	843
Aug	4	0	3	3	-	706	716
Sep	4	5	4	-	-	521	534

3.2.4 Physical analysis

A total of 33,345 bags of coffee were referred for reprocessing prior to export due to high moisture and various physical bean defects as indicated in table 3.4. The main problem was high moisture content (wetness), which ranged between 12.8% and 13.5% accounting for 41.9% of rejections followed by poor retention at 30.9% due to the rainy season which was above normal, and poor adjustment of processing machinery, respectively. Discoloured/black beans are a major defect at export because of poor harvesting methods and poor post harvest handling methods.

Table 3.4 Number of coffee bags Rejected for reprocessing

DEFECTS	**2009/10**	**2008/09**	**2007/08**	**2006/07**	**2005/06**
TOTAL	**33,345**	**42,403**	**40,584**	**77,985**	**58,968**
1.Wetness	13,962	10,366	17,618	24,336	19,185
2. Discoloured/Blacks	3,070	7,646	7,453	9,162	13,502
3. Poor Retention	10,318	22,163	9,522	32,550	15,747
4.Floats/BHP	2,052	-	2,735	3,600	6,784
5. Pods	2,709	1,308	3,256	6,617	2,030
6. Extraneous matter	1,234	920	0	1,720	1,720

3.3 Quality Evaluation of Coffee Samples from the Coffee Research Centre

A total of 573 research samples were received from COREC comprising: Robusta – 109 CWD resistant samples, Arabica catimors – 256 samples; and 209 Robusta samples for academic purposes. The samples were analyzed for physical bean defects, screen retention and cup characteristics with the following results:

- 80% of the Robusta samples (CWD resistant lines) had good attributes - bean size, fairly good flavour and body with acidity ranging from lacking to light.

- Of the Arabica catimors, moisture content averaged 12.06%, 123 samples (48%) had insect damaged beans; and 26% of the samples had bean density of above 6.5 gm/100 beans. The cup generally had high acidity, fairly good body and flavour. The results point to commercial viability in terms of weight and cup characteristics.
- PhD research samples (209) were generally good in appearance and had high screen retentions. The cup varied widely in test parameters such as fragrance, aroma, flavour, aftertaste and acidity largely due to differences in sample origins, age and genotypes. Other tests are yet to be carried out in terms of altitude, soil, etc.

3.4 Training Programmes

3.4.1 Basic Coffee Quality Control Training

Training of industry participants has continued to be a major activity of the Authority in order to ensure adherence to good quality standards along the value chain. During the year, a total of 46 participants were trained, 34 in Basic Quality Control (BQC) and 12 in laboratory management techniques. Of the 34 trained in BQC, 18 were university students on industrial training, the rest came directly from the industry.

In order to cater for the training needs of the industry, the training programme was restructured as follows: Basic Quality Control to take 4 months, and Coffee roasting and brewing also 4 months. The roasting and brewing training includes Barista techniques and skills.

3.4.2 Barista[2] Training

A total of 96 participants drawn from cafés, restaurants, hotels and universities were trained in preparation and serving espresso-based coffee drinks – Espresso, Cappuccino and signature coffee – during the year. Of these, 30 participated in the 3rd Uganda National Barista Championship competition, which was presided over by Ms. Teija Lublinkof, an international judge from Zambia. The winner, Champion, was one Roberts MBABAZI from Flavours café in Jinja who later represented Uganda in the 1st Africa Barista Championship (ABC) in Mombasa, Kenya and in the 6th World Barista Championship (WBC) in London in 2010. In the Africa Barista Championship, Roberts was ranked the best in coffee knowledge and 4th overall.

3.4.3 Building capacity of Barista judges

10 Ugandan were calibrated as Barista judges and later participated as judges in the 3rd Uganda National Barista Championship. Two (2) of these judges were further trained in planning and organizing Barista Championships during the 6th World barista championship in London.

3.5 Development of protocols for fine Robusta coffee

UCDA together with USAID-LEAD Project (LEAD- Livelihood and Enterprises for Agricultural Development) organized two (2) workshops to develop fine Robusta grading protocols, which were held in March and June 2010. UCDA also partook in one held in Accra, Ghana in November 2010. From these workshops, a draft document of Robusta protocols was developed and was later presented to the International Coffee Organisation meeting in September 2010 by Coffee Quality Institute (CQI).

Uganda became the birthplace of Fine Robusta coffee protocols and was chosen as the centre of excellence for Robusta coffee. A training centre with a Specialty Coffee

[2] Every year a competition is held where baristas of the world come and compete in the World Barista Championships. But before that they must compete in a competition held in their own country to qualify to enter in the WBC.

Association of America (SCAA) certified laboratory is to be established to handle Robusta training programs. Also UCDA is to set up laboratories in the upcountry sites to facilitate analysis of coffee at farmer and primary processing levels. Possible sites were identified in Kasese, Bushenyi, Ibanda, Masaka and Mbale districts.

In another development, R-Grading Certification training, which attracted 22 participants from Uganda, Brazil, and Tanzania, was held in Kampala in September 2010. Of the trainees, eight (8) were certified as R-graders, seven (7) of whom were Ugandans and the other a Tanzanian. This was the first batch to be certified as R-graders in the world.

3.6 Review of the current export grading system

The current coffee grade system was reviewed to include new grades to meet market demands; and the old ones were improved in terms of defect count. The new grades include the following:

- Robusta – Sc 19, 17, 16, 14, 13, BHP 1599, 1299, and washed Robusta.
- Arabica – Mt. Elgon, Bugisu AB, C/PB, and Bugisu A^{+}: Mt. Rwenzori, Okoro, Kisoro, are also to be differentiated into (AA, A, A+, AB) grades.

Chapter Four

COFFEE DEVELOPMENT PROGRAMMES

4.0 INTRODUCTION

In line with the objectives of the Coffee Production Campaign Initiatives and the UCDA Corporate Plan 2007 -2010, UCDA continued to consolidate success registered in previous programmes, besides developing additional new programmes. This is aimed at achieving production of 4.5 million bags by 2015.

These programmes are aimed at increasing coffee production through new planting and improving productivity of the old coffee trees. These programmes include;

- Promote generation and production of clean planting material through seed sourcing, tissue culture, and support to Clonal propagation of the Coffee Wilt Resistant lines for mass multiplication and distribution to farmers
- Promotion of coffee replanting through support to community based and private commercial nurseries; and direct provision of seedlings to various farmer groups and special interest groups
- Coffee Rehabilitation through improvement of yield of the old coffee trees by setting up demonstration sites at various community locations for purposes of training; and direct support to willing farmers in rehabilitation through pruning, stumping and soil amelioration.
- Support to Coffee development in new areas especially Northern Uganda by integration of commercial coffee production into the farming system
- Promotion of Sustainable Coffee Production Initiatives such as Organic, Utz, 4Cs, Fair Trade and Rainforest Alliance so as to increase the unit value of coffee at farm - gate level.
- Continued deliberate support and strengthening of Coffee Research by provision of financial, technical and material support.
- Promotion of collaborative participatory coffee Extension with other stakeholders
- Strengthening the functions and visibility of the Regional offices so as to provide better service to the Coffee stakeholders
- Coordination and implementation of key activities under the coffee production campaign together with other stakeholders

4.1 Promotion of planting material production

Under this programme, the objective is to create a sustainable demand driven initiative in production of coffee seedlings. This involves direct sourcing and provision of clean certified seed to various farmer groups and private commercial nursery operators. Support is also given to public and private institutions involved in generation and multiplication of clean planting material. Key achievements under this programme included;

- 13,500 Kgs of Elite Robusta and Arabica seed procured and distributed to community based nursery groups through Field Officers, Local leaders, Political leaders, organized farmer Associations and Exporter based farmer Groups.
- 307 Kgs of Albizia tree seed procured and distributed to farmer groups mainly in Northern Uganda to mitigate the need for shade tree during the prolonged dry spells in the region
- 9,000 Kgs of polypots procured and distributed to beneficiaries of the coffee

[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

seed, and special project in Northern Uganda

- 1344 Community based nurseries have been established to date, with a production capacity of 26 million seedlings. Some of these nurseries have however converted to private ownership. During the season, 32 million seedlings were generated through the CBNs and private nursery operators.
- Additional support was given to the former MAAIF mother gardens, now under private ownership, mainly to produce clonal plantlets, whilst preserving the clonal germplasm for further research development and breeding purposes. 7 former Nurseries were supported, and are now in producing at least 70,000 plantlets annually.
- Recognizant of the role played by private nursery operators in making available clean planting material, 8 Private clonal nurseries were supported, with MOU outlining collaborative working arrangement signed. In addition 4 of these nurseries have been chosen to pilot multiplication of the Coffee Wilt Resistant lines for eventual mass multiplication and distribution to farmers.
- Tissue Culture - with release of 7 new lines resistant to CWD, support was given to new technologies that shall ensure a rapid and efficient method of plantlet generation. In collaboration with COREC direct financial and material support was given to the tissue culture laboratory at Kawanda to speed up the generation of these lines for onward multiplication by private nurseries. Efforts were also made to encourage and interest the private sector in tissue culture technology
- Buginyanaya (Sironko District) and Zombo (Zombo District) Arabica seed gardens were supported and Rehabilitation of Nyamigogo (Kisoro District) started. This sis to ensure a sustainable source of clean and certified seed. Both of these sites are estimated to generate 5000Kgs of clean seed annually starting from 2009/10 season.
- To ensure sustainability of programmes in the new coffee growing areas, especially in Northern and North eastern Uganda, 1 Robusta seed gardens was rehabilitated (Ngetta in Lira District) and 1 new set up (Serere in Serere District). Both of these sites will generate at least 1000Kgs of clean seed annually from 2010/11 season. Besides these areas being self sustaining in seed sourcing, there will be minimal movement of planting over wide areas, thus minimizing chances of disease and pest spread.

4.2 Promotion of Coffee Replanting

To ensure increase in coffee production, communities are mobilized for sustainable coffee planting. This involves planting seedlings that are raised under the community based nurseries, private commercial nursery initiatives and seedlings procured and supplied by UCDA and other institutions under various arrangements. The beneficiaries of these activities are; individual farmers, farmer groups, exporter based farmer groups and farmers supported under the NAADS programme. Under this programme the following were achieved;

- Seedlings raised under the demand driven Community based nursery initiative were planted by members of the nurseries and other interest farmers groups - 7.056 million Seedlings were planted.
- In addition, private nursery operators supplied 1.5 million seedlings for planting under various arrangements. NAADS, Local Governments, Non Governmental Organizations, Community based Organizations and Commercial entities were the major institutions that distributed

these seedlings to various beneficiaries.

- UCDA in special intervention sourced plantlets for various beneficiaries. This included organized farmer groups, women groups and Youth. Total of 6.35 million seedlings were planted under this initiative.
- Under the Public Private Partnership, Kaweri Farmer alliance was supported with 70,000 seedlings for the farmer groups. In addition the new project in Luweero was also given 60,000 plantlets.

4.3 Coffee Rehabilitation

This strategy is one of faster way of achieving the targeted volumes of 4.5 million exportable coffees by 2015. The objective is to improve the yield per tree from at least 0.5 kg to 1.0 kg of clean coffee. This is because most of the coffee trees are relatively old, and their productivity has greatly diminished. The initiative is to create the necessary support infrastructure, demonstrations, training and sensitization of farmers to stump and prune the old coffee trees, in addition to replanting. The following were achieved:

- In recognition of the overgrown nature of the coffee and shade trees, and to speed up the process of stumping and pruning, use was made of the pruning kits at the regional offices, by providing fuel and mobilizing farmer groups to use them for pruning and stumping. 165 acres were voluntary stumped by farmers.
- To improve on the learning and adoption process by the farmers, 108 demonstration sites of one acre each set up in 108 sub counties in coffee growing districts. These demonstration plots are used in the 'farmer field school' extension initiative in which farmers are able to share experiences in the field and put in practices ideas seen as the 'best practice'. More farmers are now adopting the practice of stumping and pruning their coffee, as a result of this initiative.
- Farmer competitions were held in 14 districts; Eastern 4; Northern 2; Central 6; Western 2. The Competitions are an e initiative to speed up and encourage farmers to rehabilitate their coffee. The competitions are based on adoption and implementation of Good Agricultural practices. The best 10 performing farmers per district were rewarded with various items (hand pulpers, tarpaulins, drying trays, solar panels).
- New activities developed to address the occurrence of landslides (Mt. Elgon, Ruwenzori). These include; Demonstrations on sustainable soil management practices; Establishment of tree nurseries; Sensitization and training for farmers and Focused distribution of coffee and tree seedlings to affected farmers.

4.4 Support to Coffee Development in Northern Uganda

UCDA developed a strategy of promoting commercial coffee production in the nontraditional coffee areas, (New Coffee Areas). These areas amongst others include; Mid-Northern Uganda districts of Apac, Gulu, Kitgum, Lira and Pader, Oyam, Amolatar, Dokolo and Amuru.

The major goal is to create wealth and improve the welfare of the people in the nontraditional coffee growing areas through sustainable income and to ensure food security. It is also envisaged that such an approach would provide a fallback position for coffee amidst Coffee Wilt disease attacks in traditional coffee areas.

A four year project is in the second year of implementation in the Mid Northern Uganda.

The main objective of the intervention is;

- Support adoption of production of coffee as a perennial cash crop grown on commercial basis in the Mid-Northern Uganda districts of Amolatar, Amuru, Apac, Dokolo, Kitgum, Gulu, Lira, Oyam and Pader.
- incorporate coffee/banana and cover crops farming in the existing farming system

The programme has, made significant achievements in the 2nd year of implementation;

- 6 sensitization workshops and seminars held for local leadership and other stakeholders.
- Two groups of farmers (62 and 25) were taken on field tour South – Western Uganda (Masaka and Bushenyi). The objective was to create more effective awareness and knowledge in coffee value chain activities in the traditional coffee growing areas.
- 23 farmer group leaders were facilitated to participate in an Agricultural trade show in Gulu, whose theme was 'Agricultural transformation for food security and income generation and improving access to Agro – inputs. The farmers were able to showcase the various coffee value chain activities to show goers.
- 22 radio sessions of 660 minutes were aired on radios in the region. The messages address all activities along the coffee value chain.
- 62 farmer groups and 1 association were formed. 9 – one day Workshops were organized to improve farmer group knowledge in managing groups and associations.
- 196 community based nurseries were formed, with capacity of 20,000 seedlings each. 21 nurseries have turned private. There has been an improvement of the seedlings' survival rates from 60% to 80%. There is a high enthusiasm by farmers especially after the farmer tours to South-Western Uganda
- 1.76millionseedlings were raised by the Community based nurseries. And 1million were planted together with 0.1million shade trees
- 140,000 seedlings were directly procured by UCDA and distributed to various farmer groups. 10,480 seedlings were planted by Lututur Prison farm and farmers neighboring the prisons farm
- 4 coffee demonstrations plots were established in 4 schools in Aswa County as part of popularizing coffee in the area. All new coffee plantings are inter-planted with bananas, cover crops and shade trees.
- 26 extension workers each per sub-county were trained on coffee development activities. 57 farmer training seminars were conducted attracting 1,328 participants. 17 farm field school sessions were carried out with 296 farmers. 119 farm visits carried out with 1,108 contacts established.
- 1 seed garden was supported, and in addition 7 private seed suppliers were supported with seed processing equipment. The objective is to create a sustainable source of elite seed for the region from within.
- 8 technology development sites were established to act as training and demonstration sites on new technologies. These sites are also used as multiplication fields for banana suckers distributed to farmers for intercropping with coffee. 3,240 banana suckers were distributed to farmers. This together with cover crops provides early incomes to coffee farmers besides catering for food security.
- 10 workshops were conducted on

Processing and market development. 21 coffee drying trays, 60 tarpaulins were distributed to 20 farmer groups as a drive to improve quality at post harvest.

- 96.7MT of Kiboko was sold by farmers (38MT Acholi sub-region; 58.7 Lango sub-regions) at average prices of shs 1000/ Kg.

4.5. Promotion of Sustainable Coffee Production Initiatives (Organic, Utz, 4Cs, Fair Trade)

- Farmer mapping and registration of participating farmers was done. 25,865 farmers registered to date; Eastern region – 18,757; Central region – 68; Western region – 1,240; Northern region – 5,000; South-Western region – 800. This was done in collaboration with stakeholders sponsoring some these programmes.

Rehabilitation by stumping and application of fertilizers improves yield

- 7 workshops/seminars carried out for farmer groups in Kisoro (organic), West Nile (organic and fair trade) Kasese (4C). The training was done I collaboration with sponsoring stakeholders (Kawacom, Urth Café, NIHACOFA, Bukhonzo Co-operative, USAID- LEAD Project, Good African Coffee and Bukhonzo Organics). The trainings covered production and certification systems for the various standards
- In an effort to create capacity for local Inspection, 27 participants selected from Tertiary institutions, Organizations involved Organic production systems, Certification bodies were trained on Inspection procedures under the NOP (USA). This was done in collaboration with resource persons from University of Florida
- 500 litres of locally formulated organic pesticide was used on trial with Organic farmers in Kisoro. The pesticide seems to be effective in pest infestation, leaf rust and coffee berry disease. More trials will be done in collaboration with research organizations
- A Memorandum of Understanding was developed with Heifer International in which farmers under heifer project would be given seedlings to plant and use the manure in the coffee fields; and coffee farmers within the project area would benefit from being given heifers. 130,000 coffee seedlings were distributed
- Several farmer Groups/organizations were linked to USAID- LEAD Project for possible support along the coffee value chain. Some of these organizations are; Kawacom. Good African Coffee, Ankole Processors, Bukhonzo Organics, Paidha Coffee Farmers, Kyagalanyi Coffee, UGACOF, MGOCA-Kisoro.
- Specific support was given to MOUNTAIN GORILLA ORGANIC COFFEE ESTATE ASSOCIATION (MGOCA) in Kisoro, in collaboration with USAID- LEAD Project and Urth Café (USA).

Mt. Gorilla Coffee Farmers

The objective is to improve the production and productivity of the farmer group to export Organic coffee to the US market. The specific support included; hand pulpers, spray pumps, bicycles, water tanks, solar panels, goats and furniture to set up an office for Coordination

- Logistical support and training was provided to Farmer groups from Kasese (Change Agents) and West Nile (Paidha Coffee farmers, Nile Highland Arabica Coffee farmers Association) to export Coffee to the US Market. 6 Containers (120MT) of coffee was exported to the US, and 5.7MT to Canada.

4.6 Farmer Training and Extension Liaison

- 54 field trips were undertaken in 12 districts under the Coffee Production Campaign to sensitize farmers and traders on issues of quality. 12 farmer leaders from Nebbi were taken on a tour to Mt. Elgon region. The objective of the tour was for the farmers to appreciate the operations of the washing stations and integration of various farming enterprises

- 22 Coffee shows were held in 22districts. The main purpose of the coffee shows is to showcase better practices along the Coffee value chain and create interaction between farmers and other stakeholders, especially input suppliers. It was done in collaboration with NAADs and UNADA

- 222 farmer trainings attracting 6,358 farmers were done for farmers in all coffee growing regions. 30 trainings done for local leaders. These trainings address all aspects of coffee production, quality improvement and enforcement of coffee regulations

- The district coffee platforms were facilitated to sensitize farmers and processors on quality at post harvest, and in collaboration with the National Steering Committee of the coffee production campaign, participated in deliberations of the Annual stakeholders' Meeting

- As part of our effort to create operational efficiency and take services nearer to the farmers, support was provided to Officers in the Regional Officers to offer diligent services to all stakeholders, Government agencies and local governments in addressing interventions within the coffee value chain.

4.7.1 Coffee Production Costs and Margins at Farm level

Table 4.1 Comparative Costs and Margins for Different Types of Coffee

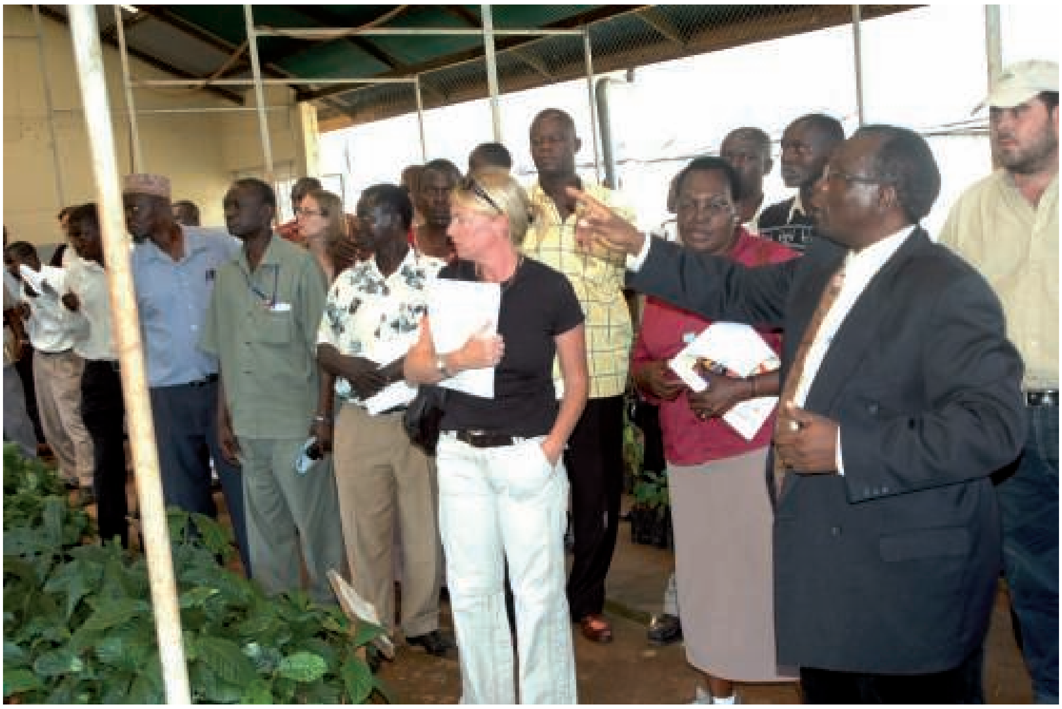
Activity	Man-days	Financial (Ush). Rate/unit measure	Financial (Ush).
A. Old Robusta coffee			
1. Maintenance cost: (weeding, pruning, de-suckering, manure application, harvesting etc.	90 man-day	3,000/man-day	**270,000**
2. Input costs:			**310,000**
- Fertilizer	2 bags	90,000/bag	180,000
- Herbicide	2 Litres	15,000/litre	30,000
- Manure/mulch	5 MT	20,000/MT	100,000
3. Equipment costs: (Depreciation)			**120,000**
4. Harvesting	60 man-days	3000/man-day	**180,000**
5. Drying	20 man-days	3000/man-day	**60,000**
Sub-total			**940,000**
6. Contingency costs (5%)			**47,000**
Sub-total			**987,000**
Yield/ha/year (medium-input)	Kg	1400 kg/ha	
-Cost of producing 1kg of dry cherries/Kiboko			**705**
- Average farm gate price/kg		1,179/kg	**1,179**
- Grower's margin for old Robusta coffee/Kg of dry cherries			**474**
- Gross income/ha/year			**1,650,600**
- Net income/ha/year			**663,000**
B. Clonal Robusta Coffee			
1. Maintenance cost: (weeding, pruning, de-suckering, manure application, harvesting etc.	**240 man-days**	**3,000/man-day**	**720,000**
2. Input costs:			**620,000**
- Fertilizer	4 bags	90,000/bag	360,000
- Herbicide	4 Litres	15,000/litre	60,000
- Manure/mulch	10 MT	20,000/MT	200,000
3. Equipment costs:			**180,000**
4. Harvesting	144 man-days	3,000/man-day	**432,000**
5. Drying	60 man-days	3,000/man-day	**180,000**
Sub-total			**2,132,000**
6. Contingency cost (5%)			**112,600**
Total costs			**2,244,600**
Yield/ha/year	Kg	4,800 Kg/ha	

- Cost of producing 1 kilo of dry cherries			**468**
- Average farm gate price/kg		1,179/Kg	**1,179**
-Grower's margin for			**711**
- Gross income/ha/year			**5,659,200**
- Net income/ha/year			**3,412,800**
B. Arabica coffee			
1. Maintenance cost: (weeding, pruning, de-suckering, manure application, harvesting etc.	220 man-days	3,000/man-day	**660,000**
2. Equipment (Depreciation cost)			**200,000**
3. Input costs:			**390,000**
- Fertilizer	2 Bags fertilisé	90,000/bag	180,000
- Herbicide	2 litres herbicide	15,000/litre.	30,000
-Pesticide	2 Litres pesticide	15,000/litre	30,000
- Fungicide	10 Kilos fungicide	5,000/kilo	50,000
- Manure/mulch	5 MT	20,000/MT	100,000
4. Harvesting	80 man-days	3,000/ man-day	**240,000**
5. Pulping and Fermentation	80 man-days	3,000/man-day	**240,000**
6. Drying	20 man-days	3,000/man-day	**60,000**
Sub-total			**1,790,000**
Contingency (5%)			**89,500**
Sub-total			**1,879,500**
Yield/ha/year	Kg	1200	
- Total cost/kg of parchment			**1,566**
Average farm gate price/kg of parchment		3,721/Kg	**3,721**
Arabica coffee grower's margin/kg of parchment			**2,155**
- Gross income/ha/year			**4,465,200**
- Net income/ha/year			**2,586,000**

Source: UCDA: Field Data, 2009/10.

Notes: Compared to the previous year,

1. There was a relative increase in cost of labour due to inflation.
2. There was also a relative increased in costs of inputs.
3. The marginal gain in farmer's income was significant compared to previous year compared to costs of labour and input due to persistent inflation in the economy.
4. Due to labour shortages, farmers become more cautious in labour allocation and frequency of use.
5. Wage rate increased from about 2,500 per man-day in 2008/09 to about 3,000 in 2009/10



Stakehoders of the Coffee Production campaign at the Coffee Research Centre, Kituza

Chapter Five

COFFEE RESEARCH[4]

5.0 Introduction

During the coffee year 2009/10 under review, emphasis for coffee research at the Coffee Research Centre was on development and dissemination of technologies for sustainable control of coffee wilt disease (CWD) in Robusta, and coffee leaf rust (CLR) and coffee berry disease (CBD) in Arabica. While research towards enhancing coffee production in marginal areas (drier than the traditional areas) was part of 2009/10 annual work plan, these activities were not implemented due limited funding (51% of the budget) remitted to COREC by UCDA. This report therefore, highlights progress/outputs of the main activities which were carried out.

5.1 Multiplication of elite CWD resistant Robusta coffee varieties by tissue culture and dissemination of generated plants

The seven (7) elite Robusta coffee varieties (high yielding, good cup and seed quality and disease resistant (CWD, leaf rust, and red blister)) released to farmers for cultivation during 2008/09 are being multiplied using the tissue culture facility at Kawanda. A target of 1.5 million plantlets for distribution to nursery operators and farmers was set. Achievements at various stages of this multiplication process during the reporting period are given in table 5.1 below.

890 plants generated from the 7 CWD resistant Robusta lines using the tissue culture technology were given out to nursery operators to set up mother gardens for further multiplication. Nursery operators who received tissue culture plantlets are MUZARDI of Mukono, JOB Coffee of Nakaseke, Reverend Twinamatsiko of Mubende and Kabunanga Investments of Mityana. Mrs. Mukiibi of Masaka and Mrs. Kava of Rakai together received 100 plants of only variety Kituza R2 to supplement plants of rooted cuttings supplied from the Kituza nursery. 75 plants were planted in a demonstration garden at NaCRRI –Namulonge.

Another 8,361 plantlets, which are in humidity chambers and 7,908, which are planted in polypots will be ready for distribution in the first rains of 2011. This is in addition to the 362 plants already hardened for field planting. The explants at RITA stage will generate plants for second rains of 2011.

[4] Pascal Musoli, Patrick Kucel, Anne Nalukenge, Saleh Nakendo, Robert Matovu, Israel Sebugenyi, Naboth Odong Edongot, Agnes Nabaggala, Robert Wekono, Kabole Charles, Pauline Aluka, Georgina Hakiza, Patrick Wetala, Africano Kangire

Table 5.1: Achievements in propagation of the 7 CWD resistant Robusta coffee lines by tissue culture

Explants in the laboratory phase				*Plants at ex-laboratory phase*			*Plants issued out to beneficiaries*				
Variety	***P.D***	***T.T***	***RITA***	***Poly Box***	***Growth chambers***	***Ready for Field***	***Mityana***	***Masaka/ Rakai***	***NaCRRI***	***MZARDI***	***Nakaseke***
KR1	*147*	*707*	*40*	*70*	*110*	*0*	*0*	*0*	*11*	*30*	*20*
KR2	*125*	*611*	*106*	*3213*	*3319*	*182*	*120*	*100*	*11*	*40*	*25*
KR3	*270*	*514*	*111*	*3575*	*3686*	*5*	*118*	*0*	*11*	*50*	*25*
KR4	*222*	*528*	*14*	*192*	*206*	*0*	*0*	*0*	*10*	*30*	*20*
KR5	*0*	*1375*	*51*	*426*	*477*	*0*	*8*	*0*	*10*	*30*	*20*
KR6	*120*	*644*	*11*	*49*	*60*	*0*	*34*	*0*	*11*	*30*	*20*
KR7	*367*	*920*	*120*	*383*	*503*	*175*	*120*	*0*	*11*	*30*	*20*
Total	***1251***	***5299***	***453***	***7908***	***8361***	***362***	*400*	***100***	***75***	***240***	***150***
Expected plants	*312,750*	*1,324,750*	*113,250*	***7908***	***8361***	***362***					
Likely % loss - normal	*20%*	*20%*	*20%*	***20%***	***10%***	***0%***					

Key:

1) P.D = explants in Petri-dishes (first stage); T.T = explants in tests tubes
2) Laboratory phase (Petri-dishes, test tubes and RITAs) has explants and each explant is expected to generate about 250 plants.
3) KR1-KR7 = Kituza R1 – Kituza R7

It should be noted here that the big success at Petri-dish and test tube stages is lost at RITA stage. This is because the laboratory has only 500 functional RITAs, which are only 25% of the laboratory's potential. This is very far above the normally expected mortality of 20%. Similarly only a small proportion of plants raised in the laboratory survive at the ex-laboratory phase, (plastic cubes, polypots) because of poor infrastructure for weaning the delicate plants (lack of humidity chambers and untimely availability of inputs for weaning media.

5.1.1 The major successes in the tissue culture process include:

- Development of a laboratory propagation protocol for Kituza R6 variety, which was not responding properly to protocols being used for the other varieties. We have obtained good response of the KR6 variety through manipulation of different propagation media.
- Embryo development in liquid medium. We are able to produce embryos in liquid medium using callus tissues developed on the explants. This has resulted in uniform embryo development in the bioreactor (RITAs).
- Reduction of contamination from 50% to 30%. There was a lot of contamination from saprophytes mainly fungus and bacteria but this has been reduced through good laboratory practices.
- Ex-vitro weaning protocols have been developed which mainly focus on the optimum conditions required by the plantlet for example, good medium, temperature, humidity, plantlet stage, etc.
- Acquisition of weaning shelves which handle plants at raised surface thus preventing contact with bare soil, which is a source of contamination.
- Increase in the number of mother bushes /stock plants. Previously, stock plants were a limiting factor in the process but

this has been solved through addition of more stock plants where explants can be obtained. The number has been increased to 10 plants per variety.

- A few humidity chambers for weaning plantlets have been created, which has drastically reduced rate of mortality at weaning stage.
- The weaning shade was renovated to prevent rainwater runoff from contaminating the weaned plantlets in pots, which caused their deaths and a new shade net was acquired.

5.1.2 Challenges faced in the propagation using tissue culture during the reporting period

- Limited glassware and RITA spare parts like air vents and mesh filters. This has been the major challenge to this process. A lot of plant materials at different stages have been lost through death due to lack of glass ware and RITA spares.
- Slow response of varieties Kituza R4 and Kituza R5 in terms of embryo and callus formation. Our staffs are still working around the clock to have working protocols for these varieties.
- Contamination of cultures. Despite the fact that contamination has reduced from 50% to 30%, this still has a significant impact on the laboratory output. Most of the contamination is obtained at the RITA stage probably due to over use of the already old RITA spare parts. These RITA and spare parts are supposed to be autoclaved for a certain number of times beyond which they become ineffective.

5.2 Multiplication of the 7 CWD resistant Robusta coffee varieties by rooted cuttings

During the reporting period, the following activities were carried out towards multiplication of the 7 elite CWD resistant Robusta coffee varieties using rooting cuttings at Kituza. The planting materials generated by rooted cuttings were meant to supplement what was generated by tissue culture at Kawanda.

349 rooted cuttings were raised during the period as indicated in table 5.2. These, together with cuttings raised in the previous period, were given out to nursery operators.

Table 5.2: Achievement in multiplication 7 CWD resistant Robusta coffee varieties using rooted cuttings in 2009/2010

	Kituza nursery phase			Plants given out to beneficiaries						
Variety	Cuttings in cages	Plants raised 2009/10	Plants carried over from 2008/09	Kituza-Mother garden	Luweero -Semakula	Masaka -Mukiibi	Masaka -Mpimbe	Rakai -Kava	NaCRRI-dem.	Still in nursery
Kituza R1	264	76	102	4	30	20	18	20	10	
Kiuza R2	179	15	62	4	20	0	28	0	10	
Kituza R3	225	83	442	2	30	70	70	80	10	180
Kituza R4	74	8	12	0	12	0	0	0	0	
Kituza R5	328	75	60	9	30	7	7	7	0	
Kituza R6	264	21	163	3	30	40	40	40	10	
Kituza R7	93	32	102	18	30	15	15	19	10	
Total	**1951**	**349**	**948**	**40**	**182**	**152**	**150**	**194**	**50**	**180**
Likely recovery	**60-70%**									

A total of 678 plants raised from rooted cuttings were given to nursery operators (Semakula of Luweero, Mukiibi and Mpimbe of Masaka, and Kava of Rakai), 40 were used to gap fill the mother garden at Kituza, and 50 plants from the rooted cuttings were planted in a demonstration garden at NaCRRI, Namulonge. Kava of Rakai supplemented the rooted cuttings with 100 tissue culture plantlets of variety Kituza R2. The 180 plants that remained in the nursery at Kituza will, together with survivors of plants under cages, be given out to other nursery operators in the first rains of 2011. Other achievements towards the multiplication of the 7 CWD resistant Robusta varieties using rooted cuttings include procurement of two shade nets for renovating one nursery shade at Kituza and the renovation to improve rooting of cuttings.

5.2.1 Challenges faced in propagation using rooted cuttings

Major constraints for this operation include:

- Young and yet insufficient number of mother bushes, especially for varieties Kituza R1, Kituza R4 and Kituza R5. Gap filling will continue in the next rainy season to ensure that the required number of plants (96 plants per variety) in this mother garden is attained
- We are relying on rain for watering the plants in mother gardens. However with changes in climate, Kituza has of recent experienced prolonged dry periods. This has resulted in stagnated or no growth of suckers during certain times of the year. There is need to consider installing an artificial irrigation facility for the mother garden.
- Varieties Kituza R4 and Kituza R5 respond very poorly to rooting under cages and even when exposed for hardening.

5.3 Setting up centres of excellence for further multiplication and dissemination of plantlets of the 7 elite CWD resistant Robusta coffee varieties

COREC working together with UCDA identified coffee nursery operator sites as shown in table 5.3 to be converted into centres of excellence for multiplication and dissemination of planting materials, especially of the 7 CWD resistant Robusta coffee varieties. Some of the selected sites already had materials of the 7 lines, which were given to them in previous reporting period, and some got the plants in current period to start mother gardens.

Challenges faced in setting up centres of excellence

- Insufficient planting materials: The plants generated were too few to satisfy the selected nurseries, leave alone the many other operators who demanded for planting materials to start mother gardens and nurseries. Because of the poor propagation ability of varieties Kituza R4 and Kituza R5, some nurseries were not given plants or got too few plants.
- Lack of training: The selected nursery operators need training to put them at par among themselves and to the level expected of them.
- Poor infrastructure: Most nursery operators have dilapidated nursery shades, which are in dire need for rehabilitation for good production.
- No memorandum of understanding (MoU) between the selected nursery operators and NARO/UCDA.

Table 5.3: Selected nursery sites to be transformed into centres of excellence

OPERATOR	DISTRICT	SUB COUNTY	PARISH	REMARKS
CENTRAL				
Mukono ZARDI	Mukono	Mukono TC	Ntawo	Given 240 T/C plants
Mpimbe L	Masaka	Kibinge	Kiryasaaka	Given 150 R/C plants
Mukiibi B	Masaka	Kkingo	Kiterdde	Given 152 T/C & R/C
Kalisizo Crop Nursery (KAVA)	Rakai	Kalisizo	Kalisizo	Given 194 T/C & R/C
Semakula Richard	Luweero	Wobulenzi	Wobulenzi	Given 182 R/C plants
Lubega John	Mpigi	Mpigi TC	Mayembe	Not yet given plants
NUCAFE	Mpigi			Given 25 R/C plants earlier
EASTERN				
Kikulube David	Kamuli	Nawanyango	Nawanyago	Not yet given plants
Musaala Anthony	Iganga	Nabitende	Itanda	Not yet given plants
Lugera Mark M	Mayuge	Mpungwe	Mugi	Not yet given
WESTERN				
Kabunanga Investments	Mityana	Busimbi	Katakala	Given 200 T/C plants
Nakanwagi	Mubende	Kaweri	Kaweri	Given 200 T/C
Buwanamatsiko		Kigando	Kigando	
Nsubuga	Kiboga	Lwamata	Lwamata	Not yet given plants
Job Coffee	Nakaseke			
SOUTH WESTERN				
Reuben Nyerwanire	Rukungiri	Kebisoni	Kebisoni	Not yet given plants
Mountain view farm	Bushenyi			Given 25 plants earlier
Rwarubare Robert	Bushenyi	Kakenzi	Mazinga	

5.4 On-farm evaluation and packing ICM technologies for maximizing productivity of the 7 CWD resistant Robusta coffee varieties

5.4.1 Surveillance and management of insect pests

As part of the need for appropriate IPM packages for full release of the 7 CWD resistant Robusta coffee varieties to farmers, the entomology discipline carried out studies to determine the susceptibility/tolerance of the varieties to key coffee pests in Uganda so as to derive recommendations for their control. Among the attributes assessed are pests' incidences and their effects on yield, and the influence of agro-ecological conditions on the pests' prevalence. The studies were carried out on on-farm trials at Kyagalanyi Coffee Ltd-Nakanyonyi in Mukono district, at Mr. Bamutya's farm in Kamuli/Buyende district, on-farm trials in Mityana district and at Ankole coffee processors ltd in Ibanda district. During the reporting period data collection was undertaken to:

i). Determine the pest status on the CWD resistant materials in respect to their (pest) diversity and incidences;

ii). Identify key insect pests in each of the various coffee agro-ecologies;

iii). Use the above information to assemble IPM packages to accompany the release of the materials to farmers;

iv). Acquire the basis for developing of a long-term IPM research strategy for materials.

5.4.2 Achievements:

Data captured at the on-farm trials in the three districts and delivered to the Coffee Research Centre is currently entered into the data bank and shall be analyzed once an appropriate number of data sets are acquired. However, the following are salient issues encountered during the trip:

- The trial at Kyagalanyi in Nakanyonyi sub-county, Mukono district continue to be raged by a very heavy attack of black coffee twig borer (BCTB). Attempts to minimize the incidence and impact through trimming off the affected branches have not been useful, perhaps due to re-infestation from adjoining infested farms. This will ultimately call for the adjustment of the yield data to accommodate for the losses due damage by the BCTB. Some plants, which had been killed by root mealy bugs, were replaced.
- The trials in Mityana and Ibanda had a range of other damaging pests, most notable were root mealy bugs, canopy mealy bugs, leaf miners, leaf skeletonisers, scales and foliage eating beetles

5.4.3 Tentative Recommendation

The coffee twig borer is a threat to the CWD resistant materials, and is likely to negate the effort to manage CWD through the new CWD-resistant materials. Cultural control by cutting off infested twigs has proven inadequate. Planned research agenda to derive sustainable management systems for the coffee twig borer need to be urgently implemented. Those attending the trials need not only cut the infested twigs, but burn them thereafter. This will eliminated the chance of the pest in the cut twigs from bouncing back to the garden to cause more infestation, hence minimize incidence and damage but will not stop infestation from neighbouring farms and other sources

5.4.4 Challenges

On-station and on-farm assessments were planned for each quarter of the financial year. However, due to limitation of funds, only one round of assessment was completed on the field evaluation trials on-station at Kituza and on-farm in 3 locations represented by Mukono, Mityana and Ibanda districts

5.4.5 Surveillance and management of disease

This activity assesses the 7 CWD resistant Robusta coffee varieties in the four on-farm trials in Mukono, Kamuli, Ibanda and Mityana districts, to determine their field resistance to key diseases such as CWD, coffee leaf rust (CLR) and red blister under the different agro-ecological conditions, as part of the need for appropriate IPM packages for their full release.

From the observations, CWD pathogen has not developed on all the CWD resistant varieties planted in the trials sited in the above districts. Insignificant CLR disease has been observed on other varieties included in these trials but none on the 7 released varieties. Red blister disease has not been observed on all the varieties at all sites.

5.5 Variety characterization

As part of the need for full release of the 7 CWD resistant Robusta coffee varieties to farmers, breeding discipline carried out studies to characterize all the CWD resistant varieties, the 7 released clones inclusive, using yield and other morphological parameters, across different agro-ecological conditions. The attributes assessed are plant height, plant diameter, tree girth, length of primary branches, length of internodes of primary branches, length of stem internodes, and number of berries per node, shape and size of berries. The studies were carried out on all the on-farm trials used entomology and pathology disciplines. Analysis of the data is still in progress.

5.6 Scaling up of CWD resistant varieties

Continued to assess the various CWD resistant genotypes among the (1,500) germplasm at Kituza that were identified through artificial inoculations in order to select more elite varieties, which will cushion the industry from disasters, in case there is an outbreak of a new biotic stress (disease, pests,) or abiotic stress (climate change) that can ravage the crop if the entire Ugandan Robusta coffee industry is to rely on only the 7 elite CWD resistant varieties, currently being multiplied for enmass replanting programme. The attributes considered in this evaluation were yields, incidence and severity of attack by major insect pests and diseases (to determine the variety resistance levels), tolerance to drought, cup and physical bean qualities. Results of the 11 new elite CWD resistant varieties, which had been identified in the previous reporting period, were consolidated and their multiplication to generate planting materials for establishing multi-location on-farm trials was initiated as in table 5.4.

7 lines at Kituza

Table 5.4: 11 CWD resistant Robusta coffee varieties selected for on-station and on-farm trials

		varieties										
		1	2	3	4	5	6	7	8	9	10	11
Trait	**Cut of level**	**2/22/3**	**E.U/11**	**227/54/2**	**14/50/1**	**202/63/2**	**J24/13/20/1**	**J72.01/10/1**	**J24/13/22/1**	**3/71/1**	**J24/13/59/9**	**UFCT3**
General appearance	**= or > 3**	**3.0**	3.1	3.8	3.1	3.4	3.0	3.0	3.3	3.3	3.0	3.1
Yield potential	**= or > 3**	**2.9**	3.0	3.8	3.0	3.1	3.0	2.9	2.6	3.0	2.9	3.0
Cherry size	**= or > 2**	**2.6**	2.9	2.8	2.3	2.9	2.3	2.3	2.1	2.7	2.6	2.7
Suckering ability	**= or > 2**	**1.8**	2.3	2.7	2.2	2.4	2.1	2.4	2.6	2.0	2.7	2.1
Red blister	**= or < 2**	**1.9**	2.1	2.2	1.4	1.6	1.9	1.1	1.4	1.1	1.1	1.4
Leaf rust	**= or < 2**	**1.5**	1.5	1.5	1.5	1.3	1.1	1.3	1.1	1.1	1.9	1.9
% moisture	**11-13%**	14.3	13.2	12.0	13.5	15.8	12.6	14.7	13.1	14.2	13.5	14.4
Screen 18 retention	80%	50.9	18.2	30.7	21.1	12.8	8.9	10.3	20.0	27.5	12.8	3.4
Screen 15 retention		97.9	92.3	91.4	92.9	94.9	87.6	81.0	83.9	92.5	90.3	79.4
Density	**Not considered**	4.2	4.9	4.6	4.8	4.7	4.9	10.0	5.4	3.9	4.6	4.9
Fragrance	**Not considered**	3.0	2.5	3.0	1.5	3.0	1.5	3.0	2.0	2.0	2.0	2.0
Body	**= or > 5**	6.5	6.5	7.5	6.0	6.0	6.5	7.0	7.5	5.5	5.5	5.0
Flavour	**= or > 5**	6.0	6.5	6.5	6.0	6.8	7.5	7.0	7.0	6.0	6.5	5.0
Acidity	**Not considered**	0.0	0.0	0.0	1.0	3.0	1.0	1.0	0.0	1.0	1.0	1.0
Roast	**Not considered**	Dull	Dull	Dull	Dull	Dull	Dull	Dull	Dull	Ordinary	Ordinary	Dull
After taste	**Not considered**	2	2	3	1.5	3	2	2.5	1	1	2.5	1

5.7 Developing ICM packages for controlling other major insect pests of Robusta coffee

5.7.1 Biological and ecological studies of the coffee berry borer and its natural enemies:

This study is being co-funded by UCDA and NARO; the funds from UCDA cover field research activities while that of NARO covers laboratory bio-assay studies. This study aims at:

i) Understand the essential biology and ecology of the coffee berry borer and its natural enemies under field conditions, and in-vitro under controlled conditions;

ii) Develop procedures for mass rearing of the parasitoids and entomo-pathogens of the coffee berry borer;

iii) Design and implement a bio-control programme for the coffee berry borer in Uganda, and integrate it with available cultural control recommendations.

Field diagnostic study sites were continued on-station with elucidation of field interactions amongst the 3 key CBB parasitoids. All the 5 field sites in Jinja, Kamuli, Iganga, Masaka and Rakai were not visited during the period under review due to lack of funds. The study has therefore fallen way behind schedule.

5.7.2 Management of Black Twig Borer through Ambrosia fungus

Currently, the black twig borer is one of the biggest threats to coffee production in Uganda with its epicenter in Mukono and Kayunga districts. The destruction of the pest has gone on unabated for more than three years without effective management strategies. The black twig borer (BTB) (Xylosandrus compactus) bores into the young branches of coffee (twigs), killing them in a few weeks. The entrance holes are about 0.8 mm diameter and are located on the underside of branches. In the new habitat, the BTB feeds on Ambrosia fungus (and therefore belongs to the ambrosia group of beetles). Once inside the twigs, it does not feed on the host plant material but uses it as a medium for growing the fungus which acts as its food. Therefore, absence of a suitable host is not a limiting factor for the survival of the pest. Any woody material of suitable moisture content and size supports its survival. It was on the above background that we decided evaluate and determine the effect of Ambrosia fungus on the survival of the BTB. The information gathered would be important for effective management of the BTB.

In this regard, activities were initiated to select systemic fungicides that can effectively inhibit growth of ambrosia fungi that is responsible for growth and survival of the coffee twig borer (Xylosandrus compactus). This is part of the strategy to integrate ambrosia control in black twig borer management packages

Under this strategy, the following were done:

- Isolation, identification of ambrosia fungi associated with *Xylosandrus compactus*
- In-vitro selection of systemic fungicides for inhibition of ambrosia fungal development
- Field samples collection done at 4 locations in Mukono district and preliminary culturing of collected samples done at Kituza.

From each district, five coffee farms were identified and samples of damaged coffee twigs due to CTB were collected with help of sterile secateurs. The farm details and GPS location of the farms were also noted.

For laboratory isolation of Ambrosia fungi, samples were surface sterilized with 40% ethanol to eliminate other field contaminants and finally cleansed with distilled water. With help of a surgical blade, the bored twigs were longitudinally cleaved to expose the tunnel of the beetles. The beetles were collected in labeled sterile vials, while the wall of the tunnels from where the beetles used to graze were scrapped off and also collected in separate vials. The collected beetles were crushed in the vial so as to expose the propagules of the fungi concealed in their mycangia. This was diluted with distilled water to make a suspension which was cultured on Petri dishes containing PDA. The cultures were incubated at room temperature.

5.7.3 Achievement

Eight isolates were obtained from beetles and are undergoing taxonomical identification. However, the following remains to be done:

- It is important to carry out pathogenicity tests of the collected isolates to understand fully the relationship between the Ambrosia fungi and the coffee plant.
- Evaluation of (preferably systemic) fungicides for control of characterized fungal species both in the field and *in-vitro*.

Identification of possible races among the isolates needs to be investigated.

5.8 Development of high yielding and good quality Arabica coffee varieties which are resistant to CBD and leaf rust.

- Lines, which were introduced from India were planted in on-farm trials in Kapchorwa (4) and Manafwa (2).
- On-station trials of the same varieties, which were planted at Kituza and Buginyanya in the previous reporting period, were maintained.
- Continued to collection data for assessing performance of coffee collections existing at Bugusege, Kawanda and Kituza
- Trials of Arabica hybrids were maintained at Bugusege and Buginyanya
- Raised 440 rooted cuttings of 17 new Arabica clones for evaluation in multi-location trials, including Kituza.

5.9Developing IPM packages for key Arabica coffee insect pests in the Mt. Elgon area

This research work has been going on for two years and it is nearing completion. This is a joint UCDA and IPM-CRSP supported activity. The broad objectives of the study are to:

i). Derive a pest profile for Arabica coffee in the Mt. Elgon zone;

ii). Determine economic threshold injury levels for key insect pests;

iii). Test selected IPM options for control root mealy bugs;

iv). Test IPM options for control of stem borers.

The study on Arabica coffee pests profile was completed and results presented at several for a (See IPM-CRSP website). The result of the study has informed all subsequent coffee IPM research agenda for the Mount Elgon zone.

On-station studies at Bugusege on improving IPM packages for coffee root mealy bugs and stem borers were completed in 2009 and results being written up for publication. The studies have now been advanced to participatory on-farm trials in 3 locations in Buwasa sub-county, Sironko district in order to verify the on-station findings.

On-station economic threshold injury level studies will continue over two more cropping seasons. During the period under review, routine treatment applications, data collection and field maintenance were implemented as planned.

5.10 Establishment, characterization, utilization and maintenance of germplasm

- Continued to maintain germplasm fields at Kawanda, Kituza and Bugusege;
- Raised 5,153 rooted cuttings of 120 Robusta coffee genotypes from the

germplasm collections at Kawanda for replanting in Kituza and Bulegeni. This is replication in location will void loss of the germplasm due to CWD, which is prevalent in central region and by destructive human activities at Kawanda, which are arising from urbanization.

- Raised 1900 rooted cuttings of 57 Arabica coffee genotypes from germplasm collections at Kawanda, which will be planted at Kituza and Bugusege in the next reporting period.

CWD Resistant lines at COREC, Kituuza

Chapter Six

FINANCE AND ADMINISTRATION

6.1STAFF MATTERS

The number of staff in the organization increased slightly from 55 to 56 during the year with an additional member of staff in the Development Department. Table 6.1 shows the total number of staff in their respective departments.

Table 6.1: Distribution of Staff per Department

DEPARTMENT	Professional/ Technical Staff	Support Staff	Total
Office of Managing Director	4		4
Finance & Administration	7	4	11
Quality, Regulatory & Information Services	16	-	16
Development	25	-	25
Total	**52**	**4**	**56**

6.1.1 PERFORMANCE APRAISALS

Performance Appraisals for Coffee Year 2009/10 were carried out and below are the results:

- Nina L. Nassuna emerged employee of the year 2009
- 2 staff contracts were terminated
- 5 staff contracts renewed
- Human Resources (HR) review process commenced during the year
- 25 staff contracts were temporarily renewed pending the HR review process.

6.1.2 STAFF TRAINING & WORKSHOPS

The following benefited from staff training and workshops:

- 2 Coffee Research staff were supported towards their PhD studies
- 1 UCDA Staff supported towards ACCA certification
- 3 Finance staff attended various trainings/workshops organized by ICPAU and MFPED
- One Officer attended an Organic coffee training in USA with collaboration with University of Florida.

6.3 INTERNATIONAL MEETINGS/ CONFERENCES

Uganda continued to show her presence in the international coffee arena through attending meeting and conference as indicated below:

- Participated in the 49th IACO Annual General Meeting in Abidjan, Cote d'Ivoire
- Attended the World Coffee Conference in February 2010 and ICO meeting in May and September and Uganda ratified the 2007 International Coffee Agreement (ICA 2007)
- Participated in the Canton Guangzhou City trade show and Shangai Expo in China in 2010
- Participated in the World Travel Market exhibition in London in November 2009
- Participated in the 7th African EAFCA exhibition in Mombasa, Kenya

- Participated in the SCAE and World Barista Championship where Uganda emerged 47th out of 53 in the World Barista Championship
- Participated in the UNAA Conference and Uganda/US Trade Investment Forum in Washington D.C in September 2009
- In all the above exhibitions, Uganda Coffee was showcased to Ugandans in the Diaspora and other consumers

6.4 MANAGEMENT OF ASSETS

- The UCDA procurement and disposal process was audited by the Public Procurement and Disposal of Public Assets Authority (PPDA) and UCDA was ranked 6th out of 72 government institutions reflecting good practices.

- On management of UCDA assets, repair works was done on all UCDA buildings and the access road to Bugolobi premises was tarmacked. The properties are now in tenable conditions.

- The entire fleet of vehicles: 7 cars and 19 motorcycles were regularly serviced and repaired. Two vehicles: UAF 660K and UAA 295 E are due for replacement.

6.5 CORPORATE SOCIAL RESPONSIBILITY

UCDA continued to participate in various activities towards Social Corporate Responsibility (CSR). These included among others the following:

- Shs 25M contributed for the Bududa crisis by UCDA & staff.
- Contributions made to Gulu Archdiocese, All Saints Cathedral, Kampala and St. Andrew's Church, Bukoto.
- Participated in various Corporate League functions.

6.6 FIELD VISITS UNDER MONITORING AND EVALUATION

- Routine monitoring and evaluation was undertaken and monitoring reports written
- A field visit to Wakiso, Mpigi, Mityana and Mubende districts was undertaken by the UCDA Board, noted critical success factors such as limited supply of planting material, rehabilitation of old coffee shambas and quality improvements after which a number of recommendations were made to improve coffee productivity and production
- The Audit Committee of the UCDA Board visited the JVCs in Egypt and China in April/ May 2010 and recommended that the private sector should have greater participation in the JVCs and proposed that UCDA engages the private sector and signs MOUs with them in this regard.
- The Board members of UGEMCO attended the annual general meeting and shareholders meeting in June 2010.
- Uganda was appointed as Chairperson of the UGEMCO Board of Directors.

STATISTICAL ABSTRACTS

Appendix 1: Coffee Procurement Figures in 60-Kilogramme Bags

Month	2009			2010			2011		
	Actual			Actual			Projections		
	Robusta	Arabica	Total	Robusta	Arabica	Total	Robusta	Arabica	Total
Jan	281,599	62,001	343,600	200,454	65,080	265,534	165,114	63,541	304,567
Feb	272,146	72,005	344,151	193,502	75,008	268,510	232,824	73,507	306,331
Mar	202,168	63,532	265,700	152,103	76,159	228,262	177,136	69,846	246,981
Apr	195,213	62,015	257,228	92,018	75,000	167,018	143,616	68,508	212,123
May	214,126	72,016	286,142	121,513	89,523	211,036	167,820	80,770	248,589
Jun	225,013	51,023	276,036	179,494	95,096	274,590	202,254	73,060	275,313
Jul	210,156	45,000	255,156	181,255	82,132	263,387	195,706	63,566	259,272
Aug	190,225	50,332	240,557	122,800	53,250	176,050	156,513	51,791	208,304
Sep	175,001	50,135	225,136	174,300	52,983	227,283	174,651	51,559	226,210
Oct	165,911	60,500	226,411	120,412	68,529	188,941	160,556	54,015	214,570
Nov	206,504	50,201	256,705	212,477	69,323	281,800	197,243	51,185	248,428
Dec	225,637	65,123	290,760	230,428	45,311	275,739	213,497	61,004	274,501
Total	**2,563,699**	**703,883**	**3,267,582**	**1,980,756**	**847,394**	**2,828,150**	**2,186,930**	**762,352**	**3,025,189**

Source: UCDA Database

Appendix II: Monthly Coffee Exports by Individual Companies in 60-Kilo bags in 2009/10

Name	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	Total
Grand Total	**199,011**	**233,511**	**272,755**	**263,014**	**250,324**	**219,684**	**152,306**	**177,380**	**234,956**	**266,215**	**217,284**	**169,728**	**2,668,971**
Kyagalanyi Coffee Ltd	29,977	34,028	23,819	43,798	41,000	36,873	21,652	38,814	39,967	33,606	27,098	30,772	401,404
Ugacof	26,428	24,786	41,352	33,422	34,089	15,257	13,306	23,058	39,990	33,638	32,502	18,726	336,554
Kawacom	26,855	32,694	27,742	20,533	38,561	42,122	33,399	30,720	22,600	24,875	14,120	17,446	331,667
Savannah Commodities	17,804	16,946	20,336	14,820	16,280	20,084	11,606	8,430	20,940	34,397	13,720	10,958	206,321
Great Lakes	23,840	22,562	21,048	18,124	13,146	20,525	12,977	11,860	16,140	15,820	10,590	14,526	201,158
Ibero (U) Ltd.	15,817	21,550	20,370	18,830	22,063	13,414	11,256	15,478	17,409	7,546	12,052	10,621	186,406
Kampala Domestic Store	19,674	25,178	22,657	7,275	10,105	7,540	5,927	3,196	6,546	22,194	9,183	14,767	154,242
Olam (U) Ltd	5,286	5,032	12,001	13,854	18,102	17,358	16,670	16,182	10,320	2,930	20,052	15,761	153,548
Job Coffee	7,985	12,306	28,732	27,249	13,541	9,158	4,747	7,897	7,927	10,144	11,636	6,180	147,502
Pan Afric Impex	3,631	14,990	12,790	12,555	11,505	6,510	6,255	8,020	18,010	15,345	9,430	6,000	125,041
Nakana Coffee Factory	4,138	7,498	14,390	10,612	5,738	1,670	1,338	1,987	4,009	9,646	8,622	4,332	73,980
Lakeland Holdings Ltd.	3,868	2,453	5,975	13,119	6,584	1,400	2,130	360	5,785	5,911	15,075	3,948	66,608
Coffee World	1,670	4,056	6,123	11,739	12,750	330	0	1,336	4,376	5,172	3,674	0	51,226
Kamba Petroleum	1,800	0	0	4,550	4,200	2,800	1,397	660	3,048	7,496	5,796	1,050	32,797
Mbale Importers & Exporters	2,680	4,090	3,770	3,370	2,660	1,300	3,210	2,880	1,280	2,560	1,310	1,960	31,070
LD Commodities	0	0	990	1,830	0	8,234	320	640	300	7,584	5,316	3,760	28,974
Ankole Coffee Processors	700	1,050	2,100	2,070	1,000	1,384	670	3,230	4,078	5,890	2,978	1,050	26,200
Wabuungu	0	0	0	0	1,722	2,108	0	334	2,134	7,850	4,680	325	19,153
Penform Trading Ltd.	0	0	0	0	0	2,900	1,486	0	4,642	3,750	2,800	1,700	17,278
Kaweri	0	0	3,520	2,240	2,400	640	1,600	0	1,280	2,560	1,280	960	16,480
Anderson Investments	2,672	720	3,340	334	0	2,800	1,610	0	1,103	0	0	486	13,065
Gumutindo	0	0	0	960	1,210	960	750	640	960	1,030	630	320	7,460
A.J.S. Coffee ltd.	0	0	0	0	594	0	0	0	0	3,150	2,100	1,400	7,244
Ankole Producers	660	960	0	330	960	320	0	0	300	1,000	1,320	1,270	7,120
Kitasha	654	1,008	340	0	2,163	1,500	0	0	0	0	0	0	5,665
Sent Initiatives	0	634	700	1,400	0	0	0	578	1,132	1,147	0	0	5,591
Coffee Services	2,560	640	0	0	0	0	0	720	360	0	360	360	5,000
Bakwanye Trading Co Ltd	0	330	330	0	0	640		360	320	640	960	960	4,540
Anitas Coffee	0	0	0	0	2,090	1,197	0	0	0	0	0	0	3,287
Bugisu Cooperative Union	0	0	0	0	330	660	0	0	0	0	0	0	990
Lwanyaga Coffee Factory	0	0	0	0	0	0	334	0	0	0	0	0	334
UNEX	0	0	0	0	0	0	0	0	0	334	0	0	334
Elgon Commodities Ltd.	0	0	330	0	0	0	0	0	0	0	0	0	330
Uganda Coffee Exports Centre	312	0	0	0	0	0	0	0	0	0	0	0	312
Nile Highland Arabica Coffee	0	0	0	0	0	0	0	0	0	0	0	90	90

APPENDIX III: COFFEE EXPORTS BY VOLUME AND VALUE 2005/06-2009/10

GRADE	2009/10		2008/09		2007/08		2006/07		2005/06	
	QTY	VALUE $	QTY	VALUE $	QTY	VALUE $	QTY	VALUE $	QTY	VALUE $
TOTAL	**2,668,971**	**266,715,621**	**3,053,688**	**291,761,739**	**3,210,603**	**338,398,200**	**2,704,236**	**256,580,844**	**2,002,324**	**170,343,587**
ROBUSTA	**1,957,400**	**163,484,690**	**2,405,137**	**212,848,980**	**2,713,498**	**316,060,409**	**2,144,482**	**192,779,546**	**1,408,314**	**103,873,270**
OCT	146,711	11,789,081	151,155	17,139,504	131,879	12,722,394	115,013	9,287,693	71,774	4,469,897
NOV	185,004	15,012,284	220,268	21,582,136	165,986	16,742,817	174,587	14,744,480	121,407	8,093,316
DEC	208,903	16,509,486	251,386	24,439,607	237,168	24,416,389	196,685	16,369,909	132,336	9,381,631
JAN	209,993	17,019,416	269,395	24,046,556	326,466	34,736,650	255,416	21,368,320	156,047	11,016,259
FEB	184,432	14,653,763	248,364	22,481,152	281,583	31,583,620	182,090	15,137,262	91,747	6,912,473
MAR	145,988	11,613,230	195,535	16,769,099	238,938	30,141,261	207,763	17,251,142	86,973	6,490,296
APR	91,882	7,242,599	142,893	11,754,995	177,037	22,484,225	94,685	8,026,750	76,946	5,868,690
MAY	105,498	8,641,248	158,341	12,875,835	179,389	21,620,095	139,965	12,762,155	89,157	6,946,257
JUN	173,598	14,644,776	209,503	17,194,480	228,771	27,944,904	208,479	20,283,411	167,401	12,428,399
JUL	210,977	18,950,466	215,767	16,910,898	289,684	36,693,251	227,364	23,556,869	149,759	11,050,922
AUG	170,178	16,056,668	203,986	16,433,983	276,757	34,705,424	195,432	19,395,567	147,366	11,452,930
SEPT	124,236	11,351,674	138,544	11,220,734	179,840	22,269,379	147,003	14,595,988	117,401	9,762,200
ARABICA	**711,571**	**103,230,931**	**648,551**	**78,912,759**	**497,105**	**72,337,793**	**559,754**	**63,801,298**	**594,010**	**66,470,317**
OCT	52,300	6,883,497	28,079	3,818,259	40,697	4,927,599	40,558	4,069,398	49,922	4,809,598
NOV	48,507	6,950,918	46,464	5,892,864	32,878	4,257,336	76,141	8,215,760	60,646	6,379,170
DEC	63,852	9,188,988	47,262	5,878,310	35,351	5,068,397	52,024	5,836,821	48,008	5,467,617
JAN	53,021	8,126,715	59,816	6,422,790	34,409	4,990,387	60,712	6,999,422	72,667	8,663,022
FEB	78,361	11,624,043	71,241	8,562,260	36,430	5,389,755	40,009	5,008,525	74,015	9,201,115
MAR	73,696	10,352,161	60,722	7,154,243	40,310	6,156,947	57,636	6,977,573	68,987	8,140,598
APR	60,758	8,303,960	62,832	7,304,272	60,189	9,477,784	42,471	4,928,768	69,696	7,845,734
MAY	71,882	9,592,094	62,279	7,290,706	52,053	7,878,807	44,595	5,144,792	34,164	4,021,072
JUN	61,358	8,376,326	44,523	6,016,435	49,336	7,581,507	36,300	4,000,843	20,047	2,146,047
JUL	55,238	8,581,474	49,800	6,453,488	35,396	5,324,249	41,500	4,776,409	26,551	2,660,751
AUG	47,106	7,645,086	56,250	7,128,798	47,370	6,802,180	35,417	4,101,088	28,160	2,927,946
SEP	45,492	7,605,669	59,283	6,990,335	32,686	4,482,845	32,391	3,741,899	41,147	4,207,647

Appendix IV: Monthly Coffee Exports by Type and Grade – in 60-kilo Bags and

GRADE	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	Total
TOTAL	**199,011**	**233,511**	**272,755**	**263,014**	**262,793**	**219,684**	**152,640**	**177,380**	**234,956**	**266,215**	**217,284**	**169,728**	**2,668,971**
ROBUSTA	**146,711**	**185,004**	**208,903**	**209,993**	**184,432**	**145,988**	**91,882**	**105,498**	**173,598**	**210,977**	**170,178**	**124,236**	**1,957,400**
Washed Robusta	349	470	4,540	1,920	3,790	960	1,600	-	1,280	2,560	1,920	320	19,709
Organic Robusta	1,380	-	1,400	-	-	710	1,654	-	1,710	1,010	1,410	1,700	10,974
Screen 18	14,572	13,671	13,739	13,679	12,224	13,541	8,553	11,452	20,019	28,107	19,067	16,749	185,373
Screen 17	5,432	4,770	8,150	9,838	10,234	5,552	2,340	7,676	7,888	4,738	8,759	4,660	80,037
Screen 15	84,075	106,184	109,699	113,998	89,242	70,637	37,675	38,355	93,077	124,927	106,296	65,504	1,039,669
Screen 14	330		720	1,730	668	3,834	320			668	1,750		10,020
Screen 13		8,814	1,002	3,868	3,882	2,004	7,556	2,004	1,670	2,004	1,002	1,050	34,856
Screen 12	20,750	30,864	42,742	53,692	44,346	27,388	13,686	36,456	37,028	30,882	25,358	13,830	377,022
BHP 1199	11,700	11,100	14,855	3,798	10,600	13,807	13,099	6,385	4,324	12,121	2,660	11,134	115,583
Others	8,123	9,131	12,056	7,470	9,446	7,555	5,399	3,170	6,602	3,960	1,956	9,289	84,157
ARABICA	**52,300**	**48,507**	**63,852**	**53,021**	**78,361**	**73,696**	**60,758**	**71,882**	**61,358**	**55,238**	**47,106**	**45,492**	**711,571**
Rwenzori	-	-	-	-	-	-	-	350	-	-	-	-	350
Mt. Elgon A	-	-	-	-	300	2,300	-	150	-	1,920	-	100	4,770
Organic Okoro	1,050	960	2,300	2,680	1,355	1,760		360	660	350		710	12,185
Organic Bugisu	1,060	1,640	-	350	4,710	1,260	710	720	360	70	720	-	11,600
Supremo	-	-	1,600	1,280	960	640	960	2,070	2,720	1,920	640	640	13,430
Bugisu AA SP	1,440	2,830	-	-	-	-	-	-	-	-	-	-	4,270
Bugisu AAA	-	-	-	-	-	-	-	-	-	80	-	-	80
Bugisu AA	7,924	10,210	9,410	10,880	12,560	8,697	7,230	5,329	1,953	2,419	3,001	6,884	86,497
Bugisu A	720	1,740	5,780	910	4,690	3,060	1,040	2,041	800	883	719	145	22,528
Bugisu AB	5,897	12,282	6,650	12,530	7,990	7,027	5,700	2,310	4,183	3,560	2,330	3,211	73,670
Bugisu PB		330	980	330		640	320	60	320	141			3,121
Bugisu B	-	-	-	-	-	-	-	-	30	7			37
Bugisu CPB	640	1,280	960	320	1,600	1,920	2,240	1,280	2,067	1,280	1,300	960	15,847
Bugisu C	12				320	150	150			320		450	1,402
Mixed Arabica	320	-	1,600	-	-	-	-	-	-	-	-	1,020	2,940
Organic Drugar	-	-	1,050	-	-	-	1,050	-	1,510	350	-	-	3,960
WUGAR	1,452	2,612	4,540	7,550	6,544	7,550	2,360	2,960	3,280	3,900	2,510	6,330	51,588
DRUGAR	29,396	12,530	24,517	11,376	29,132	29,489	32,584	47,737	35,338	35,048	30,148	16,617	333,912
Others Arabica	2,389	2,093	4,465	4,815	8,200	9,203	6,414	6,515	8,137	2,990	5,738	8,425	69,384

Appendix V: Quarterly Coffee Exports by Type and Grade – in 60-kilo Bags and US $

Type/Grade	Oct/Dec 2009		Jan/Mar 2010		Apr/Jun 2010		Jul/Sep 2010		Total	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value
TOTAL	**705,277**	**66,334,253**	**745,491**	**73,389,327**	**564,976**	**56,801,003**	**653,227**	**70,191,037**	**2,668,971**	**266,715,621**
ROBUSTA	**540,618**	**43,310,851**	**540,413**	**43,286,408**	**370,978**	**30,528,623**	**505,391**	**46,358,808**	**1,957,400**	**163,484,690**
Washed Robusta	5,359	525,228	6,670	629,158	2,880	260,742	4,800	462,225	19,709	1,877,354
Organic Robusta	2,780	255,531	710	70,437	3,364	339,377	3,410	374,317	10,264	1,039,662
Screen 18	41,982	3,599,615	39,444	3,424,126	40,024	3,610,529	63,923	6,261,160	185,373	16,895,430
Screen 17	18,352	1,506,200	25,624	2,140,010	17,904	1,609,094	18,157	1,786,901	80,037	7,042,204
Screen 15	299,958	24,795,419	273,877	22,641,356	169,107	14,321,342	296,727	28,160,821	1,039,669	89,918,937
Screen 14	1,050	79,147	6,232	503,242	320	26,413	3,468	316,695	11,070	925,497
Screen 13	9,816	920,630	9,754	761,780	11,230	869,406	3,006	238,573	33,806	2,790,390
Screen 12	94,356	7,276,997	125,426	9,770,945	87,170	7,059,179	70,070	5,965,840	377,022	30,072,962
BHP 1199	37,655	2,346,341	28,205	1,644,432	23,808	1,395,481	25,915	1,641,941	115,583	7,028,194
Other Robustas	29,310	2,005,743	24,471	1,700,921	15,171	1,037,060	15,915	1,150,335	84,867	5,894,060
ARABICA	**164,659**	**23,023,403**	**205,078**	**30,102,918**	**193,998**	**26,272,381**	**147,836**	**23,832,229**	**711,571**	**103,230,931**
Organic Bugisu	2,700	427,873	8,220	1,578,297	1,790	309,698	790	145,834	13,500	2,461,703
Organic Okoro	4,310	707,439	4,195	725,203	1,020	171,588	1,060	218,904	10,585	1,823,134
Bugisu AA Sp	4,270	615,269	-	-	-	-	-	-	4,270	615,269
Bugisu AA	27,544	4,317,870	32,137	5,338,863	14,512	2,376,206	12,304	2,381,427	86,497	14,414,366
Bugisu A	8,240	1,310,654	8,660	1,478,928	3,881	641,044	1,747	333,746	22,528	3,764,371
Bugisu PB	1,310	205,755	970	167,805	700	104,022	141	22,650	3,121	500,232
Bugisu B	-	-	-	-	30	4,564	7	833	37	5,397
Bugisu AB	24,829	3,903,748	27,547	4,449,281	12,193	1,983,926	9,101	1,648,963	73,670	11,985,918
Bugisu CPB	2,880	421,167	3,840	562,120	5,587	934,584	3,540	564,448	15,847	2,482,319
Bugisu C	12	1,587	470	56,614	150	18,453	770	91,138	1,402	167,792
Mixed Arabica	1,920	186,245	-	-	-	-	1,020	101,191	2,940	287,436
Wugar	8,404	1,281,893	21,644	3,571,669	8,600	1,431,904	12,740	2,626,521	51,388	8,911,986
Drugar	66,443	8,528,562	69,997	9,340,908	115,659	14,878,141	81,813	13,128,455	333,912	45,876,067
Other Arabica	11,797	1,115,342	27,398	2,833,230	29,876	3,418,251	22,803	2,568,119	91,874	9,934,941

Appendix VI: Coffee Exports by Individual Buyers in 60-Kilo Bags

BUYER	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
Grand Total	**199,011**	**233,511**	**272,755**	**263,014**	**262,793**	**219,684**	**152,640**	**177,380**	**234,956**	**266,215**	**217,284**	**169,728**	**2,668,971**
Ecom Agro-industrialists	26,855	33,028	27,422	18,463	31,911	23,608	26,749	27,220	18,766	24,875	14,120	16,786	289,803
Sucafina	15,480	11,436	29,604	21,784	24,903	13,947	13,216	22,908	29,298	19,750	13,642	12,536	228,504
Socadec	15,210	16,589	36,495	37,341	27,720	9,028	2,130	6,660	14,870	21,156	30,281	3,205	220,685
ABACO International	5,951	17,500	15,400	22,837	13,650	20,284	10,850	15,400	22,050	25,900	21,000	11,900	202,722
Bernhard Rothfos	17,097	22,190	21,252	16,882	23,523	12,152	8,955	14,142	16,421	7,546	9,742	9,981	179,883
Aldwami	10,150	11,900	12,950	27,300	22,720	22,114	4,200	1,400	11,200	29,050	12,250	4,550	169,784
Olam International	5,286	9,374	13,269	14,472	18,712	13,858	15,940	15,222	10,320	2,930	15,852	14,711	149,946
Decotrade	6,780	15,120	6,840	20,870	17,590	17,280	7,200	11,880	15,480		5,400	10,800	135,240
Volcafé	14,383	4,456	4,166	9,160	12,556	14,793	4,356	12,190	14,270	14,472	10,920	4,795	120,517
Cofftea (Sudan)	4,550	8,750	9,100	1,750	9,800	5,600	3,500	4,550	11,534	20,300	6,650	12,600	98,684
Straus Café	1,240	8,572	6,203	8,502	8,154	2,240	9,406	10,500	4,768	12,310	6,360	2,801	81,056
Icona Café	6,890	1,948	4,996	654	1,990	1,628	334	5,608	14,296	20,838	14,744	6,536	80,462
Tata Coffee	13,560	5,700	12,900	-	-	9,630	10,094	1,796	2,999	9,890	4,498	9,300	80,367
Hacofco	10,348	10,238	1,976	9,928	4,996	5,540	1,690	-	1,624	3,704	5,490	2,204	57,738
Guzman	5,022	4,650	2,668	4,020	2,270	2,970	2,954	3,006	6,660	4,768	3,972	2,310	45,270
Coex Coffee	360	2,480	6,748	8,864	3,880	3,850		5,440	3,520	1,580	2,870	4,800	44,392
Louis Dreyfus	3,674	8,342	7,996	1,670		1,610	320	640	1,960	10,214	5,316	2,630	44,372
Webcor	6,457	2,810	4,060	2,609	1,295	2,800	3,548	1,336	970	1,968	4,938	2,506	35,297
Aziede	1,350	5,260	3,625	2,360	2,360	2,320	670	635	3,045	4,055	1,685	4,345	31,710
Coffee Services	4,508	2,988	1,259	634	4,002	2,538	4,446	4,318	3,214	2,280	360	680	31,227
American Coffee		2,658	1,322	2,402	3,326	3,326	2,672	320	3,006	668	-	3,006	22,706
Vayhan				1,500	7,785	5,700	1,486	578	2,092	600			19,741
Elmathahib	1,750	1,050		1,750	2,450	2,800	700		1,750	3,500	2,100		17,850
World Botanical	-	-	-	-	-	1,600	1,280	320		3,520	5,854	5,162	17,736
Hamburg Co	-	-	16,854	-	-	-	-	-	-	-	-	-	16,854
Others	22,110	26,472	25,650	27,262	17,200	18,468	15,944	11,311	20,843	20,341	19,240	21,584	246,425

Appendix VII: Performance by Individual Exporters in the past 5 years in 60 kg bags

	2009/10	2008/09	2007/08	2006/07	2005/06	Average	% Mkt Share
Grand Total	**2,668,971**	**3,053,688**	**3,210,603**	**2,704,236**	**2,002,324**	**2,723,732**	
Kyagalanyi Coffee Ltd.	401,404	527,572	512,715	408,536	350,333	**440,112**	16.16
Ugacof Ltd.	336,554	285,198	474,083	566,687	262,370	**384,978**	14.13
Kawacom (U) Ltd.	331,667	407,408	434,819	358,553	296,575	**365,804**	13.43
Savannah Commodities.	206,321	225,619	186,224	101,570	33,936	**150,734**	5.53
Great Lakes Co. Ltd	201,158	271,351	237,089	225,234	197,337	**226,434**	8.31
Ibero (U) Ltd.	186,406	201,811	270,128	189,167	111,224	**191,747**	7.04
Kampala Domestic Store	154,242	241,947	222,068	74,870	22,717	**143,169**	5.26
Olam (U) Ltd.	153,548	113,570	35,233	82,199	178,069	**112,524**	4.13
Job Coffee	147,502	221,151	271,203	209,460	60,866	**182,036**	6.68
Pan Afric Impex	125,041	73,055	115,799	195,044	295,652	**160,918**	5.91
Nakana Coffee Factory.	73,980	71,094	78,280	60,344	36,182	**63,976**	2.35
Lakeland Holdings Ltd.	66,608	228,570	200,487	59,330	37,005	**118,400**	4.35
Coffee World Ltd.	51,226	11,458	-	-	-	**12,537**	0.46
Kamba Petroleum, Ltd.	32,797	3,322	-	-	-	**7,224**	0.27
Mbale Importers & Exporters	31,070	23,950	14,690	27,480	15,300	**22,498**	0.83
LD Commodities Ltd.	28,974	668	-	-	-	**5,928**	0.22
Ankole Coffee Processors	26,200	1,640	-	-	-	**5,568**	0.20
Wabulungu Multi-Purpose.	19,153	61,829	90,413	84,271	26,783	**56,490**	2.07
Penform Trading Co. Ltd	17,278	-	-	-	-	**3,456**	0.13
Kaweri Coffee Plantation	16,480	12,223	15,360	8,635	1,500	**10,840**	0.40
Anderson Investment Ltd.	13,065	1,080	8,792			**7,646**	0.28
Gumutindo Coffee Co-op	7,460	8,273	6,739	6,684	6,160	**7,063**	0.26
A.J.S Coffee	7,244	-	-	-	-	**1,449**	0.05
Ankole Coffee Producers	7,120	-	-	-	-	**1,424**	0.05
Kitasha	5,665	3,274	2,800	6,190	-	**3,586**	0.13
Senti Initiatives Ltd.	5,591	-	1,050	-	-	**1,328**	0.05
Coffee Services	5,000	6,394	-	-	-	**2,279**	0.08
Bakwanye Trading Co.	4,540	5,120	4,480	3,200	1,920	**3,852**	0.14
Anitas Coffee	3,287	-	-	-	-	**657**	0.02
Bugisu Co-op Union	990	-	-	-	-	**198**	0.01
Lwanyaga Coffee Factory	334	-	-	-	-	**67**	0.00
Union Export Services	334	22,594	13,803	28,394	30,523	**19,130**	0.70
Elgon Commodities Ltd.	330	-	-	-	-	**66**	0.00
Uganda Coffee Export Centre	312	-	-	-	-	**62**	0.00
Nile Highland Arabica	90	145	54	-	-	**58**	0.00
Zigoti Coffee Works Ltd	-	320	-	300	300	**184**	0.01
MTL Main Traders	-	-	200	5,249	33,115	**7,713**	0.28
Victoria Coffee Ltd	-	2,045	-	-	1,425	**694**	0.03

Good African Coffee (Rwenzori)	-	-	1,294	2,222	1,002	**904**	0.03
Sitanida Agencies Ltd	-	-	-		990		
Kaginda Coffee Exporters	-	-	-		700		
Uganda Medium Industries	-	-	-		340		
Ankole Coffee Processors	-	-	-				
Semliki Rift Investment	-	320	12,800			**4,373**	0.16
Lamba International	-	-		267		**89**	0.00
Lion General Agency	-	-		350		**117**	0.00
Busingye & Co	-	5,296				**2,648**	0.10
Bagain (U) Ltd	-	8,580				**4,290**	0.16
Libra Commodities	-	3,582				**1,791**	0.07
Yaka (U) Ltd.	-	2,331				**1,166**	0.04
Green Holdings	-	898				**449**	0.02

APPENDIX VIII: 24-YEAR EXPORT PERFORMANCE SERIES BY TYPE & UNIT PRICE - $/KILO

- in 60 Kilo Bags -

Coffee Year	Robusta		Arabica		Total		Unit Price in US $ /Kilo		
	Qty	Value $	Qty	Value $	Qty	Value $	Robusta	Arabica	Average price
1986/87	2,007,188	261,751,569	273,018	46,843,089	2,280,206	308,594,658	2.17	2.86	2.26
1987/88	2,177,359	243,245,519	140,982	19,994,054	2,318,341	263,239,573	1.86	2.36	1.89
1988/89	2,938,860	273,806,235	175,536	21,061,646	3,114,396	294,867,881	1.55	2.00	1.58
1989/90	2,228,293	125,970,229	136,458	13,615,502	2,364,751	139,585,731	0.94	1.66	0.98
1990/91	1,924,319	105,733,784	160,948	15,647,712	2,085,267	121,381,496	0.92	1.62	0.97
1991/92	1,884,183	91,742,542	169,034	12,813,523	2,053,217	104,556,065	0.81	1.26	0.85
1992/93	1,841,510	90,576,148	247,132	18,117,843	2,088,642	108,693,991	0.82	1.22	0.87
1993/94	2,471,960	192,307,120	533,245	81,351,730	3,005,205	273,658,850	1.30	2.54	1.52
1994/95	2,284,109	338,762,354	507,644	93,731,757	2,791,753	432,494,111	2.47	3.08	2.58
1995/96	3,762,347	345,136,777	386,456	43,779,380	4,148,803	388,916,157	1.53	1.89	1.56
1996/97	3,789,013	288,858,906	448,101	66,267,735	4,237,114	355,126,641	1.27	2.46	1.40
1997/98	2,691,278	227,361,611	341,060	49,112,624	3,032,338	276,474,235	1.41	2.40	1.52
1998/99	3,291,540	247,869,096	356,449	35,126,416	3,647,989	282,995,512	1.26	1.64	1.29
1999/00	2,390,682	121,850,127	526,575	42,899,788	2,917,257	164,749,915	0.85	1.36	0.94
2000/01	2,617,777	79,703,961	456,996	25,072,463	3,074,773	104,776,424	0.51	0.91	0.57
2001/02	2,715,955	64,496,820	430,426	19,440,133	3,146,381	83,936,953	0.40	0.75	0.44
2002/03	2,221,440	81,843,934	442,448	22,943,160	2,663,888	104,787,094	0.61	0.86	0.66
2003/04	1,979,353	82,611,561	543,689	33,093,283	2,523,042	115,704,844	0.70	1.01	0.76
2004/05	1,986,890	105,833,286	518,000	56,262,950	2,504,890	162,096,236	0.89	1.81	1.08
2005/06	1,408,314	103,873,269	594,010	66,470,317	2,002,324	170,343,586	1.23	1.87	1.42
2006/07	2,144,482	192,779,546	559,754	63,801,298	2,704,236	256,580,844	1.50	1.90	1.58
2007/08	2,713,498	316,060,409	497,105	72,337,793	3,210,603	388,398,202	1.94	2.43	2.02
2008/09	2,405,137	212,848,980	648,551	78,912,759	3,053,688	291,761,739	1.47	2.03	1.59
2009/10	1,957,400	163,484,690	711,571	103,230,931	2,668,971	266,715,621	1.39	2.42	1.67
AVERAGE	**2,409,704**	**181,604,520**	**408,550**	**45,913,662**	**2,818,253**	**227,518,182**			

FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2010 TOGETHER WITH THE REPORT AND OPINION THEREON BY THE AUDITOR GENERAL

AUDITED ACCOUNTS 2009/10

SUMMARY	PAGE

REPORT OF THE AUDITOR GENERAL TO PARLIAMENT

UGANDA COFFEE DEVELOPMENT AUTHORITY FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2010

Under section 16(2) of the Uganda coffee development authority (UCDA) Act (Cap 325) and the National Audit Act 2008, 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 of the Republic of Uganda.

Report

The financial statements of Uganda Coffee Development Authority (UCDA) set out on pages 1 to 9 which compromise the Statement of financial position as at 30th September 2010, and the statement of financial performance, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information have been audited.

Directors' responsibility for the financial statements

Under the provisions of the Uganda Coffee Development Authority (UCDA) Act (Cap 325), the Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

The responsibility of the Auditor is to express an independent option on the financial statements based on the audit. The audit was conducted in accordance with International Standards on auditing. Those standards require that ethical requirements are compiled with, and the audit is planned and performed to obtain reasonable assurance about 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 risk assessments, the auditor considers 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 purposes of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, 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 unqualified audit opinion.

Opinion

In my opinion the financial statements present fairly in all material respects, the financial position of Uganda Coffee Development Authority as at 30th September 2011 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Uganda Coffee Development Authority Act(325)

Emphasis of Matter

Without qualifying my opinion, attention is drawn to Note 10 to the financial statements;

Investments in Wet Coffee Processing Machines

The Authority invested Shs.834,815,875 in Wet Coffee Processing Machines which were financed by government under the Strategic Exports Program .These machines were offered to the beneficiaries at Shs. 417,407,939, which has a 50% discount price, under a finance lease arrangement managed by DFCU leasing in 2003. However, not all these machines have been installed.

Management explained that they were reviewing the entire leasing process by engaging the beneficiaries of the Wet mills and Stanbic Bank in discussions. Arrangements have also been made with DFCU to forge a way of reactivating the previous financing /lease arrangement for those that have completed the installation of their machines. The Solicitor General has also been engaged to provide legal advice and guidance.

The outcome of this review and its effect on the installation process is still awaited.

Report on the other legal Requirements

1) As required by the Uganda Coffee Development Authority Act (Cap 325).I report to you based on our audit, that

2) Sufficient and appropriate evidence which was necessary for the purposes of the audit was obtained.

3) Proper books of account have been kept by the Authority, so far as appears from the examination of those books, and

The Authority's statement of financial position and statement of financial performance are in agreement with the books of account.

John F.S. Muwanga

AUDITOR GENERAL

KAMPALA

28th September 2011

UGANDA COFFEE DEVELOPMENT AUTHORITY

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 30 SEPTEMBER 2010

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 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 statements 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.

....	....
Eng. Fabian Tibeita	Henry A.Ngabirano
Chairman –Board of Directors	Managing Director

UGANDA COFFEE DEVELOPMENT AUTHORITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE PERIOD ENDING 30 SEPTEMBER 2010

	Notes	2009/2010	2008/2009
Fixed Assets(Net)	2	,782,955,592	5,827,094,739
Investments			
Investment in Joint ventures	9	226,156,536	357,114,350
Other investments	10	407,532,905	407,532,905
Current Assets			
Short-term Fixed Deposit	3	1,319,210,213	1,011,206,926
Cash at Bank	4(a)	242,473,449	692,900,935
Cash at Hand	4(b)	117,400	7,500
Debtors	5	686,321,490	711,194,177
Prepayments	6	67,884,931	8,409,694
		2,316,007,483	**2,423,719,232**
Less Liabilities			
Creditors: Amounts falling due within one year	7	,644,248,605	1,123,422,862
Net Current Assets		**671,758,878**	**1,300,296,370**
Net Assets		**7,088,403,912**	**7,892,038,365**
FUNDED BY			
Funds of the Authority		2,216,750,000	2,216,750,000
Net Surplus		843,135,257	1,646,769,710
C.F.C Counter Funding		266,315,261	266,315,261
Capital Reserves		503,532,492	503,532,492
Asac Funding		746,529,785	746,529,785
Stabex Funding		847,800,000	847,800,000
UCDA Coffee Seedlings	8	1,664,341,117	1,664,341,117
TOTAL		**7,088,403,912**	**7,892,038,365**

HENRY A. NGABIRANO
MANAGING DIRECTOR

FRED LUZINDA-MUKASA
BOARD SECRETARY/HEAD OF FINANCE

UGANDA COFFEE DEVELOPMENT AUTHORITY

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR PERIOD ENDING 30 SEPTEMBER 2010

	Notes	2009/2010 U Shs	2008/2009 U Shs
REVENUE	1		
UCDA Revenue and share of Joint Venture		7,173,296,312	7,394,864,863
Less: Share of Joint Venture Turnover		150,478,947	103,057,922
Total Operating Revenue		**7,032,418,458**	**7,291,806,941**
OPERATING EXPENSES			
Staff Costs	2	2,388,537,521	2,155,914,958
Administrative Expenses	3	1,073,177,991	920,863,277
Programme Expenses	4	3,493,120,667	3,506,172,008
Support to Coffee Organisations	5	109,572,000	108,529,901
International Obligations	6	421,199,000	389,189,324
Depreciation/ Provisions	7	252,746,443	260,486,466
Total Operating Expenses		**7,738,353,622**	**7,341,155,934**
UCDA Operating Surplus/ (Deficit)		**(705,935,164)**	**(49,348,993)**
Loss on disposal of fixed assets		**-**	**(18,124,049)**
Share of joint Venture loss in China		(88,491,799)	(64,752,685)
Share of joint Venture loss in Egypt		(41,145,618)	(3,130,620)
Share of joint Venture loss in Denmark		(20,841,530)	(35,174,618)
Net Surplus/ (deficit)		**(856,414,111)**	**(170,530,964)**

UGANDA COFFEE DEVELOPMENT AUTHORITY

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR PERIOD ENDING 30 SEPTEMBER 2010

	2009/2010 U. Shs	2008/2009 U. Shs
Net Operating Surplus	**(856,414,111)**	**(170,530,964)**
Depreciation	223,655,095	230,031,871
Loss on disposal of fixed assets	-	18,124,049
Provision for bad & Doubtful debts	29,091,348	30,454,594
Prior year adjustments	52,779,658	877,169,568
increase in Debtors & prepayments	63,693,898	249,190,427
Decrease in Liabilities	524,395,761	(1,511,116,934)
Net cash flows from operating activities	**37,201,649**	**(276,677,389)**
INVESTING ACTIVITIES		
Construction of Laboratory equipment/Land & Buildings	(1,200,000)	(3,575,000)
Purchase of computers	(5,510,000)	(20,293,680)
Purchase of Furniture	(6,255,000)	(13,359,223)
Purchase of Liquoring Equipment	(12,067,860)	-
Purchase of Office Equipment	(9,335,088)	(41,137,235)
Purchase of Vehicles	-	(1,143,834)
Purchase of Moisture meters	(116,348,000)	-
Purchase of Espresso Machine	-	(10,890,000)
Disposal of Fixed Assets	-	32,495,000
Purchase of Farm Equipment	(28,800,000)	-
Net Cash from Investing Activities	**(179,515,948)**	**(57,903,972)**
FINANCING ACTIVITIES		
Lease repayments to DFCU	-	(14,723,203)
Net Cash from Financing Activities	**-**	**(14,723,203)**
NET CASHFLOW	**(142,314,299)**	**(349,304,564)**
ANALYSIS OF CHANGES IN CASH & CASH EQUIVALENT		
Closing Bank Balances	1,561,683,662	1,704,107,861
Closing Cash Balances	117,400	7,500
Opening Bank Balance	(1,704,107,861)	(2,053,368,925)
Opening cash Balance	(7,500)	(51,000)
INCREASE IN CASH & CASH EQUIVALENT	**(142,314,299)**	**(349,304,564)**

UGANDA COFFEE DEVELOPMENT AUTHORITY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2010

	2009/2010 U Shs	2008/2009 U Shs
Retained deficit at the beginning of the year	1,646,769,710	940,131,106
Prior year adjustments	52,779,658	877,169,568
Operating Surplus/ Deficit for the year	(856,414,111)	(170,530,964)
Retained deficit at the end of the year	**843,135,257**	**1,646,769,710**
Prior Year Adjustments		
1. UCDA		
2008/2009 Debtors provision added back	30,454,594	
Specific bad debts written off (Kene, Serwada,Kuka)	(6,903,866)	
Y/E adjustments (small balances)	475	
unrealised exch rate diffs on International Obligations	(19,092,578)	
capitalisation of powersaws misposted to establishment of demos	28,800,000	
	33,258,625	
2. China		
Translation differences		
B/fwd consolidated retained earnings as at 1.10.09	119,246,899	
translated at @ exchange rate as at 30.9.10-329.722	140,022,529	
Difference	20,775,713	
Total Adjustments on China	**20,775,713**	
3. Egypt		
Translation differences		
B/fwd consolidated retained earnings as at 1.10.09	(11,291,595)	
translated at @ exch rate as at 30.9.10-346.583	(12,546,274)	
Difference	(1,254,680)	
Total Adjustment on Egypt	**(1,254,680)**	
Total prior year adjustments	**52,779,658**	