



MINISTRY OF AGRICULTURE, ANIMAL
INDUSTRIES AND FISHERIES



Uganda Coffee Development Authority

COFFEE SUB-SECTOR STRATEGY (2020/21 – 2024/25).

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A sustainable coffee industry with high stakeholder value for socio-economic transformation

FOREWORD

Coffee continues to play a leading role in the livelihood of Ugandans and contributes substantially to foreign exchange earnings for the country with an average of 14% of commodity exports in the last 10 years and as a social balance since about 42% of farming households grow some coffee. In August 2013, Cabinet approved the National Coffee Policy (NCP) which aimed at guiding and regulating interventions of various stakeholders in the coffee industry so as to improve production, processing, roasting and marketing of coffee. To operationalize the NCP, Uganda Coffee Development Authority (UCDA) in consultation with stakeholders developed the first 5-year National Coffee Strategy (2015/16-2019/20) in line with the Agricultural Sector Strategic Plan (2015/16-2019/20) and the National Development Plan (NDP) II (2015/16-2019/20).

Following H.E the President's directive to UCDA to scale up coffee production from 3.5 million to 20 million bags, a coffee road map was developed in 2017 through a consultative process to supplement the National Coffee Strategy. The Coffee Roadmap has 9 initiatives: build structured demand with emphasis on entering emerging markets; brand Uganda coffee which would lead to premiums and increase in local consumption; increase local value addition: strengthen farmer organisations/cooperatives; support joint ventures with emphasis on larger scale production units; provide and promote concessions especially to medium and large scale producers; improve quality of planting material – research and seedlings; improve access to quality inputs; and develop a coffee finance programme.

This second Coffee Sub-Sector Strategy (2020/21-2024/25) has been developed in line with National Coffee Policy, NDPIII and the Coffee Roadmap. It has integrated the coffee roadmap initiatives and is fully aligned to NDPIII Agro-Industrialisation programme and its attendant Programme Implementation Action Plan. The strategy provides a strategic framework against which the Government of Uganda, Development Partners, Civil Society Organisations and the Private Sector should prioritise and align their actions across the value chain to increase coordination and maximise impact in the coffee sub-sector.

The strategy targets production of 20 million 60 Kg bags of coffee by 2025. This is expected to generate export revenues of US\$ 1.5 billion by 2025. This will be achieved by increasing coffee production and productivity; modernising post-harvest handling and storage; increasing coffee processing and value addition; increasing consumption of Ugandan coffee and its products locally and internationally; increasing mobilisation and access to agricultural finance; and strengthening legal, regulatory framework and institutional capacities for an enhanced coordinated delivery of targeted results.

The Strategy has come into implementation at the time when we are experiencing the COVID-19 pandemic which has had an impact on coffee businesses worldwide. This will require stakeholders to change the way business has been conducted, devise means of adapting to the current situation that involves strict observance of the Standard Operating Procedures (SOPs) that inevitably increase the cost of doing business but also provides an opportunity for extensive use of e-transactions.

I would like to appreciate all coffee industry stakeholders who were involved in the consultative process of developing both the Coffee Road map which was the reference point and this second Coffee Strategy. I urge all Coffee Sub-sector stakeholders to play their roles in the implementation of the strategy and collectively we will be able to realize its objectives.

CHAIRMAN, UCDA BOARD

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Acronyms

1. ATAAS - Agricultural Technology and Agribusiness Advisory Services
2. BCTB - Black Coffee Twig Borer
3. BoU - Bank of Uganda
4. CBD - Coffee Berry Disease
5. CLR - Coffee Leaf Rust
6. CSO - Civil Society Organization
7. CWD - Coffee Wilt Disease
8. DCC - Domestic Coffee Consumption Strategy 2010-2015
9. DPs - Development Partners
10. DSIP - Development Sector and Investment Plan (MAAIF)
11. FAQ - Fair Average Quality
12. FDI - Foreign Direct Investment
13. FUE - Federation of Uganda Employers
14. GoU - Government of Uganda
15. HYV - High Yielding Varieties
16. ICO - International Coffee Organization
17. MAAIF - Ministry of Agriculture, Animal Industry and Fisheries
18. MFPED - Ministry of Finance, Planning and Economic Development
19. MGLSD - Ministry of Labour, Gender and Social Development
20. MJCA - Ministry of Justice and Constitutional Affairs
21. MOWE - Ministry of Water and Environment
22. MTEF - Medium Term Expenditure Framework
23. MWT - Ministry of Works and Transport
24. NAADS - National Agricultural Advisory Services
25. NaCORI - National Coffee Research Institute
26. NARO - National Agriculture Research Organization
27. NCC – National Coffee Coordination committee
28. NCP - National Coffee Policy

29. NEMA - National Environment Management Authority
30. NOGAMU - National Organic Movement of Uganda
31. NPA - National Planning Authority
32. NUCFAFE - National Union of Coffee Agribusinesses and Farm Enterprises
33. OPM - Office of the Prime Minister
34. PS - Private Sector
35. PSFU - Private Sector Foundation Uganda
36. UBOS - Uganda Bureau of Statistics
37. UCDA - Uganda Coffee Development Authority
38. UCF - Uganda Coffee Federation
39. UCFA - Uganda Coffee Farmers Alliance
40. UEPB - Uganda Export Promotion Board
41. UGX - Uganda Shillings
42. UIA - Uganda Investment Authority
43. UIRI - Uganda Industrial Research Institute
44. UNBS - Uganda National Bureau of Standards
45. UNCCI - Uganda National Chamber of Commerce and Industry
46. UNMA - Uganda National Meteorological Authority
47. USAID - United States Agency for International Development

EXECUTIVE SUMMARY

Coffee has contributed, on average, 16% of the country's foreign exchange earnings over the past 20 years. The value of coffee exports increased by 41% in 2019/20 to USD 496 million from USD 352 million in 2015/16. Despite this relatively strong performance, there is still a huge potential for Uganda to increase its coffee production and exports. Yields per tree are less than one-third of a fair yield for smallholders, and less than 20% of maximum yields as achieved, for example, in Vietnam. About 85% of total coffee production in Uganda is produced by small holders.

Under NDP III, government has adopted a sustainable resource-led form of industrialization as the vehicle for delivering increased household income and wellbeing of the people. Government plans to do this by promoting maximum value addition in Agriculture, Tourism, selected Minerals, and Oil & Gas. In this context, agro-industrialization has been adopted as one of the key strategies for delivering the results under NDP III since it occupies a very important place in the agricultural value chain, creating backward and forward linkages between the farm and the markets, especially for inputs and outputs. Under the agro-industrialization programme, Coffee has been chosen as one of the nine key agricultural commodities in recognition of its potential for positively impacting on household incomes and quality of life of the citizens.

In August 2013, cabinet approved the National Coffee Policy (NCP) whose main objective is to increase coffee production, value addition and domestic coffee consumption. To operationalize the NCP, the Uganda Coffee Development Authority (UCDA) was mandated to develop a National Coffee Strategy. Subsequently, UCDA developed the first National Coffee Strategy (FY2015/16 – FY2019/20) which ends in June 2020. This second National Coffee Strategy (FY2020/21 – FY2024/25) has been developed as a follow on to the first National Coffee Strategy. It is fully aligned to the third National Development Plan (NDP III) as required by the Comprehensive National Development Planning Framework (CNDPF).

In line with NDP III, the overall goal of this Strategy is to increase coffee export earnings, increase the incomes of coffee farmers and create inclusive

employment along the value chain. The overall target is to achieve total annual coffee production of 20 million 60kg bags by 2025 and total coffee export value of USD1.5 billion. This goal and overall target are, also, in line with the overall Vision of the sub-sector as articulated in the Coffee Development Policy (2013), that is “having a competitive, equitable, commercialised and sustainable coffee subsector”, as well as the Mission which is, “to increase coffee production, value addition and domestic coffee consumption”.

Under this strategy, the stakeholders of the Coffee subsector will pursue achievement of the goal and overall target through six Strategic Objectives, namely:

- Objective 1: Increase Coffee production and productivity
- Objective 2: Modernise post-harvest handling and storage
- Objective 3: Increase coffee processing and value addition
- Objective 4: Increase consumption of Ugandan coffee and its products, locally and internationally
- Objective 5: Increase mobilisation and access to Agricultural Finance
- Objective 6: Strengthen legal, regulatory framework and institutional capacities for an enhanced coordinated delivery of targeted results.

Under these six objectives, key interventions have been articulated to cover the entirety of the coffee value chain in pursuance of the achievement of the overall production target of 20 million 60 kg bags per year and total coffee export value of USD1.5 billion per year by 2025. Key targets have been set under each of the six Strategic Objectives and at the different stages of the value chain which should cumulatively build up to the attainment of the overall target. Some of these key targets include:

- a) Increasing the total acreage under coffee from 583,000Ha to 700,000 Ha;
- b) Increasing yields per tree of small holder farmers from 0.79kg/tree to 1.5kg/tree for Robusta coffee and from 0.6kg/tree to 1.2 kg/tree for Arabica coffee;
- c) Increasing percentage of coffee farmers in FOs from 23% to 85%;
- d) Increasing percentage of sustainable/certified coffees to total exports from 4.3% to 10%;
- e) Reducing post-harvest losses in coffee from 40% to 20%;
- f) Increasing adoption of modern storage facilities from 10% to 70%;
- g) Creating at least 40,000 jobs;

h) increasing Uganda's per capita coffee consumption from 0.8kgs to 1.6kgs.

To achieve these ambitious targets, there has to be a significant transformation within the sub-sector. The efforts that have been invested into the achievements registered over the last five years have to be more than doubled.

Some of the interventions that this strategy proposes to undertake, along the value chain, in order to achieve these targets, include:

- a) Increasing Coffee production and productivity
- b) Modernising post-harvest handling and storage
- c) Increasing coffee processing and value addition
- d) Increasing consumption of Ugandan Coffee and its products, locally and internationally
- e) Strengthening the legal, regulatory framework and institutional capacities for coordinated delivery of targeted results
- f) Increasing mobilisation and access to Agricultural Finance

Progress made and achievements registered during the implementation of the Strategy will be monitored through a multi-stakeholder M&E system that will be established and implemented in partnership with the other stakeholders in the coffee industry. The system will be in charge of collecting data, analyzing and reporting it. UCDA will take charge of the overall monitoring, evaluation and reporting on progress in the implementation of this Strategy.

The new sector planning guidelines require all MDAs to assess the potential risks and provide appropriate mitigation measures to manage risk. In fulfillment of this requirement, this Strategy has identified the likely risks that could impact the implementation of interventions (if they occur), the likely impact that they have on achieving the intended results, and their likelihood or probability of actually happening. Some of the major risks identified under this Plan include: disasters (floods, mudslides, drought) that lead to crop failure and cause damage to transport infrastructure; geo-politics and armed conflict in the great lakes' region; acts of terrorism; international trade risks; collapse of international coffee prices; land acquisition challenges; inadequate capacity to raise the required resources to invest in the sub-sector; individual and institutional interests overriding national interest; and lack of reliable, accurate data for monitoring developments in the subsector.

Finally, under the communication section of this strategy, UCDA reviews and updates the Communication Strategy developed in 2016. This Strategic Plan recognizes that the focus on promoting production and consumption (both domestically and internationally) of Uganda coffee emphasized under the Communication Strategy of 2016 remains valid. In summary, the revised communication strategy should include activities on both the supply and demand sides of the coffee development agenda promoting increased production and reduced postharvest losses on the supply side as well as on the local and international consumption on the demand side.

The information and messages to be disseminated should emphasize performance, at the individual farmer level, through to the farmers' organizations and cooperatives to the country as a whole. The key aim of this messaging should be to capture the heart of the nation, demonstrating coffee as the 'route-out- poverty' for the small holder farmer, as a 'cool' drink for the trendy youth and as the top forex earner for the country, that it has been for so many years. This Strategic Plan also includes an implementation and financing strategy as well as a list of projects that should be designed and implemented under this Strategy.

PART 1: INTRODUCTION

1.1. Background

In July 2020, government started implementation of the third National Development Plan (NDP III) that articulates the national development priorities for the next 5 years and serves as the springboard for the country's socio-economic transformation agenda. The NDP III was prepared following broad consultations with various stakeholders and articulates clearly what government's development priorities are over the next 5 years. In recognition of this, the Uganda Coffee Development Authority (UCDA) has developed this second National Coffee Development Strategy to fully align with the NDP III as required by the Comprehensive National Development Planning Framework (CNDPF). It clearly articulates the contribution of coffee, as an agricultural commodity, to the achievement of the national goal and objectives of NDP III.

Under NDP III, government has adopted a sustainable resource-led form of industrialization as the vehicle for delivering increased household income and wellbeing of the people. Government will do this by promoting maximum value addition in Agriculture, Tourism, selected Minerals, and Oil & Gas. In this context, agro-industrialization has been adopted as one of the key strategies for delivering the results under the National Plan since it occupies a very important place in the agricultural value chain, creating backward and forward linkages between the farm and the markets, especially for inputs and outputs. In that regard, Coffee has been chosen as one of the key agricultural commodities underpinning the agro-industrialization strategy of NDP III.

Coffee plays a leading role in the livelihood of Ugandans and contributes substantially to the national economy. Currently, an estimated 1.7 million households grow coffee in 112 districts, of which 88 districts grow Robusta only, 15 districts grow Arabica only and 9 districts grow both. Uganda is ranked as the largest producer of coffee among the British Commonwealth countries, as second largest producer in Africa and the seventh worldwide. Since 2009/10, production has risen steadily from 2.7 million bags to 7.7 million bags in FY 2019/20, of which Robusta accounts for 80% and Arabica 20%.

Coffee has contributed on average, 15-22% of the country's foreign exchange earnings over the past 10 years. The value of coffee exports increased by 41% in 2019/20 to US\$ 496 million up from US\$ 351 million in 2015/16. In spite of this relatively strong performance, there is still a huge potential for Uganda to

increase its coffee production and exports. In Uganda, yields per tree are less than one-third of a fair yield for smallholders, and less than 20% of maximum yields as achieved for example, in Vietnam. About 85% of total coffee production in Uganda is produced by small holders. Given its significant contribution to household incomes and export revenues, as well as the huge potential that remains untapped, coffee is a natural choice in the pursuit of NDP III's goal of increasing household incomes and wellbeing of the vast majority of the population.

1.2. Purpose

The main purpose of this strategy, therefore, is to articulate the minimum interventions that need to be implemented by UCDA and all other relevant stakeholders to achieve the results that are articulated in Chapter 2, within the budget period FY2020/21 – FY2024/25. The achievement of these results will significantly contribute to the achievement of the broader national results articulated in NDP III, particularly under the Agro-Industrialization, Tourism, Private sector Development, and Manufacturing programmes. To do this, this Strategy has:

- a) Aligned the interventions in the Coffee Roadmap to the NDP III;
- b) Developed a results framework to articulate a logical link between the goal and objectives to be achieved and the means (interventions) of achieving them;
- c) Developed a monitoring and evaluation framework for tracking progress in its implementation;
- d) Identified high impact investment Projects and Programs for implementation during the NDP III period.

1.3. Significance

In recognition of its potential for positively impacting on household incomes and quality of life of the citizens, the NDP III has placed Coffee at the top of the nine prioritised commodities under the agro-industrialization program. The goal of the agro-industrialization program is to increase commercialization, and competitiveness of agricultural production and agro-processing. The importance of coffee in agro-industrialization is also evident in the targeted key results that will be used to measure and monitor progress in the program. Coffee is critical in the achievement of five out of the seven key results under the agro-industrialization program, and these include:

- a) Increase the total export value of processed agricultural commodities; coffee, tea, fish, dairy, meat, and maize (and its products) from; USD 0.935 Billion to USD 2.7 billion
- b) Increase the agricultural sector growth rate from 3.8 percent to 6.0 percent
- c) Increase labour productivity in the agro-industrial value chain (value added, USD per worker) from USD 2,212 to USD 3,114
- d) Increase the number of jobs created in agro-industry along the value chain by 100,000;
- e) Reduction in the percentage of h/holds dependent on subsistence agriculture as a main source of livelihood from 68.9 percent to 40 percent

Given the number of Ugandans that derive a major part of their livelihood from coffee along the various stages of the value chain, the President of the Republic of Uganda issued a directive in 2014 to increase national coffee output from 3.5 million 60 kg bags to 20 million 60kg bags by 2020. However, the volume of coffee produced has remained around 3-4 million bags over the last 15 years only recently increasing to 5.67 million bags in FY 2017/18, and to 7.75 million bags in FY 2019/20. With this growth trajectory, it is not possible to achieve the President's directive by the year 2020. This target is also likely to be missed by the year 2025, unless this new strategy not only aligns to and leverages the additional resources that will be made available for agro-industrialization under NDP III, but also leverages investment made in other programs like Tourism; Science, Technology and Innovation as well as Digitization to increase value addition, increase the range of products made from coffee, break into new markets and generally lower costs of production. Developing a new Coffee Strategy that is aligned not only to the agro-industrialization program of NDP III but also to Tourism, the Science, Technology and Innovation as well as the Digitization programs of NDP III presents the only realistic way of delivering on the President's promise of 20 million 60 kg bags of coffee by 2025.

1.4. Alignment with Regional and International Development Frameworks

In addition to being fully aligned to NDP III, this Strategy also takes cognizance of Uganda's commitments in regional and international development obligations. Uganda is a signatory to the 2030 Agenda for Sustainable Development which consists of a set of 17 goals and attendant targets. The 2030 Agenda embodies the aspirations of a world that is more equal, more prosperous, more peaceful and just as well as mindful of the planet. Uganda is also signatory to the East African Community Vision 2050 (EAC Vision 2050) as well as the African Union Agenda 2063. These three regional and international development frameworks have been integrated into NDP III, to which this Coffee Subsector Strategy is

aligned. In addition, those articles and provisions in these three development frameworks that are specifically relevant to the Coffee subsector have been integrated into the relevant sections of this Strategy.

1.5. Consultative Process

Production of the Coffee Sub-Sector Strategy was preceded by a comprehensive situation analysis and stakeholder engagement where stakeholders identified initiatives to set Uganda on the path to producing 20 million bags of coffee per year. This involved engagements with experts, coffee platform stakeholders, public and private sector stakeholders across the coffee value chain. Consultations were also made on thematic areas of: Farmer Organisations, Research, inputs, joint ventures, branding, value addition, large scale farmers, and coffee financing among others.

Consultations were also held at sector level involving technical staff from Government, Civil Society and Development Partners in the context of Agriculture Sector Strategic Plan where coffee was one of the thematic areas. Therefore, the development of Coffee Sub-Sector Strategy benefited from cross fertilization of ideas from industry players across the coffee value chain.

PART 2: SITUATION ANALYSIS

PART 2A: Global and Regional Outlook (Opportunities and Threats)

A2.1. Overview

Coffee is one of the world's favorite beverages and a major source of caffeine. The global coffee market has been growing and was valued at USD 150.11 billion in 2018. Before the break out of the COVID-19 pandemic, it was projected to grow at 5.5% annually to reach USD 203.85 million by 2024. With the out break of the COVID-19 pandemic, global coffee exports in coffee year 2019/20 (Oct/19 to Sep/20) decreased by 4.9% to 126.90 million bags compared to 133.45 million bags in the same period in 2018/19. Global exports fell by 3.7% to 11.06 million bags in March 2020 alone. However, these drastic reductions in coffee exports are deemed a short-term response to disruptions in the global supply chains, reductions in out-of-home consumption (due to closure of coffee shops), and labour challenges in harvesting and processing of coffee.

Consequently, the ICO has revised its estimate of global coffee consumption for the coffee year 2019/20 to 166.06 million bags, representing an increase of 0.5% compared to the earlier projections of 5.5%. As a result, production is expected

to exceed consumption by 1.95 million bags, which will likely put a downward pressure on global coffee prices.

The drivers of global coffee consumption can be generally categorised into four namely: income, population, premiumisation, and soft drivers (or culture and lifestyle). All four are playing a major role in growing global coffee demand, but the exact nature of their demand growth shows considerable variation. In each case, a market is rarely shaped by only one factor, but in most cases, a single factor is dominant and plays a decisive role in shaping the nature of coffee demand in that particular market. These four types of markets correlate strongly, but not entirely, to certain regions of the world.

A2.2. Global drivers of Coffee consumption

A2.2.1. Population

Of the four market types identified above, population is credited as the most significant positive driver for coffee growth. Population growth through natural growth as well as through immigration has a generally positive effect coffee consumption. In both cases, growth is driven by already popular formats, like standard ground or instant. However, in countries where immigration is increasing population, hybrid growth patterns emerge, with some consumers shifting to higher-end products. Canada is an interesting outlier in this category: while it has many characteristics of a premiumization-led market, the country is actually seeing an overall unit price decline in coffee. Here, the category of instant coffee is growing at 4% annually when it is shrinking in other countries.

A2.2.2. Premiumization

Growth in coffee consumption due to premiumization is especially crucial in countries where population growth is slow and coffee markets are mature. This is especially true in East Asia and Western Europe. Volume growth is slow in these markets and there is a clear emphasis on consumers switching to higher-value formats. In this type of market, demand for quality is high and there is a willingness to pay more for coffee if the product meets expectations. Premiumization-led markets generally have little room to grow volumes, being the world's most mature coffee markets, but there are exceptions. Historical tea-drinking markets like Taiwan and the UK have an opportunity for volume growth precisely because of the pod market: consumers want easy-to-use formats and have enough disposable income that they do not need to rely on instant coffee.

A2.2.3. Income

Growth in coffee consumption in income-led markets is explained by consumers drinking more coffee as their incomes rise, and coffee shops play an important role as a symbol of entry into the global middle class. These are places where consumers are familiar with coffee, but are not able to drink as much of it as they might like to right now. However, as economies grow and incomes rise, they are gaining the ability to do so. Income-led markets, based predominately in Asia and Eastern Europe, have become the focus of future growth in coffee shops locally: China alone will see more outlets added by 2023 than every non-Asian region put together. But this future coffee shop growth will be reliant on an expanding base of consumers with enough income to afford it. It is not completely clear how vulnerable this market might be to the impact of COVID-19, if it morphs into a global recession.

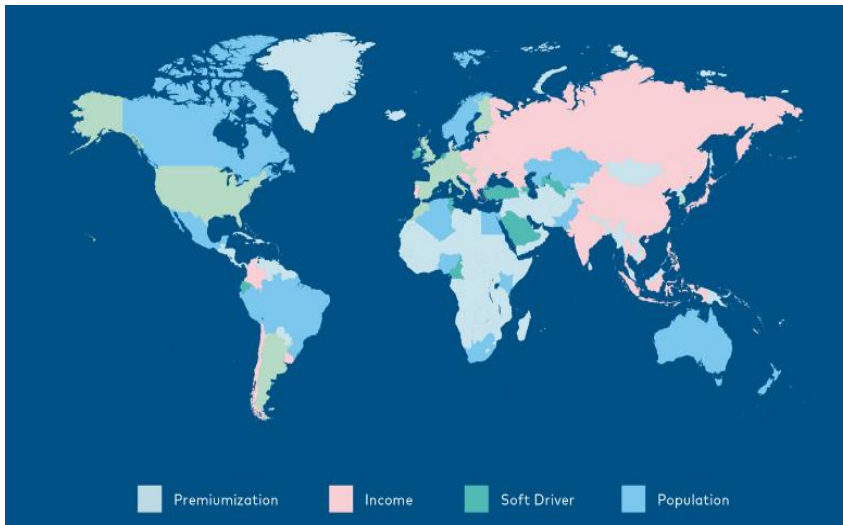
A2.2.4. Soft Drivers

The market driven by soft drivers is the least geographically consolidated of the previous three. Identified as countries where global coffee culture and its influence on consumer habits is pushing the demand for coffee higher than would otherwise be expected, soft-driver-led markets are scattered around the globe. These types of markets aren't many, are still immature in comparison to the other three, and as a group, there isn't much in common aside from some unknown, intangible factor helping to push growth rates. These markets can be found among developed and developing countries but also traditional and non-traditional coffee consumers.

For example, Azerbaijan, a country with a strong history of tea consumption, is among this group and is growing at a rate of nearly 9% a year, one of the fastest rates in the world. While both population and income growth played a role, rising rates of tourism (before the outbreak of the pandemic) also played a big role. To meet the demand, more outlets started to serve and stock coffee, increasing coffee's availability and further driving interest. Like income-led markets, soft-driver-led markets are vulnerable to external shocks like political events or economic recessions. In Turkey, a country where soft driver trends play a large role, much of the growth of coffee comes from younger generations spending more time in coffee shops.

The map below shows the major drivers of coffee consumption by region and country.

Figure 1: Major drivers of coffee consumption



Source: *Understanding coffee's global growth, April 30 2020*

A2.3. Implications for Uganda's Coffee Exports

The Western European market, Uganda's traditional and biggest coffee export market, is largely driven premiumization. The population growth is slow and coffee markets are mature. While the full economic impact of COVID-19 on this market is not yet clear, the demand is unlikely to significantly grow, and may reduce slightly if there is a recession. Uganda's emerging market in China and East Asia, largely driven by income and population growth, is likely to be more resilient and may actually expand. Coffee exports grew from 4.7 million bags worth USD 415 million in the FY 2018/19 to 5.1 million bags worth USD 496 million in FY 2019/2020 showing an annual increase of 22% and 20% in quantity and value respectively. This is less than what had been projected in the previous coffee strategy.

A2.4. Global Production outlook

Growth in global production on the other hand is driven mostly by weather and availability of manual labour, since coffee is a labour-intensive crop. So far, the weather for coffee growing has been good. Anecdotal evidence suggests that the effects of global reductions in carbon emissions due to the COVID-19 pandemic (travel restrictions, factory closures etc.) may have beneficial effects on the weather. It is anticipated that adverse weather conditions maybe somewhat reduced. On the other hand, coffee is a labour-intensive crop that requires lots of manual labour.

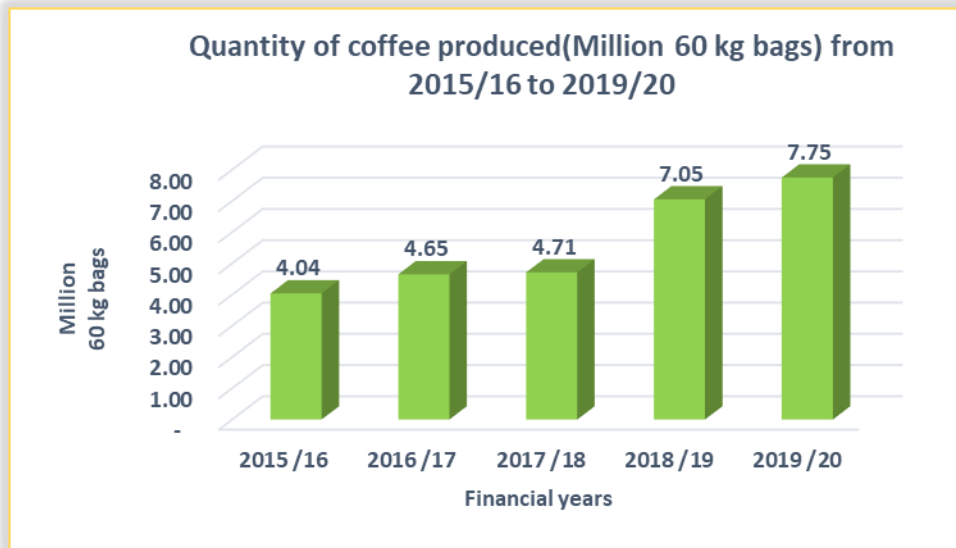
Countries like Brazil which rely a lot on migrant labour maybe affected, in the short-term as these countries go through pandemic. However, other countries like Uganda, Costa Rica, and Vietnam which rely on family labour will not be significantly affected. On the whole, therefore, the reduced likelihood of adverse weather conditions and the limited reliance on migrant labour in the majority of coffee producing countries points to a limited impact of the pandemic on the growth of coffee, particularly in countries like Uganda that rely on family labour and projected to experience good weather. Already, Uganda's coffee exports in FY 2019/2020 amounted to 5.1 million bags compared to 4.17 million bags in the previous year with monthly exports from March – June 2020(Covid-19 pandemic period) surpassing exports of the same period in the previous year. The good coffee harvests expected in Uganda are likely to be matched by both the regional peers (Burundi and Ethiopia) as well as global heavyweights like Vietnam, Brazil and Columbia; hence tightening competition for a global market that is not expected to grow significantly in the short to medium term.

PART 2B: PROGRESS MADE AND REMAINING CHALLENGES (Strengths and Weaknesses)

B2.1. Increasing Coffee Production and Productivity

Since the setting of the Presidential annual production target of 20 million 60kg bags, the country has made significant progress in the sub-sector. The cash crop sub-sector (coffee, cotton, tea) has averaged growth rates of 6.4 % per annum, the highest within the agricultural sector. Progress has been made in research, production, and marketing of the commodity. The volume of coffee produced increased from 4.04 million bags in FY 2015/16 to 7.75 million bags in FY 2019/20, an increase of 90%. This increase in coffee production is to a large extent attributed to the newly planted coffee especially Robusta. Uganda's total coffee production currently represents about 4.2 % of the global production. By comparison, Brazil (the world's biggest producer) produced 58.2 million bags in coffee year 2019/2020 supplying about 35.3% of the global market. If Uganda achieved its targeted annual coffee production of 20million bags, her share of the global market would constitute about 11.8% (2019/20).

Figure 2: Coffee production trends



Source: UCDA, 2020

Despite the huge potential for increasing the production of coffee (Uganda is the only coffee growing country that can harvest two crops per year), the country's capacity to expand its production remains inadequate due to a number of challenges.

Research into the development of pest resistant, high yielding varieties remains less than adequate due to insufficient fund allocations as well as insufficient technical manpower. The linkages between plant breeding, multiplication/commercialisation as well as distribution and planting remain weak. Consequently, there is low adoption of better yielding varieties and wide margins between yields registered in research stations and that registered on coffee farms. The low tree density and low replacement of old trees, particularly among the small holder farmers, as well as inadequate increases in coffee acreage annually also constrain increase in coffee production. There is low adoption and use of modern climate smart farming methods, including: use of fertilizers, mulching, irrigation, control of pests and diseases, soil and water conservation, soil fertility management, as well as planting of cover crops and shade trees.

Whereas women comprise the majority of farm laborers on coffee farms, they are not adequately involved in the downstream stages of the coffee value chain, for instance, in marketing. The youth who would provide additional labour to increase acreage and productivity have migrated to the urban areas

in search of better paying economic opportunities. The yields per tree among the small holder farmers constrain their ability to adequately invest in the adoption of modern climate smart farming methods. In addition, community training colleges are not linked to farmers meaning that the business and technical skills that are taught are not passed onto farmers in real time. This could be partly explained by weaknesses in agricultural extension support which also inhibits the large-scale adoption of disease resistant, better yielding coffee varieties developed in the agricultural research stations. The challenges above are compounded by the low access to agricultural financial services and critical inputs; poor harvest handling where 30-40% of the total crop is lost; and inadequate investment in coffee processing and marketing.

If the country is to attain the overall production target of 20 million 60 kg bags per year, there has to be a significant transformation within the sub-sector. The analysis provided by the Coffee road map indicates that for this target to be achieved, the acreage under coffee has to increase by 20%¹ from the current estimated 583, 000 hectares², the yields have to increase by about 2.4 times from the estimated 10 bags of green coffee per hectare. Demand for coffee has to go up at least four times and the price of Ugandan speciality coffee has to increase by 15%. For this to happen, a value chain analysis of what has been achieved so far (which provide useful lessons) and the remaining challenges has been done and is presented below.

B2.1.1. Strengthening research for development of pest resistant, high yielding varieties

To achieve the production target of 20 million 60 kg bags of coffee, the yield per tree has to triple or quadruple in addition increases in acreage, prices and demand. For that to happen, a constant production of improved coffee seedlings is required for replacement of old trees which are either too old or not CWD-R/climate change ready (or both), for gap filling, for expansion, and for yield improvements. The annual new seedling requirement is estimated at 60 million plants, or about 10% of the total coffee tree stock. During the past 5 years, the Government placed strong emphasis on the production and distribution of large quantities of seedlings. Whereas, government demonstrated significant capacity for receiving and distributing large quantities of seedlings, it was not as successful in the production of disease resistant, commercially viable

¹ Lab Compendium coffee 2020

² UCDA National Coffee Development strategy (FY2015/16 – 2019/20)

varieties. There were also challenges in the preparation of farmers to receive, plant and tend these new plants.

It is reported that over the four-year period (2014-2018), a cumulative total of 981 million seedlings were distributed to farmers by OWC against an annual target of 322 million. This was a very big achievement in view of the annual requirement of 60 million new plants. However, the distribution of these seedlings was not preceded by adequate preparation of farmers and coordination of actors in the distribution chain. Consequently, there were challenges with planting and watering resulting in a high mortality rate of these seedlings. In addition, the distributed seedlings were predominantly of the Elite type, which is susceptible to CWD. As such, commercially oriented farmers were not enthusiastic about Elite. The commercial farmers prefer the higher yielding CWD-R clonal types, for which they willingly pay up to UGX5,000 per seedling.

The low uptake and subsequent phasing out of the Elite Coffee seedlings is a manifestation of the challenges of conducting research in a 'siloed manner', without the involvement of the beneficiaries and other stakeholders. The breeding of new improved varieties is the responsibility of NaCORI, while seedling multiplication is a commercial enterprise, regulated by UCDA, and funded by farmers or public/private subsidies. Farmers are the ultimate users of the improved coffee varieties. The non-involvement of farmers in the research process for Elite therefore led to its failure.

In the aftermath of the phase out of Elite, NaCORI is now involved in a new effort to produce more disease resistant and better yielding varieties for both Arabica and Robusta coffee. NaCORI has developed about 17 new genotypes of the Arabica type which are under-evaluation. According to early reports, these genotypes are Coffee Leaf Rust (CLR) and Coffee Berry Disease (CBD) tolerant, and yield about twice as much existing varieties, with a good cup quality. Both CLR and CBD cause significant losses in the Arabica areas and are difficult as well as costly to control with chemical sprays. It is understood that the two most promising lines are likely to be partially released towards the end of 2020.

Regarding Robusta coffee, NaCORI currently has 10³ CWD-R Robusta varieties, of which 3 are being multiplied and distributed through cuttings from 167 coffee nurseries. The latest Robusta varieties (8, 9 and 10) yield approximately 20-30% more than current varieties with a higher percentage of screen 18 beans. An

³ UCDA

accelerated replacement of old trees with these new clones would give an additional boost to coffee production.

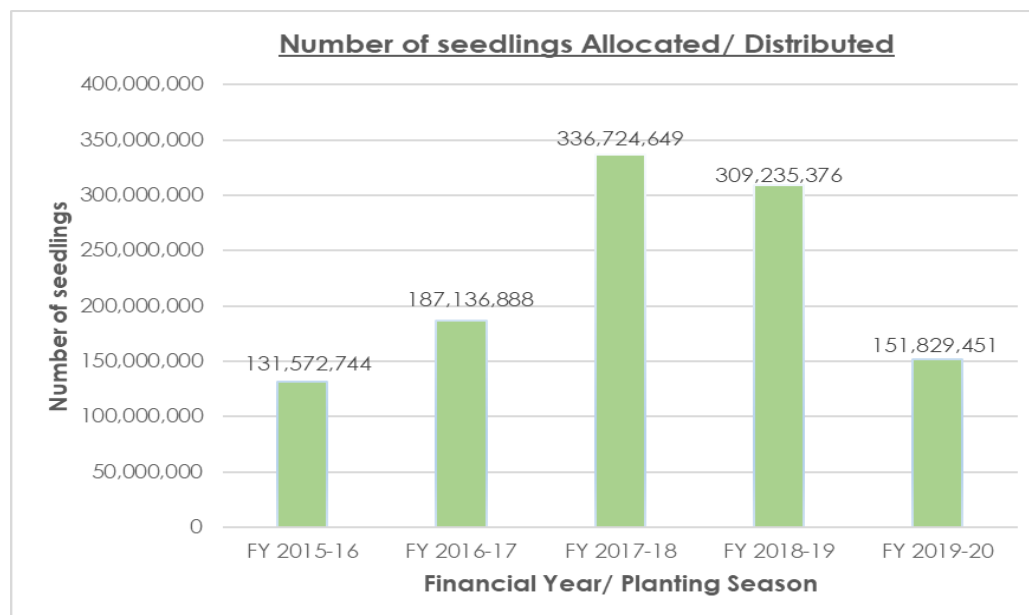
In order to achieve a rapid multiplication of clones 8, 9 and 10, and deliver them quickly to the farmer for planting, commercial flower farms be contracted, since they have demonstrated the capacity to do so. In 2016, one of the commercial flower farms in Uganda was requested to try out the production of rooted coffee cuttings. The farm received 10 plants each of six (6) different coffee varieties. Over a 2-year period, the farm developed a 'mother stock' that was able to produce 10,000 (tiny) shoots per week. These tiny shoots could then be treated and transplanted to small paper pots and kept for 5 weeks in a mist/fog room for rooting. After 4 additional weeks of hardening they were ready to be sold to tree nurseries for a final hardening up to a mature seedling. Using this method, a commercial farm is able to produce 10-15 million seedlings annually on one acre of land, after an initial start-up time of 2 years to get sufficient mother stock.

B2.1.2. Increasing acreage, rehabilitation and renovation of coffee farms

The dominance of traditional small holder farmers (who constitute 67% of the total number of farmers) who largely use traditional methods, the low tree plant density per hectare and the low yield per tree are further constraints to increasing the production of coffee. Only about 35 percent of the total coffee is produced by farmers using improved methods. Commercial farmers who constitute 5 percent of the total number farmers produce only 10 percent of the total coffee production, with plantations producing a further 2 percent. About a third of all coffee farmers have less than 200 coffee trees, and 68% of coffee farmers do it as a side business. In addition, coffee farmers grow less than the recommended density of 1100 trees per hectare for Robusta and 1600 for Arabica.

Government has over the 3-4 years intensified the campaign for the distribution of coffee seedlings to drive increased acreages under coffee, stumping of old trees and replacing them with new ones as well as increasing the tree density. The original target for coffee seedlings distribution and plantings of 300 million over a three-year period was revised to 322 million seedlings annually. Consequently, a cumulative total of 1.116 billion seedlings were distributed and planted over the last five years, as indicated in the figure 3.

Figure 3: Annual Coffee Seedlings Distribution and planting



Source: UCDA (2020)

The results of the midterm evaluation of the replanting program indicate that 429 million seedlings were able to survive, leading to an increase in the total national acreage under coffee by 116% (313,168 ha) from 270,000ha to about 583,000ha by 2019/20. Table 1 shows Acreage under survived seedlings by region between 2014 and 2018.

Table 1: Acreage under survived seedlings by region for 2014 -2018

Region	Coffee seedlings supplied & planted from 2014 to 2018	Actual number of seedlings that survived	Additional Coffee Acreage under the seedlings that survived (2014-2018)
West Nile	18,388,530.00	11,167,326.41	8,151.33
Mid-North	6,196,609.00	2,104,085.62	1,535.83
Central	275,687,681.00	173,641,116.67	126,745.34
South Western	105,064,684.00	74,885,232.72	54,660.75
Eastern	140,161,743.00	70,453,893.33	51,426.20
Western	156,825,025.00	122,388,572.82	89,334.72
Total	702,324,272.00	429,040,776.03	313,168.45

Source: UCDA - midterm evaluation of the replanting program

To complement the coffee replanting program, there is need to carry out rehabilitation and renovation of existing farms in order to increase productivity. The Rehabilitation & Renovation (R&R) activities are already part of the UCDA work plan, although the scale at which they are being implemented is slow and limited. The Coffee Roadmap recommends upscaling and streamlining the current R&R program to support at least 320,000 traditional farmers, supported by a large-scale R&R publicity/awareness campaign. The expanded program should support each of the farmers to rehabilitate 50 trees and plant 20 clonal seedlings to fill gaps, plus on-farm training and support. This would allow farmers to observe and compare the impact of pruning, stumping, weeding and a basic fertilizer application in a portion of their farms. Leaving the rest of the coffee trees as they are, helps farmers to bridge the income loss experienced from the rehabilitated trees during their recovery period of around 18months.

B2.1.3. Adoption of better yielding varieties developed in research Stations

There is a wide gap in yields between research stations and farmer fields. In a comparison made of average farm production, and the production on research stations, there is a wide gap between coffee production on the farm, currently estimated 1.4tons/Ha and the potential production of at least 2.5 tons/Ha that has been recorded at the research stations. This is partly due to the low multiplication of cuttings and tissue culture. Consequently, improved planting material does not reach farmers. Over the last five years however, NaCORI with support from Uganda Coffee Development Authority (UCDA) has developed and released three high yielding varieties (Naro-Robusta-8, 9 and10) in a bid to improve the quality of planting materials available to the farmer. And this is on top of the seven that were developed earlier.

The development, roll-out and adoption of disease resistant high yielding varieties has been constrained by inadequate research funding, which has limited the scale, variety and vigour with which coffee research is carried out. NaCORI receives an annual budget grant from NARO plus 10% of the coffee cess (export tax) income, or 0.01% of the total coffee export revenue, which varies from year to year. The resultant variability of NaCORI's income, from one year to another, makes research planning difficult and puts ongoing research projects on a permanent stop and-go risk. Inadequate research funding has also limited coffee research on breeding varieties, leaving other areas of coffee farming like: general agronomy, pests and disease management, and climate smart coffee cultivation unaddressed. In addition, the limited funding of coffee

research has resulted into a slow roll-out and consequently adoption of new varieties. There is need to strengthen research capacity with sufficient staffing and appropriate funding. Currently, NaCORI is working on a new 4–5-year research program, which would greatly benefit from increased funding.

B2.1.4. Mitigating the negative impact of climate change and deforestation

In the last decade, there have been noticeable changes in rainfall patterns and reduction in total annual rainfall amount. This is majorly attributed to climate change and the significant reduction in the forest cover. The increasing emission of green house gases has led to a reduction of the ozone layer and a rise in global temperatures. In addition, there has been a significant reduction in the forest cover as well as wetland degradation and encroachment. Between FY2012/13 and FY2017/18, the forest cover reduced from 11.9% of the country's total surface area to 10.9%, while wetland coverage reduced 14% to 9.5%. The resultant changes in rainfall patterns as well as reduction in the total annual rainfall is increasing the costs of coffee growing.

Higher temperatures accompanied by reduced rainfall leads to coffee ripening more quickly than ideal and hence a fall in inherent quality, particularly for Arabica. It is estimated that a temperature rise of 3° C would increase the lower altitude limit for growing good quality Arabica coffee by some 15 ft per annum, meaning that over time, some parts of Bugisu and Rwenzori may no longer be suitable for growing the crop. When overly high temperatures occur during sensitive periods of the life of the crop, for example during flowering or fruit setting, then yields are adversely affected, particularly if accompanied by reduced rainfall.

In addition, Higher temperatures will not only favour the proliferation of certain pests and diseases, but will also result in these spreading to regions where they were not normally present. Research suggest that the incidence of pests and diseases such as coffee berry borer, leaf miner, nematodes, coffee rust and others will increase as temperatures rise. The consequent need for more control will make coffee production both more complicated and more expensive. Areas currently not requiring irrigation may need to do so in the future to restore the soil's moisture content. Consequently, it is necessary to intensify the practice of climate smart agriculture.

Intensification of efforts to increase the forest cover, promote climate change adaptation and mitigation as well as the conservation and regeneration of wetlands will moderate and even reverse some of the impacts. In addition, sustainable landscape management practices in Rwenzori and Mt. Elgon landscapes is necessary for the conservation of soil fertility in those areas. In addition, the farmers have to more aggressively adopt better soil management practices (including soil testing) to compensate for effects of climate change as well as the poor farming practices.

B2.1.5. Adequate involvement of women in the sub-sector interventions

Coffee is a cash crop and men have traditionally been in charge of handling the finances of the household, including the marketing and sale of family produce. As a result, women have not been adequately involved in training and decision making, particularly in the downstream stages of the coffee value chain. Women are rarely included in decision making on household coffee marketing, and the use of the proceeds of coffee sales for their families. The resultant disconnect between the producers of coffee and the marketeers has resulted in the production of coffee that does not satisfy the required standards. Women have also not played an active part in the management of Farmers Organizations, where these have been formed, and cannot form their own producer groups because they do not have ownership rights over the coffee farms that they tend.

In addition, the highly collateralized nature of the credit institutions has shut women out of the credit markets. Some cultural and religious practices have denied women equal rights to economic resources, as well as access to ownership and control over land and other forms of property. As such, women who provide more than half of the labour on the coffee farms cannot access credit on their own and have to rely on rain fed production, use no fertilizers and depend almost entirely on family labour for production, harvesting and postharvest handling.

With their loyalty to their families and communities, farming responsibilities, diligence, attention to quality, and as decision makers around food related issues, women are crucial in improving production and quality at all stages of the value chain, and as promoters of coffee consumption. Interventions to

increase coffee production/productivity, consumption as well as demand need to ensure that:

- a) women are part and parcel of coffee specific extension and training programs. Where possible, attendance of couples in training programs should be encouraged;
- b) are included in decision making on household coffee marketing, and the use of the proceeds of coffee sales for their families;
- c) women take an active part in the management of FOs, or establish their own producer groups;
- d) women are targeted for specific technologies such as charcoal-fired coffee roasters, low-cost grinders, and ancillary equipment that would enable them to start small business promoting local consumption in rural centres and towns.

B2.1.6. Cultivating youth interest in coffee farming

Urbanisation trends have led to the movement of labour from rural to urban areas in search of better economic opportunities. Many youth head to cities seeking more immediate returns e.g. by engaging in boda boda (motorcycle) transportation. However, coffee is a labour-intensive crop that is dependent on availability of relatively cheap labour. The rural urban migration (which involves mostly the youth and able-bodied workers) has negatively affected labour availability and cost. There has, also, not been significant investment made in developing the right skills, knowledge and attitude, particularly of the women and the youth.

B2.1.7. Adoption of modern farming methods

Coffee farmers can generally be categorised into three groups: the traditional small holder farmers who produce about 88% of the total volume of coffee produced; the commercial coffee farmers, who produce about 10%, and the plantation farmers who produce about 2%. Coffee production is dominated by small holder farmers, who constitute about 67% of the total number of farmers. The small holder (or traditional as they are sometimes referred to) coffee farmers mostly do not belong to any farmers' organization and largely use traditional methods of coffee farming. Consequently, they have low access to: inputs including agricultural extension services and irrigation, innovation and credit facilities.

These challenges are further compounded by the high prevalence of counterfeit inputs due to gaps in the regulatory requirements, lack of an accurate national agro dealer database and minimal enforcement of the required standards. The proliferation of counterfeits has contributed to the persistence of poor disease and pest control. The dominance of the low tree plant density per hectare, the limited use of water for production and the low yield per tree are further constraints to increasing the production of coffee. About a third of all coffee farmers have less than 200 coffee trees. In addition, most of the small holder coffee farmers grow less than the recommended density of 1100 trees per hectare for Robusta and 1600 trees for Arabica.

In addition, financial institutions prefer to deal with low risk, high cash flow and well collateralised segments of the value chain i.e. agro manufacturing, leaving the high-risk agricultural production under-served. As a result, the limited access by farmers to affordable credit constrains their ability to buy farm inputs like fertilisers and chemicals as well as hiring of labour during the harvesting season when necessary. Consequently, small holder coffee farmers who produce 88% of the total, rely on rain fed production, use no fertilizers and depend almost entirely on family labour for production, harvesting and postharvest handling.

B2.1.8. Increase farmer access to BTVET institutions

Farming, of any type, must be treated as a business to survive. This is certainly true for coffee farmers. Farmers need to be trained in business and entrepreneurial skills and supported to perfect these skills in the management of their farms. However, most coffee farmers have not had Business, Technical and Vocational Education and Training (BTVET) to develop entrepreneurial/business skills. The capacities of community institutions that are engaged in mechanical and woodwork, welding and metal fabrication and construction of farm structures has not been sufficiently engaged to enable farmers develop capacity for fabrication of agricultural processing equipment as well as capacity repair farm implements and produce the requisite coffee storage structures.

BTVET institutions can also be engaged to develop appropriate technologies for value addition such as charcoal-fired coffee roasters, low-cost grinders, and ancillary equipment that would enable small holder coffee farmers- (particularly women) to start small business promoting local consumption in rural centres and towns. BTVET institutions can also be engaged to manufacture processing

equipment like coffee hurlers for value addition and enhancement of competitiveness in the market. Over 95 percent of coffee is exported as raw unprocessed beans leading to a huge loss in terms of revenue as well as jobs that could be generated through coffee processing and packaging.

B2.1.9. Strengthen agricultural research extension

There is a wide gap in yields recorded on research stations and in farmer's fields. Average farm production is currently estimated 1.4tons/Ha compared to the potential production of at least 2.5 tons/Ha that has been recorded at the research stations. This is partly due to the low multiplication of cuttings and tissue culture, but more importantly, inadequate preparation of farmers to adopt new technologies and use of modern farming methods, including the planting of improved seedlings. The disconnect between the research stations and the farmers has resulted in a slow adoption of modern climate smart agriculture, including use of improved planting material by farmers. The slow roll-out of new varieties and the limited use of production enhancing technologies (fertilizers and improved seeds) are partly due to limited research resources at the National Coffee Research Institute (NaCORI).

Only about 4% of all Ugandan farmers use a package of production enhancing technologies (a combination of fertilisers and improved seeds) and supportive services. Only 23% of farmers are organized in Farmer groups and cooperatives and most farmers do not practice farming as a business due to limited entrepreneurial skills and limited access to risk mitigation measures such as agriculture insurance and irrigation. Against the backdrop of small numbers of extension officers as well as inadequate allocation of financial and logistical resources, it becomes nearly impossible for the few extension workers to reach the 1.7 million households that grow coffee.

It is, thus, necessary for UCDA to increase support to NaCORI to conduct intensive on-farm research and coffee extension outreach as opposed to on-station experiments/research that may not match field conditions. This will ensure that technology development incorporates local farmer knowledge and practices.

B2.2. Improving post-harvest handling and storage

The limited access and use of modern post-harvest handling and storage technologies continue to hinder the quality of coffee that Uganda produces which subsequently affects the prices that are received. Research shows that coffee quality is determined by 40 percent pre-harvest processes in the field while the post-harvest handling activities contribute about 60 percent of the quality of green beans⁴. These post-harvest operations include primary processing activities such as pulping, dry processing, drying, hulling, cleaning, sorting, storage, and some secondary processing activities of grading, roasting, grinding and cupping. Due to limited knowledge, most of the farmers continue to practice poor harvesting practices of coffee where selective picking of red cherries and leaving the unripe beans is not observed. The harvesting of unripe green cherries has also been attributed to theft as farmers fear that their coffee might be harvested by thieves if they wait for it to ripe.

After the harvesting of coffee, the next step is drying of coffee and adherence to good management of drying, primary processing and storage to avoid contamination and adulteration. Drying is the most critical step in the processing method because it affects the final quality of the coffee. The over dried fruits have brittle characteristics and produce many defective (broken) during hulling, however, on the other hand, under-dried fruits are highly exposed to deteriorations because of the fungus and bacteria growth.

The biggest challenge at this level is shortage of modern drying facilities and majority of farmers dry coffee on bare ground which leads to adulteration of the coffee, encourages mould growth leading to deterioration of coffee quality.

Related to proper harvesting and drying, farmers, traders and processors face the challenge of coffee storage. UCDA and other actors within the government, private sector, the civil society and development actors have done great work in the development of the capacity of coffee value chain actors on enhancing proper coffee storage practices. This has been through sensitization on standards, quality control measures, construction of storage facilities, regular inspections, etc. However, there is inadequate availability of storage facilities that meet the recommended standards. Consequently, coffee continues to be stored in poor ventilated rooms, cold stores, on the floor which leads to the growth of moulds and other adulterations. Even where coffee has been dried

⁴ Musebe R, Agwenanda C, Mitiku M (2007). Primary coffee processing in Ethiopia: Patterns, constraints and determinants. *Afr. Crop Sci. conference proceedings*. 8:1417 – 1421.

well, it can still grow moulds during storage, leading to musty flavours if it is not properly stored.

Therefore, in order to improve post-harvest handling and storage of coffee, investments should focus on four major interventions. 1) Enhancing capacities of actors on good post-harvest handling practices and technologies 2) Investments in modern coffee drying technologies and practices 3) Investments in modern storage facilities and promotion of improved storage practices 4) Establishing new and upgrading existing national and regional laboratories for coffee assessments

B2.2.1 Enhancing capacities of actors in good post-harvest handling practices and technologies

This would include training of farmers on good harvest practices such as selection of ripe cherries, proper drying and storage of coffee. Secondly, sensitization of middlemen and traders on proper drying, storage and transportation of coffee before delivery to grading factories. Thirdly, the processors, exporters, and other actors at different levels also need to be trained and sensitized on good coffee quality management practices, international sanitary and phytosanitary standards. Emphasis of the training and sensitization should be put on observance of strict cleanliness at all levels of the coffee value chain.

B2.2.2 Investments in modern coffee drying technologies and practices

There is need to enhance improved coffee drying practices through; supply of tarpaulins, construction of modern drying facilities at farmer or community levels such as raised tables or trays with a mesh base; use of mechanical drying technologies such as solar dryers or other electric powered dryers, diesel dryers. However, diesel dryers should be limited as diesel might affect the flavour of coffee and thus reduce the quality. Given that in some seasons, especially wet season it takes many days to arrive at the required moisture levels of 12% – 14% for the coffee beans, reliance on natural means might not be practical and use of machine operated dryers is a desirable option.

B2.2.3 Investing in modern coffee storage facilities and promoting improved storage practices

In order to address the challenge of poor storage of coffee, modern facilities and best practices for coffee storage need to be developed and promoted along the entire value chain from the farmer until coffee is loaded for export. For small holder farmers the use of clean sisal/jute gunny bags should be promoted,

and these once packed with coffee, the bags should be covered to prevent the coffee from absorbing moisture and growing moulds. The use of polythene bags should be prohibited. Investments in standard coffee stores, silos or warehouses dedicated for coffee storage should be encouraged through provision of appropriate financial incentives to attract the private sector. Cooperatives and farmer associations should be strengthened and supported to invest in these facilities because once they are owned and managed by farmers, they can charge farmers less money.

Supervision of these coffee stores, warehouses should be enhanced to prevent farmers, traders and processors from turning these stores into multipurpose facilities for storage of strong-smelling liquids such as fuels, agricultural fertilizers and chemicals. This is because stored coffee quickly absorbs and retains foreign odours, which are eventually detected in the final cup, thereby spoiling the quality. The coffee stores and warehouses should also not be used for other farm produce such as beans, maize, ginger to avoid pest infestation and contamination.

B2.2.4 Establishing new and upgrading the existing national and regional laboratories

Establishing new and upgrading the existing national and regional laboratories for coffee assessments. This would include rehabilitation and stocking of the existing laboratories with modern equipment to enhance quick testing, analysis and certification of coffee samples. New laboratories could be established in areas where they lack or UCDA could work in partnerships with other government agencies that already have functional labs such as UNBS.

B2.3. Increasing capacity for value addition

B2.3.1. On-farm value addition

Value addition involves performance of activities along the coffee value chain that add value to the coffee product prior to sale on the market. It is a long process that starts at farm level, through the off-farm processing activities, hulling, transportation, storage, export grading, sorting, roasting, grinding, cupping and to the final consumer. At farm level, a large share of value addition is achieved at production through the application of good agronomic practices (GAPs) and post-harvest handling practices. These processes can potentially add 20-30% to the farm gate price, and probably more in the case of Dry-processed Uganda Arabicas (Drugars). Currently, there is limited value addition at farm level manifested in low adoption of good agronomic and post-harvest handling practices as majority of coffee farmers continue to sell poor

quality coffee resulting in lower earnings. Farm level processes for value addition have a huge bearing on the grade and subsequently quality of coffee.

The limited value addition at farm level is also attributed to unstructured trading practices of coffee whereby coffee buying from farmers to processors and exporters remains dominated by layers of middlemen that thrive on information asymmetry. These traders lack the necessary business and managerial skills, logistics and financial capital to support the farmers in developing the quality of their product. Before liberalization, this support was offered by cooperatives but the collapse of coffee cooperatives left the farmers exposed and with no collective supportive mechanism that would provide the appropriate incentives and sanctions to adhere to improved product standards. There is therefore a need to develop the farmer organization structures and mechanisms for farmer support and regulation to enhance value addition right from the farm level.

B2.3.2. Off-farm value addition

Off-farm value addition processes include, hulling, grading of green coffee beans, sorting dry coffee, roasting and then marketing and distribution of coffee to the final consumer. Value addition in coffee in Uganda remains heavily concentrated in the primary processing and investments in this segment of the value chain have grown higher than other areas as shown in Table 2.

Table 2: Growth in investments in coffee processing and trade.

No	Category	2015/16	2016/17	2017/18	2018/19	2019/20
1	Export companies	54	73	92	88	83
2	Primary Processing / hullers	454	454	548	578	620
3	Washing Stations	22	22	22	22	22
4	Roasters	14	12	17	23	28
5	Export Grading Plants	21	48	24	36	36
6	Buying Stores	506	471	715	778	700
	Total	1071	1080	1418	1525	1489

Source UCDA, 2020

Currently, there are 620 primary processors for both Robusta and Arabica processing. Majority of the coffee primary processing factories are in South Western Uganda (34 percent), followed by Central Uganda (27 percent), and Eastern Uganda (20 percent) while the rest are in Northern Uganda especially Zombo where Arabica coffee is grown. The existence of few coffee processing factories in Northern Uganda is due to the fact that coffee is still a new crop in the region and grown under limited quantities.

Over 95 percent of the total annual coffee production in Uganda is exported as green beans. Secondary processing also known as export grading transforms the clean coffee, also called Fairly Average Quality (FAQ) coffee into the various coffee grades that meet the international standards. Currently, there are 36 active export grading facilities, that are unequally distributed across the country. Most of the primary processing plants are the dry processing plants and the country has the lowest capacity in wet processing in the region. At 22 Coffee Washing Stations (CWS), Uganda has lesser capacity in this area than Tanzania with over 500 CWS and Rwanda with over 300 yet Uganda produces more coffee than both Tanzania and Rwanda. The lack of sufficient primary and secondary processing plants is compounded by the low utilization of the installed capacities as most plants operate at about 40 percent of installed capacities. This highlights the challenges of operational inefficiencies at factory level as well as weak linkages and poor organization between the farmers and the factories.

Coffee washing is, therefore, a major opportunity for investment by the private sector with or without Development Partners' (DP) assistance. Whereas in the past, water availability was a limiting factor, recent developments in processing technology have reduced the amount of water required for processing, and the machinery is affordable even for SME's. The ongoing investments in electricity generation and planned expansion of the national electricity grid to all sub counties are additional incentives for the private sector to invest in washing stations. With improved processing and subsequent better prices for farmers, it is reasonable to expect a 50 - 80% improvement in yields, which could in turn add a further 15,000 tons of coffee, or \$30 million in export value. Investment in improved primary processing and engagement with farmers around these facilities will be a decision taken by private sector investors, exporters and traders.

Another major opportunity for value addition in the next five years will probably be in the improvement of the processing of the Arabica coffee. In the past three years, nearly 50% of Uganda's Arabica exports have been Drugar. Of the total, 1 - 2% have been certified organic. This coffee comes mainly from Rwenzori, and in its present form, is dried almost entirely by small-holder farmers in often rather poor conditions, and then picked up by local traders for grading and shipping to Kampala. The coffee sells at a significant discount to the New York futures market – in the region of 30 – 25%. If this coffee were better harvested and processed, whether by dry processing or through washing stations, or even hand-pulling equipment, the potential uplift in value is in the

order of 30 – 40% - thus taking it from a 20-25% discount to a 20 – 25% premium at the New York futures market. This represents a value addition of US\$ 25 – 30 million annually.

The level of tertiary processing of roasted and ground coffee remains minimal and this is attributed to a small domestic and regional market for consumption of high value manufactured coffee by-products. National output of roasted and grounded coffee currently constitutes about 1 percent (0.022 million 60-kilo bags) sold in speciality markets; and 1 percent (0.053 million 60 kilo bags) consumed in the domestic market. The prospects of further upgrading and integration in the coffee Global Value Chain (GVC) lies majorly at tertiary processing and this is where Uganda needs to focus its investments and resources. It should also be noted that investments at this stage will generate higher returns, create more jobs and stabilize the coffee export earnings since it is not as susceptible to decline in prices of the exportable coffee beans.

B2.3.3. Speciality/sustainable coffee

Uganda trades 95 percent of its coffee as commodity grade coffee while the share of speciality coffee is only 3.5 percent. Commodity grade coffee is sold in forms of conventional coffee, under-grades and fine coffees. These are mostly mass marketed commercial blends that are identified by consumers more commonly by the brand names of the roasting companies and less by any taste or information related to the coffee itself such as coffee species and origins. The primary driver for commodity coffee manufacturers is price and will source from regions able to reliably deliver for low prices and in high volumes. As a consequence, producing countries suffer low coffee prices.

Earnings from Ugandan coffee can be enhanced through improving the quality of the green coffee beans exported to meet the certification requirements for speciality grade markets. Transitioning from commodity-grade coffee to speciality grade coffee will necessitate development of a strong coffee traceability and certification system so that the path of the coffee product from the farmer to the consumer is clearly identified and the necessary quality procedures followed.

By concentrating on the commodity grade market rather than the high value speciality or sustainable market, Uganda has suffered and will continue to suffer from the decline in commodity coffee prices and low growth in value of coffee, even if volumes increase. ICO (2019) reports that despite the overall growth in the coffee sector globally, coffee prices have experienced a continued

downward trend since 2016, dropping 30 percent below the average of the last ten years.

At 15 percent of the total global coffee market, the size of the speciality coffee market is still small though growing rapidly. It continues to expand especially in traditional consumer countries such as US, Europe and Japan. In these countries, coffee markets are saturated and mature with stable per capita coffee consumption at approximately 5 kgs. Therefore, demand in these markets is no longer driven by more coffee consumed but by the growth of high-value market segments, such as speciality coffee, and product innovations that provide new flavours and more convenience to consumers⁵.

Generally, speciality-grade coffees are premium coffees that have distinct taste, aroma, body, and acidity characteristics. They also fetch the highest premiums for their quality levels. These speciality coffees are usually marketed to consumers by their geographic origin, distinctive taste characteristics, social and/or environmental certifications, and/or information about the coffee growers themselves⁶.

Sustainable coffee production also has a great potential towards the achievement of sustainable development goals because a sustainable coffee sector hinges on ability to balance responsible consumption and production (SDG 12), enables economic development for coffee farmers and workers (SDG 8), conserves environment including life on land and its fertility (SDG 15). Sustainable coffee production systems also contribute to concerted efforts to alleviate poverty (SDG 1), achieve food security and promote sustainable agriculture (SDG2), combat climate change and its impact on coffee production and producers (SDG 13).

Speciality coffee markets create a high level of interaction between the coffee retailers and the coffee growers which allows the retailers to cultivate long-term relationships with individual farmers and their communities.

In part, the low growth in share of speciality/sustainable grade market for Uganda is attributed to very high costs of certification of a large group of small-scale coffee farmers that are geographically scattered. These costs are related to staff, operational funds, audits fees, human capacity and logistical challenges. As a result, most coffee certification projects are led by exporters, or intermediaries such as NGOs, the Government, and donor agencies. Examples of international certification and verification systems include: Organic (IFOAM

⁵ ICO Coffee Development Report, 2019. Overview. ED 2318/19

⁶ USAID (2017). U.S End Market Analysis for Kenyan Speciality Coffee. East Africa Trade and Investment Hub.

1995), Fairtrade (FLO 1997), Rainforest Alliance (RA 1995) and UTZ Certified (UTZ 2002), AAA 2003, 4C among others. These standards essentially define speciality-grade coffee. Therefore, there is a need to deliberately increase the quantities of sustainable and specialty coffees produced by devoting more resources to where it holds the greatest potential towards increasing production volumes and coffee earnings.

To unlock the existing opportunities and potential for sustainable/specialty coffee production and marketing, focus should be put on the following areas; capacity building of sector players to produce specialty and fine coffees, supporting sector players to acquire certification to sustainable standards, increasing production and productivity for specialty coffees, developing a traceability system from farm to cup, profiling and characterization of Uganda coffee based on agro-ecological zones

B2.3.4. Investments in coffee washing stations for Robusta and Arabica

Good wet processing of the cherry can add significant value. The wet processing can be done by hand on farm or at centralised processing facilities using CWSs which consistently give a high quality of coffee. CWSs, however, demand professional management. Research indicates that there is a sufficient margin on well-managed CWSs, for investors to take interest. In addition, CWSs can become focal points for convening farmers, providing services to farmers (training, inputs, finance) in exchange for a reliable supply of quality coffee. These benefits make it easier for smallholder farmers to access concessional loans and matching grants from development partners.

Different models can also be explored, such as the co-ownership model between the farmers and traders/operators that has been piloted in Western Uganda⁷. Under this model, a CWS financing facility from the government, development partners, CSOs or commercial banks would provide financing to groups of farmers to co-invest in the stations alongside commercial operators. The trader / operator maintains a majority share to guarantee efficient operations. Farmer groups (option 1), individual farmers (option 2) or a farmers' Trust (option 3), hold minority shares and receive dividends from the stations' operational profits. A farmer shared set-up would enable farmers earn additional income from value addition, create ownership and an appreciation of quality for the production process.

⁷ Scaled Impact, a Product Development Company, has developed a concept for rolling out between 10 and 20 coffee washing stations in western Uganda.

For operators, shared ownership would strengthen their connections with producers, and would increase quality of the cherries. The operators could be primary or tertiary processors or exporters that have interest in management of the supply chain of the coffee. With an estimated establishment cost of US\$ 500k per CWS, development financing would need to cover the farmers' share in the CWS; for 10 CWS that would amount to USD 5million. GoU support is critical in securing land and permits, information provision during upcoming feasibility studies, and support in engaging with surrounding communities.

Another model could also be supporting coffee farmer associations and cooperative unions to establish the coffee washing stations. This could be through matching grants or concessional financing from Uganda Development Bank (UDB). At different times in the past 20 years, UCDA has imported primary processing machinery from different manufacturers, with a view to supporting the establishment of coffee washing stations. In order to properly guide the location of the proposed washing stations, there is need by Government to undertake pre-feasibility studies to comprehensively assess the investment incentives for the private sector to make informed decisions on where to put their money. This will include; mapping the capacity of coffee producing areas; establish suitable and high potential areas for viable washing stations; assessing the availability of supporting infrastructure for power, water and other utilities, the extent of logistical facilities, etc...

B2.3.5. Establishing new and enhancing efficiency of existing dry hulling facilities

There are around 620 processing/hulling facilities in Uganda for dry processing mainly Robusta's but with average operational efficiency of 40 percent, most hulling facilities operate below their capacity. In addition to internal technical and managerial challenges which lead to failure to attract consistent supplies of coffee berries, they face high operational costs due to expensive and unreliable power, high cost of capital, old technology, etc. Therefore, focus should be on three main areas; 1) investment in technology upgrading to replace old machines; 2) extension of reliable and medium to high voltage power to the towns and locations involved in coffee processing; 3) establishment of strong linkages with farmers, farmer organizations and other suppliers through provision of technical support services to improve the quality of cherries supplied; 4) developing a public funded Business Development Services (BDS) programme, including investments in bringing the factories up to modern standards, so as to improve their operations, quality and outturns, and service delivery to farmers; 5)

provision of affordable financing mechanisms for acquisition of new equipment, upgrading the existing and expansion.

The potential of local coffee factories to be a collection point for coffee statistics from their catchment area is an opportunity for the coffee sector. Monthly outturns, if reliably and regularly submitted, would provide invaluable information about local production centres, production and export planning, and crop quality. Such information can be used for input distribution planning, production estimates, and early detection of production quantity and quality issues.

B2.3.6. Establishing tertiary processing facilities such as a soluble coffee plant

For Uganda to integrate high up in the coffee value chain, there is need to establish a soluble coffee plant to take advantage of the emerging local and regional market opportunities. This is because soluble coffee consumption is one of the fastest growing market segments globally and can enable Uganda capture some of this demand both locally and in exports. The decision to invest in soluble coffee manufacturing should be taken by a private entrepreneur with the necessary funds and technical skills to be able to tackle such a project. The size and scale of the investment can be determined by a comprehensive assessment of the viable options, risks and uncertainties.

As a start, less risk-prone approach would be to stimulate the establishment of small to medium scale spray-dry plants, processing initially for the local market and then building capacity to increasing volumes for regional and overseas markets. Such plants can cost from about \$500,000, putting this kind of investment within reach of Ugandan investors without incurring the market risks of much a larger plant at the outset. Investment in these types of plants to produce cheaper coffee brands⁸ for the domestic market could provide significant growth in tertiary processing. However, it is essential that government regulates and licenses the production of safe but low-end coffee grades for such consumer markets.

The establishment of a soluble coffee manufacturing plant will make better use of up to 13 percent of total export coffee volume that Uganda sells as under grades or ungraded coffee which include BHPs, other Robusta and other Arabica. Great value can be added to these coffee grades through domestic tertiary processing to improve their earnings.

⁸ In Kinshasa, a local entrepreneur processes 120 MT/month for local consumption. The cheap brand is sold in small sachets throughout Kinshasa.

B2.3.8. Institutional coordination for enhancing coffee processing and value addition

In order to achieve the above strategic interventions in value addition, there is need to coordinate the various actors and the functions they perform. Value addition in the supply chain is essentially the work of the private sector. The public sector can provide support in numerous ways, including an enabling business environment, investment incentives for entrepreneurs and investors, concessions where appropriate, information to draw attention to the investment opportunities that exist, etc. Also, the focus and emphasis of Government policy in this area can motivate the Development Partners to channel funding into these areas to support or match private sector investments, thus creating added value and new employment opportunities, especially for youth, in the rural areas. In addition, proper coordination of the actors will also enhance standards enforcement as the activities and investments of the various actors become more aligned.

B2.3.9. Development of other critical infrastructure, facilities and services

In addition to the essential required infrastructure, facilities and services specific to the coffee value chain, complementary investments are required in a number of other critical areas, such as; logistics and transport, availability and cost of power; access to water especially for the washing stations as these use a lot of water. Uganda has achieved significant progress in the generation and transmission of electricity and currently the country has surplus power. However, the cost of electricity remains high especially for small and medium enterprises where most of the coffee processing and value addition firms lie. Secondly, access to power remains a challenge as most of rural areas are not yet connected to the national grid and additionally those that are connected only access the low voltage power. As a result, most hulling factories use diesel generators and the fumes that evaporate from these generators affect the coffee flavour, hence diminishing the quality.

Similarly, the country has witnessed significant improvements in the area of transport and logistics including roads infrastructure, border and customs facilities, efficiencies in customs procedures which has improved the transit time to destination markets. However, challenges remain especially in the rural community access roads, transportation facilities such as box trucks, and delays at customs. There is therefore need for more resources in improving the road network in rural areas, improve customs administrative procedures and facilities. Furthermore, access to adequate and reliable water remains low especially for

factories located in rural and distant urban areas. Therefore, investments and efforts are needed in the extension of water lines to these areas especially those planned for additional coffee washing stations.

Establishment of a fully serviced specialized agro-industrial and processing park specifically for coffee with the necessary facilities where potential investors in coffee processing, value addition and marketing can acquire space to establish their factories. Fully serviced agro-industrial and processing parks will not only attract medium to large scale investors but will also provide common user facilities, technology and capital that can be accessed by coffee MSMEs unable to afford the capital on their own. The park will reduce on the barriers of entry for low capital firms and even start ups that have innovative ideas but lack capital. These firms can be organized in coffee clusters and aggregated to harness and build economies of scale through working together. Therefore, resources should be invested in areas such as: identification and acquisition of suitable land for the location of the park, planning of site design and establishment of basic services including water, power, ICT, sewage treatment plants, and development of the parks, etc. This can be integrated in the initiatives already going on and led by Uganda Investment Authority in the development of industrial and business parks.

B2.4. Increasing share of the local, regional and global markets

Globally, Coffee is the 2nd most traded tropical agricultural commodity next to oil⁹ with the global coffee market valued at USD 150.11 billion in 2018¹⁰ and projected to reach 203.85 billion by 2024 with a forecasted growth of 5.38% during the period 2019 - 2024¹¹. Uganda is the largest exporter of Coffee on the African Continent but the second largest producer after Ethiopia and the 8th largest producer Globally (ICO, 2020)¹². Coffee has been the leading foreign exchange earner for the country for the past three decades and for the FY 2019/20 Uganda exported 5.11 million bags of coffee valued at \$496 million. 81.0% of this was Robusta while 19.0% was Arabica coffee (UCDA Annual Report, FY 2019/20). By destination, 62% of total exports were imported by European

⁹<https://www.kilimotrust.org/index.php/ug-menu/94-uganda-studies/116-value-chain-analysis-of-the-coffee-sub-sector-in-uganda>

¹⁰ <https://research.mordorintelligence.com/reports/coffee-market>

¹¹ <https://research.mordorintelligence.com/reports/coffee-market>

¹² <http://www.ico.org/prices/po-production.pdf>

countries while Africa took a market share of 16% and the rest goes to Asia, North America, and Central America (Mexico). Major African destinations are Sudan, Morocco, Tunisia, Algeria and South Africa in descending order. Local coffee consumption is though very low at less than 8% of production, with an estimated per capita consumption of 0.8 Kg/year (UCDA, 2018¹³.)

From the above, in addition to the traditional major importers of Uganda coffee, there are emerging markets that Uganda can position itself to exploit including Algeria, Egypt, Tunisia, Morocco, UAE, Russia, Mexico and China. Already, Uganda has done relatively well to establish a foothold in the large emerging markets, but efforts remain unstructured and poorly mainstreamed. For example, at a moderate investment, Uganda has penetrated the Chinese market, though in 2017/18 exports to China represented only 900 tons of coffee, underlining the long-term nature of this work. Therefore, more resources and efforts must be invested to develop Uganda's potential to exploit these markets. The volume of coffee exports increased by 54% from 3.236 million bags exported in FY 2014/15 to 5.11 million bags in FY 2019/20. The highest export volume since liberalisation (Figure 3). The volume of exports is projected to grow to 6.0 million 60 kilo bags in FY 2020//21.

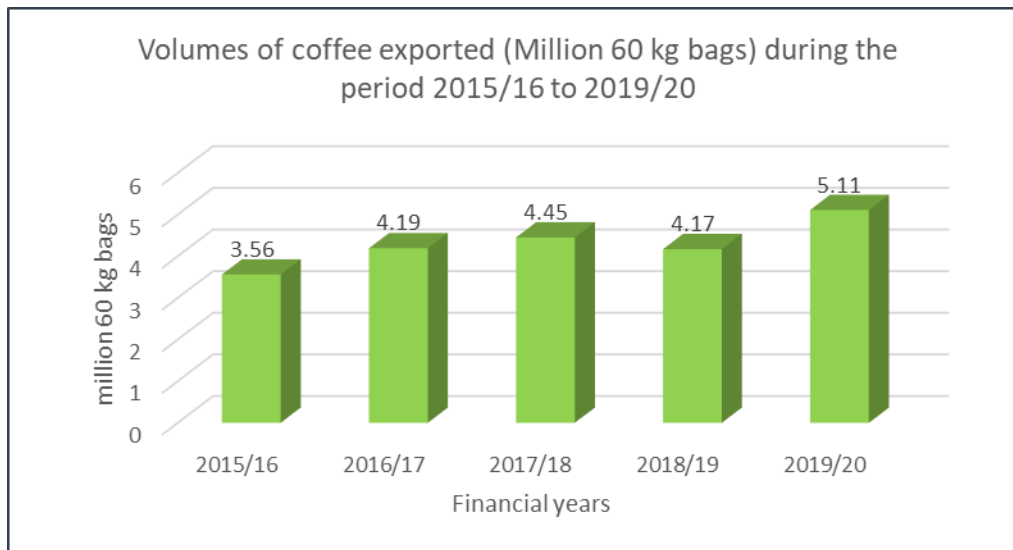
The value of coffee exports on the other hand increased by a smaller proportion of 23.4% from US\$ 402 million in FY 2014/15 to US\$ 496 million in FY 2019/20. Generally, the small increase in the value of coffee exports was due to the negative trend in global prices exacerbated by COVID-19 pandemic which set in the last 4 months of the FY 2019/20. The average unit price in 2014/15 was USD 2.06 per kg compared to USD 1.62 per kg in 2019/20¹⁴. The above trend shows that the growth in exports volume in the 5 years was higher (54%) compared to the growth in export values (23%) highlighting the low value nature of the coffee product that Uganda exports and the need to focus investments in upgrading the value of the coffee product exported. Upgrading the value of the coffee product exported will require a focus of efforts and investments on adding value at every stage of the value chain.

¹³ Domestic Coffee Consumption Survey Report, December 2018

¹³ UCDA Annual Report, 2019/20

¹⁴ UCDA Annual Report, 2019/20

Figure 4: Volumes of coffee exports for FYs 2015/16 - 2019/20



Source: UCDA (2020)

Differentiated by grade, Uganda exported over 10 grades of Robusta coffee in FY 2019/20 and their prices ranged between USD 1.14 per kg for the BHP 1199 to USD 2.35 per kg for Screen 15 Fair Trade. For As Arabica, weighted average price ranged from USD 1.41 per kg for other Arabica to USD 6.61 per kg for Mt. Elgon Specialty Coffee followed by Fully Washed Arabica Coffee (Sipi Falls) sold at USD 4.39 per kg.

Table 3 shows growth in value of Uganda's Robusta coffee exports is increasingly getting a higher percentage (14%) of lower grades of smaller bean size such as screen 12 and lower, BHP and other low quality Robusta. The value of Robusta exports increased by 48 percent from USD 249.2 million in FY 2015/16 to USD 369.5 million for the FY 2019/20. However, there was varied performance across the grades with lower grades such as 14 and 12 growing highest compared to the preferred higher grades of 15 and above. The highest grade of screen 18 among the conventional types grew least at 37 percent for the five years while the value of washed Robusta increased by 5.7 percent over the five years. What is worth noting is the growth of the new grades Screen 17 and Screen 14 (73% and 194%) which were separated from the conventional Screen 15 and Screen 12 respectively. The growth of 134% in sustainable Robusta (organic) over the last 5 years ago indicates Uganda is in the right direction in responding to the changing consumer tastes and preferences that hinge on food safety, traceability and appellation.

Table 3: Value of coffee exports by grade, USD

Grade	2015/16	2016/17	2017/18	2018 /19	2019 /20	% change from 2015/16 to 2019/20
Robusta	249,245,692	349,312,555	354,699,013	301,699,837	369,488,476	48.24
Organic Robusta	1,228,602	1,458,814	2,334,812	2,327,999	2,868,759	133.50
Washed Robusta	2,297,489	2,978,053	1,634,095	1,557,422	2,427,640	5.66
SC 15 Organic					36,072	
SC 18 Fair trade					128,255	
SC 15 Fair trade					405,929	
ROUSTA UTZ				39,440		
Screen 18	29,977,294	30,449,984	31,778,270	35,326,811	38,109,694	27.13
Screen 17	16,474,945	21,124,628	21,635,675	20,780,216	28,581,296	73.48
Screen 15	126,102,461	184,108,146	164,596,945	146,813,656	192,810,180	52.90
Screen 14	664,451	606,372	4,757,793	2,991,575	1,955,619	194.32
Screen 13				468,592	1,952,146	
screen 12	44,258,424	74,990,693	90,380,330	59,112,204	64,272,209	45.22
BHP 1199	15,083,253	20,650,375	19,499,698	18,360,057	17,579,836	16.55
Other Robusta	13,121,504	12,796,416	16,081,610	13921864.34	18,360,842	39.93

Source, UCDA Annual reports 2015/16 – 2019/20

The increase in percentage of under-grades is also attributed to poor agronomic management practices manifested in inadequate tree care, poor harvesting methods, and post-harvest handling. Therefore, promotion of good agronomic practices and replacement of old trees with improved high yielding varieties is critical in improving the grades of coffee exported and thus the value of coffee exports.

Like Robusta, Arabica coffee is assorted into 19 grades. For the FY 2019/20, the average price was USD 2.18 per kg and ranged from USD 1.41 for the undergrade Arabica to USD 6.61 per kg for Mt. Elgon A that was sold in sustainable/speciality markets. The bulk of Arabica exports from Uganda is DRUGAR (Dry Uganda Arabica) and for FY 2019/20, although it contributed 52% of total Arabica exports, it generated USD 57.91 million in export earnings amounting to 46 percent of the total earnings from Arabica coffee and fetched a weighted average price of USD 1.93 per kg compared to Bugisu AA price (which is wet processed) of USD 2.65 per kg, a discount of 72 US cents. Organic Drugar fetched an average price of 2.86 per kg, a premium of 21 cents over Bugisu AA and 93 cents above conventional Drugar. This shows that Arabica Naturals can also fetch a premium price once such niche markets are explored and penetrated.

Addressing the grade and quality needs of Uganda's coffee exports will enable it to fully exploit the potential of the conventional export markets where it has a sure market for most of its produce and commands a comparative advantage in the medium term. Therefore, the medium-term strategy should be improving

the quality and quantity of coffee exported through enhancing efficiencies along the value chain. Beyond the initiatives at farm level to improve the grade and quality of coffee exported, resources and efforts will also be required towards the physical transformation of the product through improved primary, secondary and tertiary processing.

Uganda's coffee exports are dominated by the conventional commodity market and little is earned from the premium prices offered by the growing demand from specialty markets. About 98 percent of graded Robusta beans are exported to the conventional market while for Arabica it's 93 percent. The low share of exports to speciality markets means that Uganda continues to earn little for its exports despite the growth in volumes. The growing demand for speciality coffee follows the growing consumer interest in how coffee is brewed, as well as where, how and by whom the coffee was grown. Therefore, there is great potential for Uganda to substantially improve its export earnings through expanding the share of roasted and grounded coffee sold in speciality markets.

Future strategies can build on the existing and recent initiatives such as investments around Mt. Elgon, in the Rwenzori and West Nile regions, which have created openings to some of the most exclusive and demanding consumer markets. For the speciality markets quality and environmentally & socially responsible production systems remain key selling points and Uganda can consolidate and strengthen its position in these aspects. Creating a country wide own minimum certification system, would further strengthen Uganda's name as a responsible origin for mainstream and speciality coffees.

Exploiting the high prices offered by speciality markets will also trickle down to farmers and improve the earnings by farmers. Currently, due to the efficiencies of the liberalised local market coffee farmers can receive an estimated 75 - 80% of the exporter's price. This is probably the highest in Africa, but still falls short of the approximately 90% achieved in countries such as Brazil and Vietnam. The producing countries that will manage to maintain coffee production in the coming decades will be those that i) give the highest share of world market prices to their farmers, and ii) whose farmers are supported to achieve production efficiencies which make coffee farming profitable and attractive, even at current or possibly even lower price levels.

There is also need to increase value addition by branding Uganda coffee which will raise its local and international profile. Ugandan coffee has not been able to attract a price premium in the global market, due to lack of a brand identity.

With the growing demand for speciality coffees, it has become essential for speciality coffee producers to tell the story behind their coffee, its origin and the other environmental and social aspects around it. Though local retail coffee companies e.g. Kigezi coffee, Good African etc, have developed brand identities they still face marketing difficulties in the local and global market such as high marketing costs for the individual retailers e.g. setting up small stands at global expos, when entering new markets, they first have to create market awareness about Uganda coffee leading to a high cost of growth. Uganda could learn from the example of Ethiopia that launched its 'fine branding' initiative in 2006. This led to price gains of approximately 10% and doubling of farmer incomes.

Uganda could build a similar strategy incorporating brand identity, profiling of all Ugandan coffees and identifying high profile persons or events to be coffee champions. This would raise the profile of Ugandan coffee domestically and internationally and influence consumption. In addition to seeking to boost the international market for Uganda coffee, there is need to build local demand to match and compete with other beverages such as tea and soft drinks. Uganda consumes 0.8 kgs of coffee per capita per year, or around 7.5% of its total production. This is low by all standards¹⁵ and certainly low for a coffee producing country. There is a gradual increase in coffee consumption amongst the urban elite, but a much slower increase in lower end of the market (drivers, hauliers, farmers, artisans, market vendors), and as a household drink. Growth of local coffee consumption has to come from these low-end market segments, primarily because it constitutes the large majority of potential new consumers, and secondly, because it puts a foundation for higher end consumption habits when low-end consumers move upwards economically.

B2.4.1. Strategic investments for increasing coffee market share locally, regionally and globally

Against this background, for Uganda to exploit the potential of growing local, regional and international coffee market, there is need to concentrate its investments towards consolidating the gains achieved and fully exploiting the conventional market but further making innovations to exploit the growing speciality and sustainable markets. Only through this will Uganda be able to move up the global value chains and earn better value for its coffee products. Specifically, the following strategic investments are proposed for the next five years: 1) Building structured demand in consumer countries for conventional

¹⁵ The highest coffee consumer country is Finland with 12kg per year

and speciality coffee types; 2) branding Ugandan coffee to attract a price premium in the global market; 3) Increasing local consumption.

B2.4.2. Building structured demand for conventional and speciality coffee types

There is need to establish structure in demand for coffee to exploit the traditional and emerging opportunities in the global value chain. One of the options is the country to country product deals with emerging markets such as China. Government to government deal between government of Uganda and Republic of China to off-take coffee production as a move to balance trade deficits/repay loans between the two countries or large purchase commitment from China with preferential terms to secure volume and price. China has a growing demand for coffee and is currently the 10th largest importer of Ugandan coffee. A detailed China market research preceding the deal will show how much market share Ugandan coffee can capture through such a deal. Uganda can target to export 3 million bags of coffee to China.

The government of Uganda can also strengthen and/or open trade relations between Uganda and new markets (including Algeria, Egypt, Tunisia, Morocco, UAE, Russia) to widen its market base. This could be through leading a coffee delegation comprising of government and private players to negotiate preferential terms, ushering in private sector from either side to engage. Uganda private players would present a showcasing of cupped coffee in expos to set the stage for Uganda exports. Uganda can target to export 1.5 million bags of coffee to these markets. Activities under this can include: mapping new markets to focus on including; market characteristics, risks and benefits; assembling of private sector players to propose engagement and assess capacity; structuring of proposals and requests for preferential, terms and incentives; promotional expos at emerging countries, etc.

B2.4.3. Branding Ugandan coffee

In order to address the lack of identity for Ugandan coffee, a locally and internationally recognized brand will be created. To address this gap, UCDA will launch a sustained campaign around Ugandan coffee aimed at establishing a definitive image of the product in the mind of the consumers. The campaign that will be launched will focus on domestic promotion and consumption using a variety of communication tools, to trigger a nation-wide positive opinion about coffee and a consumption boost. For that to happen, the campaign

needs to be high quality, high density and high powered, in other words a break with the current 'maintenance' promotion activities.

The proposed promotion campaign will aim to create a 'story' about Ugandan coffee locally and internationally. Internationally, the story can sell Uganda as a birthplace of Robusta coffee. The international promotion should aim to improve appeal of Ugandan coffee and increase the share of Ugandan coffee sold in the speciality grade market. Locally, the message can promote coffee as traditionally and culturally embedded in Uganda and raise interest and pride in the crop and its products. The local production campaign will be aimed at farmers and primary processors, with the purpose of increasing their interest and appreciation for the crop and its products as a respectable and economically attractive enterprise. To increase consumption in the local market, promotion will target the low-end market by promoting the production of cheap coffee roasts that are sold in ready-made affordable packages or sachets for quick consumption in trading centres from kiosks and coffee/tea joints.

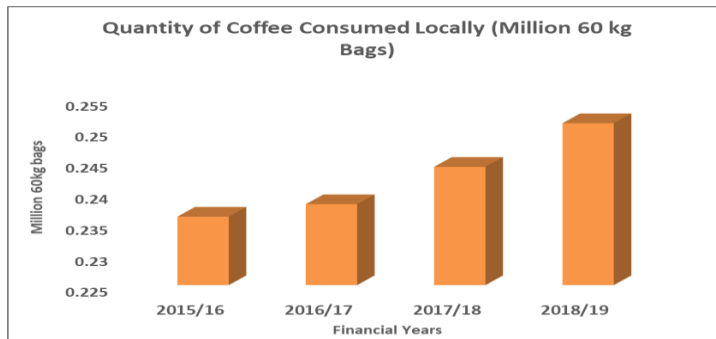
UCDA will work with the UNBS and other partners to build coffee traceability systems including registration of actors; recruitment and training of human resources; provision of logistics and infrastructure such as laboratories that are well equipped, certified and accredited. These coffee analysis laboratories will serve to provide reference data on quality assurance and enforcement. The global trends on food safety and traceability require the national laboratory to be accredited. Once Certification of Ugandan coffee is done by an accredited national laboratory, it will boost penetration in targeted international markets, and establish it as a unique identifiable brand. Furthermore, there are new market requirements which are emerging that call for development of UCDA's capacity to perform specialized laboratory analysis. UCDA as the lead agency requires skilled staff and necessary equipment in order to efficiently coordinate and support all stakeholders.

B2.4.4. Increasing domestic coffee consumption

Despite Uganda being among the leading coffee producers in the world, there is low domestic demand for the product as approximately 95 percent of the coffee produced is exported. Even though there has been an increase of 2% in the domestic consumption over the last five years, with an estimated per capita consumption of 0.8kg, local consumption of Ugandan Coffee is still limited. From the colonial and immediate post-independence days, coffee growing was promoted as a purely export crop. In addition, wrong perceptions about coffee such as coffee being bad for women's health or coffee causing sleeplessness persist. Local retailers have not been able to increase domestic consumption

due to poor packaging and the low standards of coffee sold on the local market. As a result, the penetration of coffee in the local beverage market has remained small.

Figure 5: Domestic coffee consumption trends



Source: UCDA (2019)

As the domestic market grows due to rise in household incomes, urbanization population growth and the rise of the young that consider coffee consumption as trendy, consumption of Ugandan Coffee is projected to increase and even grow higher if deliberate strategies are designed to promote domestic conception. Boosting local coffee consumption is important for three major reasons: it leads to reduction in coffee price, since the locally processed and consumed coffee is not subject to import tariffs. Secondly, local consumption triggers a secondary and tertiary processing industry that creates employment, and keeps a larger share of the value of coffee in the country. And thirdly, it enables Uganda to exploit the growing regional market for coffee through increased exports of better value-added coffee under EAC common external tariff (CET) arrangements.

In order to take advantage of these benefits, focus and investments should focus on four major areas: 1) Involve stakeholders such as farmer organizations to drive local sensitization campaigns on coffee for health and build up on 'enjoy Ugandan coffee our strong tradition and culture' to change local perceptions on coffee; 2) Find innovative ways to enhance the packaging industry to make it more affordable for local retailers to manufacture for the local market; 3) Create favourable environment for Ugandan retailers to sell more quality coffee locally through review of regulation and standardization of products. Poor quality local coffee products on the shelves reduce the overall sales for all retailers as local consumers opt for international brands; 4) Through

the Buy Uganda Build Uganda Initiative, public offices will be strongly encouraged to serve Ugandan coffee for public servants as they do Ugandan tea; 5) Build coffee consumption among the youth and children through coffee clubs, competitions, etc.

B2.5. Mobilization, Equitable Access and Utilization of Agricultural Finance

The coffee value chain, like other agricultural commodity value chains in Uganda, has limited access to finance. However, several attempts have been made to make financing available to the coffee value chain. Most of the funding to the coffee industry has majorly focused on productivity enhancement, quality improvement, establishment of value addition centers, production of clean planting materials, access to finance and markets.

Uptake of credit is hampered by the high interest rates (20-26%) on credit offered by financial institutions as a result of less financing from the public sector. Average lending rates for agricultural production loans in Microfinance Deposit-taking Institutions (MDIs) is in the region of 30 percent per annum compared to a slightly lower percentage of 24 percent for other enterprises mainly due to the risky nature of Agricultural production.

Even when financing may be available to the coffee industry, many SMEs in this industry are not able to attract this finance from the financiers due to lack of adequate collateral and uncertainty of adequate cash flow among others. In terms of market segmentation, most coffee value chain financing actors prefer to deal with commercial or large-scale plantain farmers who have some form of collateral. This leaves out the small scale or traditional farmers who produce 85% of the coffee. The lack of coffee value chain specific data has been a challenge for financial institutions to develop financial products aimed at specific actors in the different segments of the coffee value chain.

Whereas the demand side for agricultural finance in the coffee industry is dominated by agricultural microenterprises (agri-MSMEs), their capacity to access and use financial products effectively and efficiently is constrained by a raft of challenges, some of which include: scarcity of business and technical skills (including extension services where not all coffee farmers access extension services); subsistence nature of farming; informal and insular nature of the enterprises; lack of collateral; lack of credit history; inadequate technology,

innovation and knowledge, volatile market conditions, climate change and long distances to financial institutions among others. Further more, institutional capacity building, particularly for agri-MSMEs, as one of the products of agricultural financing is lacking. Hence, even when institutional weaknesses have been identified among the implementing partners, these have not been addressed in the coffee sector. This has been commonly found with coffee Farmer Organizations and lower tier financial institutions.

However, in the face of these shortcomings Government has intervened in the agricultural credit market to increase access to agricultural finance as well as the channels and pool of resources available for agri-lending. This has been done through capitalization of Uganda Development Corporation (UDC) and Uganda Development Bank (UDB), increased funding to Micro Finance Support Centre (MSC) and through facilitating the formation of Public Private Partnerships to contribute to the reduction in interest rates and hence boost investment in the coffee value chain.

Uganda development Bank (UDB) offers short, medium and long-term loans to actors along the coffee value chain especially to the processors and exporters. However, since it doesn't have branches across the country, issues of access arise and there are high collateral requirements. In terms of geographical focus, financial interventions have been concentrated in the coffee growing regions of central, western, eastern and the West Nile area leaving farmers in new emerging zones like Northern Uganda underserved. Therefore, accessing this public financing is very limited due to the challenges highlighted earlier.

Government has also provided credit at affordable rates to the higher levels of the coffee value chain, especially processing and marketing, through the Agriculture Credit Facility (ACF) in the Bank of Uganda. However, some farmers are not aware of this facility, and it is not easily accessed by the lower levels of the value chain especially the coffee farmers. It is important for government to increase funding to ACF so that it can finance all actors in the entire coffee value chain and sensitize farmers about this facility.

There have been some impact funds flowing to the coffee value chain as for the case of Agribusiness initiative (aBi) Development Limited formerly known as Agribusiness Initiative Trust (aBi Trust) which partnered with over 18 partners in the coffee value chain giving them funding over the last 6 years with total grant value of over UGX 34 billion which is matched by private sector financing from

the Implementing Partners. This is an example of raising impact funds that come with less stringent measures to obtain and utilise.

Against this background, below are measures to be put in place in the entire coffee value chain to support equitable access to affordable agricultural finance in a timely manner that supports investment in the value chain for value addition and coffee consumption.

B2.5.1. Mobilisation of private sector funds

Agricultural finance to the coffee sector will be mostly provided by the private sector. The commercial banks and micro finance institutions will be the largest source of Agricultural finance. Therefore, they need a good environment provided by Government and a good working relationship with coffee value chain actors for them to be able to provide this finance at affordable rates. Government will play a big role in providing this atmosphere for example by putting up innovative spheres to reduce interest rates. Below are some of the interventions in which private sector finance can be mobilised for the coffee value chain (CVC).

- a) Review and reform the specific laws, regulations and practices that constrain private agricultural finance in the coffee industry. This will go a long way in creating an enabling environment for financial institutions to provide affordable finance to the entire coffee value chain. This will further stimulate appropriate affordable and sustainable financial products and services to the entire coffee value chain especially targeting value addition and improved consumption of Ugandan Coffee.

- b) Build the technical and institutional capacity of both the financing institutions and the coffee Value chain actors. When capacity is built, the institutions will be able to provide appropriate financial products and they will also understand the behavioral characteristics of the different actors along the coffee value chain. Therefore, government should support industry wide efforts to sustainably strengthen the human capital needed to drive the development of the agricultural finance for the coffee value chain. This will further result in innovative approaches to enhance delivery of affordable and timely financial products and services to coffee value chain actors enhancing utilisation of Agricultural finance.

- c) Scale up the operation of risk sharing facilities or partnerships across the country targeting the coffee value chain. Most times credit becomes expensive for the value chain actors because they absorb most of the risk on behalf of financial institutions (FIs). So, when government swings in to create risk sharing facilities in the coffee value chain (CVC), then the FIs are able to provide affordable credit because of the favourable operating environment.
- d) Promote the expansion and uptake of agriculture insurance across the entire coffee value chain. More insurance companies should be recruited in the agro-consortium so that they are able to reach most of the farmers. Government should continue to pay insurance premiums for small coffee farmers but most importantly should create a conducive environment to provide insurance services to the CVC. This will increase coffee farmer access to appropriate agricultural insurance packages which stimulates further investment in the CVC.
- e) Government, Development partners and other players should provide incentives such as reduced taxes, tax revenue sharing, grants, infrastructure assistance and low interest financing to financial institutions to increase agricultural lending to the coffee value chain. Review tax levies and other incentives on agricultural finance and services to encourage uptake by coffee farmers.
- f) Establish a policy to guide agricultural finance in the coffee subsector. This is important in regulating and governing Agricultural finance in the CVC as it highlight the roles of different players and increases the efficiency and effectiveness of Agricultural finance in the CVC.

B2.5.2. Leveraging government concessions to finance the coffee value chain

- a) Rationalise and render more effective the role of government owned financial institutions, government agricultural finance initiatives and mechanisms to sustainably serve the coffee value chain. Capitalising the Uganda Development Bank, increased funding to Micro Finance Support Centre, government direct support to coffee cooperatives and scaling up the Agriculture Credit Facility (ACF) to cover more and small-scale coffee farmers and more players in the coffee value chain. This will increase access to low cost capital and credit to the coffee value chain actors. This will offer

fertile ground to promote the scaling up of Value Chain Financing (VCF) arrangements in the entire coffee value chain.

- b) Improve the bankability of smallholder coffee farmers, coffee farmer organisations and other agri-MSMEs in the coffee industry through capacity building. Government will work with partners to enhance the operational capacity, efficiency, productivity, profitability, resilience and viability of the various smallholder farmers, farmer organisations and other agri-MSMEs. This will be achieved by supporting initiatives that are intended to scale up; the operation of agribusiness incubation, accelerator or other forms of business development services provision in order to support farmers and other agri-entrepreneurs to form viable and bankable agri-enterprises; effective and professional farmer organisational frameworks (eg cooperatives and other forms of coffee farmer-based organisations (FBOs)) and models that link organised smallholder farmers to markets (off-takers), information & finance (e.g. the village agent model); financial and agribusiness training programmes for smallholder farmers and other agri-MSMEs. The Government will also explore mechanisms through which the sub-county nucleus coffee farmers and parish model coffee farmers will be the linkage between financial services providers and smallholder farmers. Therefore, for ACF and UDB to be able to lend to CVC actors at the bottom of the coffee value chain they must be bankable.

B2.5.3. Mobilization of impact funds

Development partners or impact partners working with government should exploit avenues of providing patient capital to actors of the coffee value chain especially those involved in coffee value addition such as development of soluble plants, branding and consumption among others. Tackling climate change is one area in coffee production that needs patient capital. Government has a role to play in creating an enabling environment to make sure that patient capital works for both the financiers and the beneficiaries. This is because the current financial landscape in the coffee value chain has limited capacity to mobilize patient capital or long-term financing of about 5 years and above.

There is need to develop a strategy to mobilize impact funds from development/impact partners to finance the coffee roadmap/coffee strategy majorly concentrating on value addition. A clear plan should be put in place

stipulating how the partners will be lobbied and how the funds will flow to the various actors in the value chain.

In addition, there is need to facilitate the formation of farmers groups and cooperatives for savings mobilization in the coffee industry. This makes it easy and meaningful in utilisation of impact funds. A special consideration should be given to youths and women during the formation of these groups. Organising women and youths to attract impact funds available for agricultural lending including women and youths in rural areas taking into consideration of their lack of collateral would stimulate investment in the coffee value chain. This would help to support women farmers in the coffee industry to transition to agrobusiness, export trade, and more profitable business along the CVC.

B2.6. Legal Reform, Institutional Coordination and Regulation

B2.6.1. Overview

A number of steps have been taken to increase coordination and regulation of the coffee subsector. One of these steps includes the establishment of the Uganda Coffee Development Authority (UCDA). Established in 1991, the UCDA is mandated to promote and oversee the coffee industry by supporting research, promoting production, controlling the quality and improving the marketing of coffee in order to optimise coffee production and export as well as increase farmers' earnings. The establishment of the UCDA was a truly progressive effort aimed at integrating interventions in the subsector along most of the coffee value chain.

As a result of its establishment, there has been progress made in organizing farmers, streamlining input supply chains and strengthening coffee production, marketing and export. The establishment of the UCDA was followed by the Prime Minister's Delivery Unit (PMDU). Chaired by the Prime Minister, the PMDU has been instrumental in trying to bring together all actors along the coffee development value chain. The PMDU can demand for results from any of the participating MDAs as per the agreed implementation plan on a regular basis. The PMDU has played the role of high-level convener and analytical hub, providing a link to the highest political offices and enforce coordination.

However, much as progress has been made, more efforts to increase production and marketing of coffee is still needed. There is no effective standing platform that brings together all value chain players. Research and

commercialization of technology, production, harvest/postharvest handling and storage as well as marketing of coffee cuts across the mandates of several Ministries, Departments and Agencies (MDAs). Consequently, there are many stakeholders in the coffee value chain each playing a different role along the coffee value chain, with different financial requirements, different challenges and with different skills. However, these MDAs are not properly coordinated, for instance, around the common objective of increasing the production and size of the local, regional and global market to 20 million bags annually. They have moved the coffee industry forward but with divided effort.

There is, therefore, need to establish a common platform that brings together all stakeholders to consider issues related to growing the coffee industry, agree on the interventions to be implemented, and hold each other accountable to the commitments made by each institution. Whereas there has been some harmony created in the coffee industry by platforms such as National Coffee Platform and its Annual Stake-Holder Meetings, these are not sufficiently empowered to ensure the permanent engagement and mutual accountability of both the private and public sectors.

The coffee Act of 1991(as amended in1994) which is in place to regulate the coffee industry is not sufficient to cater for the gaps that are caused by the changing environment and highly dynamic industry. A new coffee bill is in parliament pending passage and assent by His Excellency the President. The new coffee bill is also designed to address the new requirements by consumers around the world for traceability of the brands of coffee they consume, by introducing legislation to provide for the registration of farmers. There is, therefore, a need to fast track the enactment of the National Coffee Bill to provide for an enabling environment as well to govern the entire coffee sector.

Other constraints that need to be addressed using the legal and institutional mechanisms include:

- i. the multiplicity of policies and regulations which affect the production and marketing of coffee;
- ii. the limited policy evaluation that is manifested in the low levels of monitoring and evaluation that in turn impedes learning for improvement; and

- iii. inadequately developed support services, including; patient capital (or finance), business infrastructure, land, insurance, and research and development (R&D).

B2.6.2. Weaknesses that need to be addressed to improve functionality of the sector

To improve institutional coordination and regulation of the coffee sector, there is need to undertake the following interventions:

B2.6.2.1. Implementing the Coffee Bill

The National Coffee Bill has been tabled in Parliament and is expected to be passed soon. The passage of the bill will streamline and strengthen existing coffee policies, regulations and standards at all stages of the coffee value chain. These will guide strategic investment in the coffee value chain and create harmony in the industry. The enactment of the National Coffee Bill into law will also provide for an enabling environment to govern the entire coffee sector that is necessary for boosting competitiveness of Uganda's coffee domestically and internationally. Once the law is passed, it will be necessary to sensitise the coffee actors about the coffee bill and the resultant national coffee law for ownership and accountability, and more importantly, follow through quickly with the enactment of the enabling regulations necessary to implement the law.

B2.6.2.2. Strengthen coffee statistics and analytics with development of a system for effective planning, monitoring & reporting

This will entail developing and strengthening a data collection system across the entire coffee value chain for informed policy making. The development of such a system could be guided by a strategic plan for statistics.

B2.6.3. Strengthen the role and application of ICT in the Coffee Value Chain

The increase in the use of digital technologies has created benefits for all through easier communication and information sharing, and improving social connectedness. Inclusion, efficiency, and innovation are the main mechanisms for digital technologies to promote development. Nearly 70 percent of the bottom fifth of the population in developing countries own a mobile phone. The number of internet users has more than tripled in a decade, from 1 billion in 2005 to an estimated 3.2 billion at the end of 2015. ICT gives farmers the power of

choice. They use the information gotten to make informed decisions. Commonly used ICT tools or initiatives are; SMS portals, call centres, farmers portals, market intelligence, weather apps, radio programmes, Agriculture based channels, social media platforms and online trading. With almost every Ugandan owning a phone and having access to radio and television, the following can be done to leverage ICT to improve services across the entire coffee value chain;

B2.6.3.1. Increase the use of ICT in accessing critical farm inputs.

Critical farm inputs such as fertilizers and coffee seedlings among others can be accessed using electronic vouchers given to farmers. But also using their mobile phones and other platforms farmers can be able to tell the availability of quality inputs clearly identifying their sources. This will help reduce on counterfeits but also on the transaction costs involved.

B2.6.3.2. Strengthen the use of ICT in extension and advisory services.

Provision of new monitoring technologies can provide cheaper and higher-quality information to increase decision-making of coffee growers. Farmers can use their mobile phones to seek technical advice during coffee growing. It is possible to make extension and advisory services in the coffee industry more efficient and effective by using ICTs such as GPS and tracking devices to ensure regular contact between farmers and extension workers.

B2.6.3.3. Strengthen the use of ICT in Climate-Smart Coffee production and early warning systems.

Climate related challenges, pests and diseases pose a very significant problem to coffee farmers. In the face of such challenges, information is key to preparedness. For farmers, this could mean the difference between a successful or a failed harvest. By generating and systemizing information, the application of ICTs can enable a coffee farmer to detect pests and diseases and climate hazards at a very early stage in form of early warning which leads to climate-smart coffee production. ICT-based tools related to climate change issues and early warning can assist in reducing the risks faced by smallholders. The provision of timely updates on local meteorological conditions can push out early warning messages related to extreme weather events such as possible flooding.

B2.6.3.4. Strengthen the use of ICT in coffee certification, marketing and traceability

Globally, consumers of coffee and other products have become sensitive to the value chains of the food they consume due to ill health that may arise from consuming certain foods. In this regard, food traceability has become very important as a risk-management tool. The use of ICT technologies can facilitate the movement of food through specified stages of production, processing, and distribution, thereby improving customer confidence. Uganda can use ICT to trace her coffee value chain in order to tap into the premium markets of the USA and Europe. ICT can help coffee growers collect and share detailed information on their crops to the higher levels of the value chain. Emphasising focus on data in the coffee industry will allow much more precise fine tuning of the whole cycle, from seed (planting) to cup (consumption). In addition, farmers can use their mobile phones to know the daily prices of coffee and also make good use of online trading for price advisory.

B2.6.3.5. Strengthen the use of ICT for Financial inclusion

Digital finance promotes financial inclusion, providing access to financial services to the poor.

Transfers and payments, credit, savings, and insurance are examples of financial services that can be offered through ICTs which can benefit the coffee value chain. ICTs can significantly help improve rural communities' access by providing financial institutions the means to enter rural markets through unconventional methods. ICTs play a significant role in increasing access to credit by smallholders but also in facilitating the well-functioning and efficiency of the credit market, especially by reducing information and monitoring costs. Paying value chain actors using mobile money would play a big role in reducing transaction costs.

B2.6. Summary of development issues

There is no doubt that a lot of progress has been made in increasing the production of coffee. The total volume of production has almost doubled from 4.04 million 60kg bags of green beans in FY2015/16 to 7.75 in FY2019/20. This has been driven by a large increase in the number of coffee trees planted during the period FY2014/15-FY2018/19, as well as a relatively durable market for Ugandan coffee. However, the current volume of production is still no where near the Coffee Roadmap target of 20 million 60 kg bags of coffee by FY2025.

In addition, a number of lower level targets set by UCDA that were meant to be achieved in order to realise the broader target, have not been realised. Table 4

summarises the general performance of the sector as per the set targets along the value chain.

Table 4: Performance of selected high-level targets under NCS 1

Performance Measure	Baseline (FY2014/15)	Target (FY2019/20)	Performance (2019/20)
A. Productivity			
1. 1. Coffee rejuvenated (% per year)	1	10	4
2. Tree Density (per Ha.)			
a. Robusta	<1,100	1,100	1,231
b. Arabica	<1,600	1,600	1,347
3. Yield per Tree (Kg of green coffee)			(Vietnam 3-6 kg)
a. Robusta	0.55	1.1	0.79
b. Arabica	0.31	1.0	0.82
4. Yield per Ha. (Kg)			(Vietnam 2000Kg)
a. Robusta	600	1200	1,245
b. Arabica	500	1600	1,168
B. PRODUCTION			
5. Coffee farmers that belong to an organization (%)	15	40	23%
6. New coffee planted annually (millions of seedlings)	17.02	225.00	854) (survival 521)
a. Robusta			
b. Arabica			
7. Total production (60 kg bags of green coffee)	3,646,058	5,869,000	7,753,954
a. Robusta	2,844,139	4,617,000	6,203,163
b. Arabica	801,919	1,252,000	1,550,791
C. VALUE ADDITION			
8. Percentage of raw beans exported	97%	57% (incl. soluble)	95%
9. percentage of roasted and ground to total production	1	5	6
D. MARKETING/CONSUMPTION			
10. Export volumes (no. of 60kg bags)	3,455,852	5,282,100	5,105,881
11. Value of exports (USD billions)	0.410	1.1	0.496
12. Certified (%) to total Coffee Exports	2	15	4.3. %; volume;7.1% value)
13. Domestic consumption (per capita annual in Kg)	0.36	0.5	0.8
14. Sustainable (incl. specialty) (%)	3	43	4.3

Source: compiled from UCDA reports

Consequently, a number of outstanding challenges need to be addressed if the 20 million bags target is to be within the timeframe of this Strategy. Some of the major outstanding challenges to be addressed, therefore, by this Strategy are summarised along the value chain in table 5:

Table 5: Summary of challenges to be addressed

<p>Production and Productivity</p> <ul style="list-style-type: none"> a. Limited funding for research b. Weak research/extension/farmer linkages (Productivity on farms is about half of what is recorded in the research stations) c. Low tree density and prevalence of old trees due to inadequate stumping d. Inadequate application of GAPs, that is, limited use of irrigation, fertilizers, appropriate technology etc. e. Poor pests and disease management f. Inadequate regulation of agricultural inputs supply g. Rural to urban youth migration h. Limited soil testing capacities, and hence poor soil management 	<p>Harvest and Postharvest handling</p> <ul style="list-style-type: none"> a. Limited access & use of modern technologies e.g. wet drying b. Limited availability of modern storage facilities c. Inadequate training of farmers on proper harvesting and postharvest handling
<p>Financing, Legal & Institutional Framework</p> <ul style="list-style-type: none"> a. Inadequate financial investment in subsector b. Weak institutional coordination/silo approach c. multiplicity of policies and regulations d. High interest rates & lack of collateral e. Small percentage of farmers that belong cooperatives & Farmers Organizations 	<p>Value addition</p> <ul style="list-style-type: none"> a. Limited tertiary processing of roasted and ground coffee – more than 95% of coffee beans are exported raw & unprocessed b. Limited value addition at farm level, in terms harvesting and postharvest handling i. Weak farmer to processor to exporter linkages due to prevalence of bucket men j. Inadequate involvement of women in downstream phases <p>Marketing</p> <ul style="list-style-type: none"> a. Concentration on the commodity grade market b. Limited share of specialty coffee in total exports c. Limited branding d. Poor marketing skills

In view of the performance of the coffee sector vis-avis the targets set by the President and the National Development Plan III for production and export revenues as well as the challenges summarised above, there is need for more aggressive interventions not only in the production and export segments of the value chain, but also in harvest/postharvest handling, value addition and domestic consumption. These interventions along all stages of the coffee value chain need to be facilitated by the necessary reforms in the legal and regulatory framework as well as strengthening the institutional capacities of the various stakeholders for coordinated delivery of targeted results. In addition, the importance of finance in the execution of these cannot be over-emphasized. As such, increasing mobilisation and access to agricultural finance is particularly of crucial importance in the drive to achieve the target of 20 million 60 kg bags.

B2.7. Lessons Learned from implementation of previous Strategy

There are a lot of lessons learned in tackling some of the challenges over the past five years. As the subsector launches the implementation of the interventions articulated in the Results Framework below, a few lessons to inform the implementation of the second plan that have been learned are summarised below:

1. Implementation will succeed or fail depending on whether all the interventions build up to supply of identified markets

The start and finish of all interventions in this Plan should be the market. This Strategic Plan should be market focussed. Having the market in mind at every stage of the value chain is crucial for ensuring clarity of the demand and market requirements, and by extension the price of the product. Having a fair amount of certainty on market availability and price stability is the cornerstone for sustainably and profitably engaging in the coffee sub-sector. Market availability and price stability is also necessary for attracting investment into the subsector. It is therefore necessary that all interventions that contribute to these two factors like branding, penetration of new markets, production of speciality coffees, increasing production volumes to guarantee consistency of supply and others come at the top of the priority list.

2. There is need to build strategic and strong Public Private Partnerships (PPPs) Government continues to be the major financier for many activities

and projects. The capacity to design, develop and implement PPP projects continues to be limited. However, research has demonstrated that a significant amount of resources can be mobilized from the private sector, if a solid business case can be made. During implementation of this plan, stakeholders should invest in creating strong public private partnerships in the implementation of strategic investment projects. In addition, the mechanisms for engagement of non-state actors should be strengthened.

3. Prioritize implementation through the local government system

Government is re-prioritizing the use of the Parish model under NDPIII and is in the process of recruiting Parish Chiefs. These efforts are borne out of the realisation that government has not been operating sufficiently close to the 'Mwanainchi'. Hence, mobilization, service delivery as well as monitoring and evaluation of government programs have not been very effective. The local government systems has a network of qualified technical staff at the district, sub-county and parish who can be leveraged to effectively support implementation of the interventions under this strategy. There are administrators, agricultural production/extension officers and Community Development Officers who can be effectively used in mobilization, training and coordination. All Stakeholders that will be implementing interventions under this Plan should make use of this system.

4. Ensure alignment of all stakeholder planning and budget instruments to this Strategy

During implementation of this Strategy, local governments and relevant MDAs will be required to develop annual work plans and budgets that are aligned to the priorities of this Strategy. Without enforcement of this requirement, stakeholders will continue to operate in 'silo' forfeiting significant synergies which can be built through alignment of all individual plans to this Strategy. The lessons learned from the significant improvement in coffee production over the period FY2015/16 – FY2019/20 point to the importance of first and foremost, clarity in the results to be achieved and secondly to the commitment, discipline and responsibility for achievement of the targeted results. These two principles explain the transformational achievements registered by governments and the private sector alike, world over. From sending of human beings to the

moon by the U.S. government to management of a global investment company by Berkshire Hathaway Inc., and others, the importance of agreeing specific results to be achieved and holding people accountable to their achievement stand out as the defining factors.

5. Availability of accurate data coupled with a strong performance measurement system is vital

Availability of accurate and reliable data continues to be a challenge for many institutions. Data, that is accurate and reliable is essential for monitoring progress in the implementation of programmes and projects. UCDA, and other stakeholders will need to invest in the development of a strong data collection system as well as building capacities for analysis and reporting to inform decision making. On the basis the data collected, a strong performance measurement system with rewards and sanctions also ought to be in place.

These lessons learned have been incorporated into the Implementation Strategy as well as Monitoring and Evaluation Framework

PART III: STRATEGIC DIRECTION

3.1. Goal and Objectives

The **overall Goal** of this Strategy is to: **Increase coffee export earnings, incomes of coffee farmers and create inclusive employment along the value chain.**

This goal is in line with the **Vision** of the sub-sector as articulated in the National Coffee Policy (2013) which is, “Having a competitive, equitable, commercialised, and sustainable coffee subsector,” as well as the Mission which is, “To increase coffee production, value addition and domestic coffee consumption”.

To achieve the goal by 2025, this Strategy has articulated the following six objectives including strategies, interventions, stakeholders and resources needed as the guiding framework.

The **Six objectives** and their major strategies include:

Objective 1: Increase Coffee production and productivity

- a. Improve Quality of Planting Materials
- b. Facilitate formation and strengthening of farmer organisations (F.O.s)
- c. Increase acreage under Coffee
- d. Increase access and use of water for production
- e. Improve land tenure systems and land security mechanisms to increase land available for coffee farming
- f. Promote sustainable land and environment management practices
- g. Leverage the Agricultural extension system to upscale outreach
- h. Improve skills and competencies of labor force in the coffee sub-sector at technical and managerial levels.
- i. Strengthen capacity for Pests and Disease control and management
- j. Improve access to quality inputs

Objective 2: Modernise post-harvest handling and storage

- a. Reduce post-harvest losses and improve the quality of coffee for processing
- b. Increase the storage capacity for coffee

Objective 3: Increase coffee processing and value addition

- a. Increase the scale and efficiency of operation of primary and secondary processing

- b. Deepen tertiary coffee processing

Objective 4: Increase consumption of Ugandan Coffee and its products, locally and internationally

- a. Increase domestic coffee consumption
- b. Build structured demand
- c. Brand Uganda coffee

Objective 5: Increase mobilisation and access to Agricultural Finance

- a. Mobilize private sector funds
- b. Mobilize impact funds

Objective 6: Strengthen the legal, regulatory framework and institutional capacities for coordinated delivery of targeted results

- a. Provide an enabling environment to govern the entire coffee sector
- b. Develop a system for effective planning, monitoring & reporting
- c. Establish/strengthen a coordination framework for the subsector
- d. Strengthen the role and application of ICT in the Coffee Value Chain

3.2. Results to be achieved

The specific results to be achieved after five years of implementing this Coffee Development Strategy include:

Goal: Increase export earnings, farmers' incomes and inclusive employment

1. Increase total volume of coffee production from 7.75 million bags to 20 million
2. Increase the value of total annual coffee export earnings from USD 496 million to USD 1.5 billion
3. Create 40,000 jobs along the entire coffee value chain
4. Increase the percentage of coffee farmers who consider coffee as the main source of livelihood from 1.7 million to 2.2 million

Objective 1: Increase coffee production and productivity

1. Percentage of coffee farmers in FOs increased from 23% to 85%.
2. Total volume of coffee produced increased from 7.75 to 20 million bags of 60Kgs
3. Total acreage under coffee increased from 583,000 Ha to 700,000 Ha.
4. Percentage of rejuvenated trees from 4% to 40%
5. Average yield per tree increased from 0.79 kg to 1.5kg for Robusta and from 0.6kg to 1.2kg for Arabica.

6. Percentage of sustainable/certified coffees to total coffee production increased from 4.3% to 10%.

Objective 2: Modernise post-harvest handling and storage

1. Post-harvest losses in coffee reduced from 40% to 20%
2. Adoption rate of modern storage facilities increased from 10% to 70%
3. Percentage of farmers practicing good coffee harvesting practices increased from 30% to 80%

Objective 3: Increase coffee processing and value addition

1. Percentage of roasted coffee increased from 6% to 16% of total production
2. Percentage of coffee sold as roasted coffee to total coffee exported increased from 0.01% to 3%.
3. Operational efficiency of coffee hulling factories increased from 40% to 70%

Objective 4: Increase consumption of Ugandan Coffee and its products, locally and internationally

1. Volume of coffee exports increased from 4.1 million 60kg bags to 12.9 million 60kg bags for Robusta and from 1.0 million bags to 3.1 million for Arabica
2. Value of total exports increased from US\$0.49 Bn to US \$1.5 Bn
3. Local per capita coffee consumption increased from 0.8 kg to 1.6 kg
4. Percentage of coffee exports to new markets increased from 6% to 10%
5. Percentage of sustainable/certified coffees to total coffee exports increased from 4.3% to 10%.
6. Percentage of coffee exported as fine Robusta increased from 0.5% to 5%
7. Percentage of coffee exported as speciality increased from 9% to 20%

Objective 5: Increase mobilisation and access to Agricultural Finance

1. Private investment worth US\$ 30 million mobilised
2. Funds worth US\$ 135 million mobilised through MoFPED, BoU-ACF and UDB to finance coffee development across the entire value chain
3. 5 Development Partners mobilized to finance the coffee strategy
4. Percentage of coffee FOs/Cooperatives having access to financial support increased from 40% to 60%.

Objective 6: Strengthen the legal, regulatory framework and institutional capacities for coordinated delivery of targeted results

1. A New National Coffee Law in place.
2. A functional Coffee Coordination Committee established
3. A functional Monitoring and Evaluation system in place
4. 5 ICT initiatives rolled out and operationalised along the entire value chain

3.3 INTERVENTIONS

The Strategic interventions as aligned to different objectives and strategies are as shown in Table 6

Table 6: Strategic Interventions

Objectives	Strategies	Interventions	Stakeholders
<p>Objective 1: Increase Coffee production and productivity</p> <p>Targets:</p> <ol style="list-style-type: none"> 1. Percentage of coffee farmers in FOs increased from 23% to 85%. 2. Total acreage under coffee increased from 583,000 Ha to 700,000 Ha. 3. Percentage of rejuvenated trees from 4% to 40% 4. Average yield per tree increased from 0.79kg to 1.5kg for Robusta and from 0.6kg to 1.2kg for Arabica. 5. Percentage of sustainable/certified coffees to total coffee production increased from 5% to 10% 6. Total volume of coffee 	<ol style="list-style-type: none"> 1. Improve Quality of Planting Materials 	<ol style="list-style-type: none"> 1. Invest in new and rehabilitate old infrastructure for coffee research including laboratories, offices, technology demonstration and training centers, etc. 	NaCORI, UCDA, MAAIF, MOICT, NARO, Universities, BTVET institutions, LGs, Private Sector
		<ol style="list-style-type: none"> 2. Establish partnerships with ZARDIs and BTVET institutions to increase <i>capacities</i> for climate smart technology dissemination and commercialization. 	
		<ol style="list-style-type: none"> 3. Establish linkages between UCDA and, BTVET institutions and other players engaged in agro-industry and coffee enterprises for the development of appropriate labour-saving technologies. 	
		<ol style="list-style-type: none"> 4. Strengthen coffee research for development of market responsive coffee varieties (including funding 	

Objectives	Strategies	Interventions	Stakeholders
<p>produced increased from 7.75 to 20 million bags of 60Kgs</p>		and staffing)	
		5. Develop technologies for rapid multiplication of quality planting materials	
		6. Develop capacity for fast-tracking commercialization and roll out of CWD-R varieties (clonal coffee nursery) and new Arabica varieties.	
		7. Build capacity of small holder farmers on CWD-R varieties and new Arabica varieties to increase adoption	
		8. Expand Arabica coffee acreage targeting both growing and new areas	
	2. Facilitate formation and strengthening of farmer organisations (F.O.s)	<p>1. Mobilise & Sensitize farmers on the benefits of cooperating;</p> <p>2. Recruit on-the-ground change agents for the Program identified from within each F.O.</p> <p>3. Support farmer groups and cooperatives for effective management</p> <p>4. Engage cooperative colleges and</p>	<p>UCDA, MTIC, UCFA, UCA MAAIF, LGs, UDB, MS Centre Uganda Quality Coffee Processors and Traders Associations (UQCPTA)</p>

Objectives	Strategies	Interventions	Stakeholders
		<p>colleges of commerce to inculcate cooperative and entrepreneurial skills to the farmers and farmers groups</p> <p>5. Build capacity of FO'S on specialty and sustainable coffee production systems</p> <p>6. Support FO's to acquire sustainable standards/certifications (like 4C,UTZ,Organic & Fairtrade)</p> <p>7. Empower youth and women to form/join F.Os.</p>	
	<p>3. Increase acreage under Coffee</p>	<p>1. Support formation of joint ventures and concessions: (e.g land owners without capital with linked investors with capital and access to market but with no land)</p> <p>2. Incentivize small holder farmers to increase acreage and density through rehabilitation and renovation</p> <p>3. Interest and recruit medium size large land owners into coffee growing e.g religious and cultural institutions</p> <p>4. Facilitate leasing of</p>	<p>UCDA, UCF, MAAIF LGs, National coffee platform, UIA, UDB</p>

Objectives	Strategies	Interventions	Stakeholders
		<p>government/comm unity land or land owned by religious institutions to investors and local coffee growers (similar to NFAs tree planting program)</p> <p>5. Integrate women and youth in provision of services for farm renovation and rehabilitation</p>	
	<p>4. Increase access and use of water for production</p>	<p>1. Develop solar powered small- scale irrigation systems for small holder coffee farmers</p> <p>2. Promote Water use efficiency on coffee farms</p> <p>3. Strengthen the capacity to collect, analyse and disseminate meteorological information accurately to coffee farmers.</p>	<p>UCDA, MAAIF & MWE, MEMD, UNMA, , FOs /cooperatives</p>
	<p>5. Improve land tenure systems and land security mechanisms to increase land available for coffee farming</p>	<p>1. Increase the number of farmers with titled land to ensure land tenure security with special attention to the youth, women, PWDS and other vulnerable groups;</p> <p>2. Promote the policy of non- fragmentation of Agricultural land</p>	<p>MAAIF, MLHUD, ULC, UCDA, UIA, NARO, LGs</p>

Objectives	Strategies	Interventions	Stakeholders
		among family members in all agro-ecological zones;	
	6. Promote sustainable land and environment management practices	1. Strengthen land, water and soil conservation practices;	UCDA, MAAIF, NFA, MLHUD, LGs, NaCORI
		2. Introduce and upscale agro-forestry for mitigation and climate resilience;	
		3. Upscale soil analysis, profiling and mapping;	
		4. Build the capacity of farmers to practice climate smart agriculture, particularly increase adoption of soil fertility management practices.	
	7. Leverage the Agricultural extension system to upscale outreach	1. Develop and operationalize an ICT-enabled extension system (supervision, e-extension services and traceability)	UCDA, MAAIF, NARO, MoICT & NG, MoLG, LGs, Non State extension service providers, MoGLSD
		2. Scale-up innovative extension models such as coffee nucleus farmers in all agro-ecological zones.	
3. Incorporate BTNET institutions into the extension system to ensure that what is taught in these			

Objectives	Strategies	Interventions	Stakeholders
		<p>institutions is adopted and utilised by farmers. BTVET institutions with large acreages of land to be used as demonstration centres.</p> <p>4. Strengthen the NaCORI-extension-farmer linkages to increase uptake of new climate smart technologies.</p> <p>5. Develop and equip youth with knowledge, skills and facilities for access and utilisation of modern extension services.</p>	
	8. Improve skills and competencies of labor force in the coffee sub-sector at technical and managerial levels.	<p>1. Strengthen training and skilling centres for improvement of coffee production and processing in coffee sector.</p> <p>2. Increase access of coffee farmers to technical and vocational training to improve skills, particularly for women and the youth.</p>	UCDA, MAAIF, MoES, MTIC, LGs
	9. Strengthen capacity for Pests and Disease control and management	<p>1. Develop National Pest and Disease surveillance system, including:</p> <p>a. Establishment of an early warning system</p>	MAAIF, UCDA, NaCORI, NARO, , MTIC, UNBS

Objectives	Strategies	Interventions	Stakeholders
		<ul style="list-style-type: none"> <li data-bbox="821 237 1170 426">b. Human capacity for management of pests, vectors and diseases <li data-bbox="821 426 1170 699">2. Mobilize, train and equip coffee farmers and farmers' organizations on pest and disease management <li data-bbox="821 699 1170 1073">3. Increase access to technical support through a strengthened agricultural extension system and revitalized coffee demonstration gardens 	
	10. Improve access to quality inputs	<ul style="list-style-type: none"> <li data-bbox="821 1094 1170 1388">1. Roll out the current input subsidy intervention under the ACDP to other districts and improve the input delivery system including fertilizers. <li data-bbox="821 1388 1170 1734">2. Streamline the importation of coffee inputs and tighten licensing of importers to eliminate the presence of counterfeits on the market <li data-bbox="821 1734 1170 1892">3. Strengthen regulation (including licensing and certification) as 	NaCORI, UCDA, MAAIF, Private Sector, MTIC, UNBS

Objectives	Strategies	Interventions	Stakeholders
		<p>well as monitoring of local producers of coffee inputs to ensure adherence to quality standards</p> <p>4. Build the capacity of cooperatives and farmers' organizations to provide genuine coffee inputs for their members</p>	
<p>Objective 2: Modernize post-harvest handling and storage.</p> <p>Key Targets:</p> <ol style="list-style-type: none"> 1. Post-harvest losses in coffee reduced from 40% to 20% 2. Adoption rate of modern storage facilities increase from 10% to 70% 3. Percentage of farmers practicing good coffee harvesting practices increased from 30% to 80% 	<ol style="list-style-type: none"> 1. Reduce post-harvest losses and improve the quality of coffee for processing 2. Increase the storage capacity for coffee 	<ol style="list-style-type: none"> 1. Promote good harvesting practices to encourage selective picking of only ripe cherries 2. Promote modern coffee drying facilities to suit needs and capacities of value chain actors including farmers, traders, and processors 3. Promote access to affordable and reliable electricity for coffee drying 1. Develop and enforce regulations on sale of poor-quality coffee 3. Invest in modern coffee storage facilities and technologies along the coffee value chain by providing them with 	<p>UCDA – leader MAAIF, MLG NGOs, NARO, MTIC Private sector</p> <p>MEMD, ERA, REA, UCDA, MAAIF, ERA, MTIC, MLG</p> <p>UCDA, MAAIF, UNBS, MTIC, Private sector, MLG</p> <p>UCDA, MAAIF, UNBS, MTIC, URA, MLG, NARO, Private sector, UIRI, MFPED, WRA</p>

Objectives	Strategies	Interventions	Stakeholders
		drying/storage racks. These include standard coffee stores, silos or warehouses.	
		4. Develop and promote improved storage practices and technologies for smallholders, traders, and small-scale processors	
		5. Develop appropriate financing models for development, management and operation of standard storage facilities for coffee at national, regional and community levels	UCDA, UDB, BOU, MFPED, MAAIF, MTIC, Private sector
		6. Enhance supervision and regulation of coffee storage facilities including development and enforcement of standards	UCDA, UNBS, MAAIF, MTIC, Private sector, UPF, URA
<p>Objective 3: Increase coffee processing and value addition.</p> <p>Key Targets:</p> <p>1. Percentage of roasted coffee increased from 6% to 16% of total production</p>	<p>1. Increase the scale and efficiency of operation of primary and secondary processing</p>	<p>1. Establishing new and enhancing the efficiency of the existing dry hulling factories</p>	<p>UCDA, MAAIF, UNBS, MTIC, MLG, Private sector, NARO, UIRI, MFPED, URA, UDC</p>
		<p>2. Promote wet processing to increase the share of washed coffees both Robusta and Arabica in export market share</p>	

Objectives	Strategies	Interventions	Stakeholders	
<p>2. Percentage of coffee sold as roasted coffee to total coffee exported increased from 0.01% to 3%</p> <p>3. Operational efficiency of coffee hulling factories increased from 40% to 70%</p>		<p>3. Develop the technical and managerial capacity of firms in coffee processing to improve productivity</p>		
		<p>4. Enhance supervision and regulation of coffee processing facilities including development and enforcement of standards</p>	<p>UCDA, MAAIF, UNBS, MTIC, MLG, Private sector,</p>	
		<p>5. Promote access to affordable and reliable electricity medium to high voltage power</p>	<p>MEMD, ERA, REA, UCDA, MAAIF, ERA, MTIC, MLG</p>	
		<p>2. Deepen tertiary coffee processing</p>	<p>1. Establish tertiary processing facilities such as soluble coffee plants and coffee roaster for local, regional and domestic markets</p> <p>2. Establish regional training centres in agro-industrial parks to develop processing, roasting and vending capacities of coffee stakeholders</p>	<p>UCDA, MAAIF, UNBS, MTIC, MLG, Private sector, NARO, UIRI, MFPED, URA, UDC, UDB, UIA, UFZA</p>
		<p>3. Provision of affordable financing to attract and sustain long-term coffee capital-intensive investments</p>	<p>UCDA, BOU, MFPED, UDB, UDC</p>	

Objectives	Strategies	Interventions	Stakeholders
		4. Develop a traceability system for Specialty and sustainable coffee producing areas	UCDA, Private sector
		5. Develop the technical and managerial capacity of firms in coffee processing to improve productivity 6. Establish and adequately equip Coffee certification laboratory facilities in various strategic locations	UCDA, MAAIF, MOES, UNCHE, MTIC, MLG, Private sector, NARO, UIRI, MFPED, URA
		7. Promote access to affordable and reliable electricity of medium to high voltage power	MEMD, ERA, REA, UCDA, MAAIF, ERA, MTIC, MLG
		8. Enhance improved coffee drying practices	
<p>Objective 4: Increase consumption of Ugandan Coffee and its products, locally and internationally. Key Targets:</p> <p>1. Volume of coffee exports increased from 4.1 million 60 kg bags to 12.9 million 60kg bags for</p>	1. Increase domestic coffee consumption	1. Promote production of coffee products for diverse customer segments including low, medium and high-income categories.	UCDA, MAAIF, UNBS, MTIC, URA, UDC, UIA Private sector, UIRI, MFPED, UFZA, Academia, MoICT
		2. Review fiscal incentives on packaging material	
		3. Promote local coffee products to enhance domestic consumption	

Objectives	Strategies	Interventions	Stakeholders
<p>Robusta and from 1.0 million 60 kg bags to 3.1 million 60 kg bags for Arabica</p> <p>2. Value of total exports increase from US\$0.49Bn to US\$1.5Bn</p> <p>3. Local per capita coffee consumption increased from 0.8 kg to 1.6 kg</p> <p>4. Percentage of coffee exports to new markets increased from 6% to 10%</p> <p>5. Percentage of sustainable/certified coffee to total coffee exports increased from 4.3% to 10%</p> <p>6. Percentage of coffee exported as specialty increased from 9% to 20%</p> <p>7. Percentage of coffee exported as fine Robusta increased from 0.5% to 5%</p>		<p>through various media channels, events and innovative messages targeting different audiences.</p> <p>4. Develop a good Ugandan coffee story for example enjoy Ugandan coffee, our true tradition and culture.</p> <p>5. Build capacity of coffee value chain players in Quality assessment (like Q&R graders course) and coffee characterization/Profiling</p> <p>6. Leverage the BUBU policy to encourage public offices to serve Ugandan coffee.</p> <p>7. Create favorable environment for Ugandan retailers to sell more quality coffee locally through review of regulation and standardization of products.</p>	
	<p>2. Build structured demand</p>	<p>1. Develop country to country product deals with emerging markets such as China</p> <p>2. Strengthen or open trade relations between Uganda</p>	<p>UCDA, MFA, OPM, MAAIF, MTIC, UEPB, NPA UIA, MFPED</p>

Objectives	Strategies	Interventions	Stakeholders
		and new markets such as Algeria, Egypt, Tunisia, Morocco and Russia	
		3. Identification, mapping and analysis of new markets to focus on using market size, characteristics, risks and benefits	
		4. Undertake promotional expos in new markets	
		5. Develop marketing skills along the entire coffee value chain	
		3. Brand Uganda coffee	
2. Development of Uganda coffee profiles			
3. Selection of coffee champions			
4. Hosting local exhibitions and participation in regional and global coffee exhibitions			
5. Promote access and utilization of ICT in coffee promotion			
Objective 5 Increase mobilization and access to Agricultural	1. Mobilize private sector funds	1. Promote the expansion and uptake of agriculture insurance across	MoFPED, BoU-ACF, IRA, UCDA, UIA, PSFU, UDC

Objectives	Strategies	Interventions	Stakeholders
<p>Finance</p> <p><u>Key targets:</u></p> <ol style="list-style-type: none"> 1. Private investment worth USD 30 million mobilised 2. Funds worth US\$ 135 million mobilised through MoFPED, BoU-ACF and UDB to finance coffee development across the entire value chain 3. 5 Development Partners mobilized to finance the strategy 4. Percentage of coffee FOs/Cooperatives having access to financial support increased from 40% to 60% 		<p>the entire coffee value chain.</p> <ol style="list-style-type: none"> 2. Build the capacities of the private sector to access and manage agricultural finances. 3. Scale up the operation of risk sharing facilities or partnerships across the country. 4. Facilitate regular dialogue between the coffee value chain actors and the financiers on agricultural finance 5. Promote the scaling up of Value Chain Financing (VCF) arrangements in the entire coffee value chain. 6. Improve the bankability of smallholder coffee farmers, farmer organizations and other agri-MSMEs in the coffee industry. 7. Avail private investors with clear information, and regulatory support to attract private investment. 1. Develop capacity of government owned financial 	

Objectives	Strategies	Interventions	Stakeholders
		institutions to support development and implementation of private investment projects in the subsector that are bankable and commercially viable.	
		2. Increase funding and capitalization to ACF and UDB to finance private sector investment in the subsector.	
	2. Mobilize impact funds	1. Develop bankable projects along the coffee value chain that can be funded by development/impact partners	UCDA, MoFPED, Private Sector, FOs
		2. Develop avenues of providing patient capital to coffee value chain actors especially those involved in value addition	UCDA, MoFPED, PMDU, FOs
		3. Mobilize development and impact partners to finance the Strategy	UCDA, MoFPED, LDPG Quartet
		Objective 6: Strengthen the legal, regulatory framework and institutional capacities for coordinated	1. Provide an enabling environment to govern the entire coffee sector
2. Operationalise the national coffee law	UCDA/MAAIF/FOs		
2. Develop a system for effective	3. Popularise the national coffee law		UCDA MAAIF

Objectives	Strategies	Interventions	Stakeholders	
delivery of the targeted results Key Targets: 1. A New National Coffee Law in place. 2. A functional Coffee Coordination Committee established 3. A functional Monitoring and Evaluation system in place 4. 5 ICT initiatives rolled out and operationalised along the entire value chain	planning, monitoring & reporting		FOs	
		1. Develop a strategic plan for coffee statistics.	UCDA, UBOS, MAAIF, FAO	
		2. Design and operationalise an integrated statistical management system to guide planning and reporting		
		3. Establish an M&E system to track and report on progress of achievements of results.		
	3. Establish/strengthen a coordination framework for the subsector		1. Set up and operationalise a National Coffee Coordination committee a.	MAAIF, UCDA, UCFA, FOs, NCSCP, All stakeholders MAAIF, UCDA, UCFA All stakeholders, UCDA, FOs, NCSCP
			2. Provide administrative support to the implementation of the strategy	
			3. Establish a functional Monitoring and Evaluation System to track the implementation the Strategy.	
	4. Strengthen the role and application of ICT in the Coffee Value Chain		1. Increase the use of ICT in access to critical farm inputs	UCDA, MAAIF, NAADS, OWC, MoICT, Private sector, NITA-U, UCC, UNMA, MOFPED
			2. Strengthen use of ICT in extension and advisory services	

Objectives	Strategies	Interventions	Stakeholders
		3. Strengthen the use of ICT in Climate-smart Coffee production and early warning systems	
		4. Strengthen the use of ICT in certification, marketing and traceability	
		5. Strengthen the use of ICT for financial inclusion	

PART IV: IMPLEMENTATION AND FINANCING STRATEGY

The implementation and financing strategies take cognizance of the different institutions, both public and private, which must work together in a programmatic manner to successfully implement this Strategy. It articulates the different institutional arrangements that should be put in place for this to happen, as well as the different mechanisms for financing the Strategy. In line with the mandates of the different government institutions as well as the competencies of the different private sector entities, it broadly outlines their roles, indicating what will be done and by whom. Consequently, this Strategy provides the basis for all government institutions identified in here during the preparation of the annual budgets and work plans. The interventions by other players in regard to coffee commodity will contribute to the achievement of this Strategy results.

4.1 Implementation Architecture

Effective implementation of the coffee strategy to achieve the desired results will depend on rationalization and coordination of the mandated government agencies and other stakeholders of the private sector and civil society involved directly or indirectly in the coffee value chain. To ensure that the various actors and functions along the coffee value chain are well linked and sequenced to enhance quick achievement of the desired outcomes of the strategy, a National Coffee Coordination Committee will be established.

4.1.1 Establishment of the National Coffee Coordination Committee.

The National Coffee Coordination Committee will be established to provide strategic leadership during the implementation of this Strategy and will be headed by the Office of the Prime Minister (OPM) under Prime Minister Delivery Unit. The NCCC will also be composed of the Permanent Secretaries and Executive Directors of OPM, MAAIF, UCDA, MTIC, MLG, UIA, MFPED, NPA and representatives from the private sector and civil society.

It is anticipated that the Coordination committee will meet on a quarterly basis or as need arises and will undertake the following functions:

1. Ensure that all key interventions in this Strategy are incorporated into Ministerial Policy statements and are adequately budgeted for;
2. All stakeholders report on progress made in implementing interventions under this strategy;

3. All challenges that arise during implementation are adequately addressed, including reconciling differences in opinions and approach of the different stakeholders and resolving any disputes that might arise at technical and political level;
4. Mobilize adequate funding for the strategy from the central, local governments, private sector, civil society, and development partners;
5. Enforce joint planning and implementation of the Strategy;
6. Foster effective communication of the outcomes, achievements and successes.

UCDA will be the technical secretariat and will, where possible, provide implementation support to other stakeholders to ensure they are aligned to the interventions under this Strategy. To ensure that UCDA also performs these additional functions, it needs to be adequately funded, staffed and equipped. In addition to the regular formal meetings of the NCCC, other formal and informal private networking, exchange and coordination mechanisms will be encouraged during the implementation of the strategy to provide extra channels for coordination and mobilization of financing. These include: Uganda Coffee Federation, The Uganda Traders Association, the Uganda National Agro Input Dealers Association, the Ugandan Chapter of the International Women's Coffee Alliance, the National Union of Coffee Agribusinesses and Farm Enterprises (NUCFAFE), the Uganda Coffee Farmers Alliance, and various coffee cooperatives.

4.1.2 The Prime Minister's Delivery Unit

The PMDU which is chaired by the Prime Minister will provide political oversight of the implementation of the coffee strategy. The PM will call upon and demand the participation of MDAs in the NCCP. PMDU will play the role of high-level convener, overall coordinator and crucial to link to the highest political offices.

4.1.3 Mandates and responsibilities of key players

several institutions have been identified as critical in implementation of the coffee strategy. These are drawn from the public, private sector, the civil society and development partners. Guided by their mandates, these institutions have been assigned roles under the Results Framework. These institutions will be responsible for implementing their assigned roles in coordination with the other

stakeholders to ensure achievement of the targeted results and overall objectives of this strategy. The table 7 shows the institutions, their mandates and roles and responsibilities that they will play in implementation of the strategy.

Table 7: Mandates and proposed responsibilities of institutions

Institution	Key mandates/provisions	Specific responsibility for strategy implementation
1. OPM/PMDU	The PMDU is responsible for coordinating the implementation of the President's key priorities	<ul style="list-style-type: none"> • Convene regular meetings of the NCCC • Enforce implementation of agreed actions in the NCCC • Enforce coordination planning and implementation by all members of the NCCC
2. MAAIF	Support, promote, and guide production of crops, livestock and fisheries, to improve quality and increased quantity of agricultural produce and products for domestic consumption, food security and export.	<ul style="list-style-type: none"> • Policy formulation, regulations, provision of advisory services, research, promotion of commercialization, support to LGs • Safe handling and disposal of agro-pesticides and fertilisers.
3. UCDA	Development, promotion and regulation of the coffee industry	<ul style="list-style-type: none"> • Support the PMDU in its role of providing oversight, coordination, regulation and reporting in relation to the strategy • Act as the Technical Secretariat to the National Coffee Coordination committee • Establish a functional monitoring and evaluation system, and prepare regular monitoring reports for consideration by the NCCC • Provide support to other stakeholders during the preparation and implementation of annual work plans • Lead the design of projects under this Strategy

		<ul style="list-style-type: none"> • Support the mobilization of funds for implementation of this Strategy • Lead the roll-out of the communication plan for this Strategy
4. MFPED	Economic management	<ul style="list-style-type: none"> • Mobilization and allocation of public financing • Taxation policies related to coffee
5. MGLSD	Compliance to labour laws Occupational safety Overseeing compliance with gender policy	<ul style="list-style-type: none"> • Enforcement of labour laws • Gender and youth mainstreaming
6. NaCORI	Guidance and coordination of all Coffee research	<ul style="list-style-type: none"> • Undertake coffee research that meets industry demands • Establish adequate mother gardens of improved coffee varieties in different parts of the country • Provide technical support to the private sector in mass multiplication of improved coffee varieties in collaboration with UCDA.
7. African Coffee Research Network (ACRIN)	<ul style="list-style-type: none"> • Enhance co-operation and exchange of scientific information between members. • Encourage common research objectives. • Organize the training and retraining of scientists, extensionists and other coffee stakeholders. • Exchange and disseminate information, technologies especially on planting materials. • Mobilize funds to finance the Network's 	<ul style="list-style-type: none"> • Enhance capacity to research institutions • Effective dissemination of appropriate technologies or information to the coffee stakeholders. • Improved resource manpower

	programmes and activities	
8. MTIC	Formulation, review and support of policies, strategies, plans and programs that promote and ensure expansion and diversification of trade.	<ul style="list-style-type: none"> • Enabling policy and regulatory environment for functioning of trade. • Development and regulation of cooperatives • Development of industrialization • Information on trade, international cooperation and negotiations on trade issues
9. International Coffee Organization (ICO)	<ul style="list-style-type: none"> • Strengthen the global coffee sector and promote its sustainable expansion in a market-based environment. • Facilitate achievement of a reasonable balance between supply and demand • Facilitate stability of global coffee prices 	<ul style="list-style-type: none"> • Facilitate dialogue between the different stakeholders on topics related to finance and risk management in the coffee sector, with a particular emphasis on the needs of small- and medium-scale producers and local communities • Promote access to funding for coffee development • Conduct training workshops aimed at increasing the coffee quality • Promotion of coffee consumption
10. Inter-African Coffee Organization (IACO)	<ul style="list-style-type: none"> • Collaborate with national, regional and international organizations to identify and provide solutions for challenges of African coffee, in particular its production, processing and marketing, in order to ensure improved access to markets • Provide an African forum for consultations on regional and international markets and long-term trends in 	<ul style="list-style-type: none"> • Coordination of trade policies of member States to ensure unified action. • Study marketing problems and market trends, and recommend appropriate interventions

	<p>production and consumption.</p> <ul style="list-style-type: none"> Promoting training and information programmes designed to assist the transfer to Member States of technology relevant to the African coffee value chain. 	
11. MLG	Implement devolved agricultural related functions.	<ul style="list-style-type: none"> Develop and implement appropriate by-laws to regulate standards at farm level Supplement coffee extension services
12. MWT	Road, rail and marine transport infrastructure and regulation.	<ul style="list-style-type: none"> Provide access to coffee producing areas Transport regulation Support the development of infrastructure that reduces cost of doing business
13. MH	Food safety	<ul style="list-style-type: none"> Education on health benefits of drinking coffee
14. MJCA	Provision of legal framework including bills, regulations, etc.	<ul style="list-style-type: none"> Finalization of the new coffee bill Reviewing and approving the new coffee regulations
15. MWE	Environmental management/protection, climate change, water for agricultural production.	<ul style="list-style-type: none"> Environment safety Main streaming climate change and coordinating climate change policy implementation Infrastructure for irrigation
16. MES	Education sector development, supervision and regulation.	<ul style="list-style-type: none"> Labour skills and capacity development Establishment coffee vocational skills and training centres
17. UDB	Development financing.	<ul style="list-style-type: none"> Mobilization of long-term financing for the private sector
18. NEMA	Environment management Environment standards.	<ul style="list-style-type: none"> Environment impact assessment certificates
19. UBOS	Statistics and data.	<ul style="list-style-type: none"> Collection and management of coffee related data and statistics
20. UEPB	Promotion of Ugandan	<ul style="list-style-type: none"> Promotion of coffee exports

	exports.	<ul style="list-style-type: none"> • Identification, analysis of potential markets
21. UIA	Support investment promotion and growth.	<ul style="list-style-type: none"> • Promotion of coffee related investments such as soluble coffee plants, large-scale plantations
22. UDC	Long-term investment in strategic sectors of the economy.	<ul style="list-style-type: none"> • Provide critical government investment partnership with the private sector in coffee value chain
23. UIRI	Technology and innovations development.	<ul style="list-style-type: none"> • Product innovations • Development of appropriate technologies • Training and capacity building
24. UNBS	Development and enforcement of regulations and standards.	<ul style="list-style-type: none"> • Develop and enforce quality and standards
25. UNMA	Climate monitoring and weather information.	<ul style="list-style-type: none"> • Infrastructure for weather observation • Accurate information on weather and climate
26. PSFU, UNCCI	Advocacy and lobbying organizations for the private sector.	<ul style="list-style-type: none"> • Coordination within the private sector
27. Processors' Traders' and Roasters' Associations	Lobby and advocacy for value addition.	<ul style="list-style-type: none"> • Engage in policy dialogue and facilitating business • Compliment public service delivery such as provision of inputs • Promote coffee in local and international markets • Develop coffee roasting and soluble manufacturing capacities
28. UNFFE and producer organizations	Mobilization, service provision and advocacy.	<ul style="list-style-type: none"> • Mobilize and sensitize producers to form viable groups that operate as business units • Promote the adoption of sustainable coffee production systems including certification, traceability • Support and participate in value addition activities along the

		coffee value chain <ul style="list-style-type: none"> Engage in policy dialogue and advocacy
29. Development partners	Technical assistance and funding.	<ul style="list-style-type: none"> Share knowledge, skills and best practices Provide development financing to the coffee industry Support the private sector in the coffee industry.

4.2 Cost of Implementing the Strategy

The implementation of this Strategy has been estimated to cost a total of UGX 2.566 Trillion over the Five-Year period, consisting of UGX 0.2566 Trillion in public funding and UGX 0.6415 Trillion in local and international private sector. A summary of the breakdown of the costing for the Strategy is indicated in Table 8.

Table 8: Summary of the costed Results Matrix

	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	Total
Goal: Increase export earnings, incomes of farmers and inclusive employment						2,565.60
Objective 1: Increase Coffee production and productivity						1591
1. Improve Quality of Planting Materials	111	111	111	111	111	555
2. Facilitate formation and strengthening of farmer organisations (F.O.s)	22	33	38	38	38	168
3. Increase acreage under Coffee	40	45	45	45	45	220
4. Increase access and use of water for production		24	24	24	24	96
5. Improve land tenure systems and land security mechanisms to increase land available for coffee farming	4	4	6	6	6	26

	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	Total
6. Promote sustainable land and environment management practices	12	15	15	15	15	72
7. Leverage the Agricultural extension system to upscale outreach	30	32	32	33	33	160
8. Improve skills and competencies of labor force in the coffee sub-sector at technical and managerial levels.	24	24	24	24	24	120
9. Strengthen capacity for Pests and Disease control and management	14	14	14	14	14	72
10. Improve access to quality inputs	18	22	22	22	18	102
Objective 2: Modernize post-harvest handling and storage.						172
1. Reduce post-harvest losses and improve the quality of coffee for processing	9.0	10.0	11.0	11.0	11.0	52
2. Increase the storage capacity for coffee	7.5	30.0	30.0	30.0	22.5	120
Objective 3: Increase coffee processing and value addition.						323.7
1. Increase the scale and efficiency of operation of primary and secondary processing	7.9	31.6	39.5	39.5	31.6	150
2. Deepen tertiary coffee processing	19.9	34.8	39.8	39.8	39.8	173.7
Objective 4: Increase consumption of Ugandan Coffee and its products, locally and						258

	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	Total
internationally.						
1. Increase domestic coffee consumption	19.3	19.3	19.3	16.1	9.6	90
2. Build structured demand	14.4	14.4	14.4	14.4	14.4	72
3. Brand Uganda coffee	24.0	24.0	19.2	14.4	14.4	96
Objective 5 Increase mobilization and access to Agricultural Finance						160
1. Mobilize private sector funds	18	21	27	27	27	120
2. Mobilize impact funds	3.1	9.2	9.2	9.2	9.2	40
Objective 6: Strengthen the legal, regulatory framework and institutional capacities for coordinated delivery of the targeted results						60.9
1. Provide an enabling environment to govern the entire coffee sector	1.4	1.4	0.9	0.9	0.9	5.5
2. Develop a system for effective planning, monitoring & reporting	3.02	3.02	4.53	3.02	3.02	16.6
3. Establish/strengthen a coordination framework for the subsector	2.2	2.2	2.2	2.2	2.2	11.1
4. Strengthen the role and application of ICT in the Coffee Value Chain	5.54	5.54	5.54	5.54	5.54	27.7

4.3 Financing of the Strategy

Financing the coffee strategy will require a mix of different financing mechanisms, products and services from a variety of stakeholders to meet the

diverse needs of the coffee value chain. This financing will broadly come from two main sources: public and private financing.

4.3.1 Public financing

Public financing for the coffee strategy will be sourced from government financing and non-government financing which includes development partners and the civil society. It is expected that government financing for the strategy will be achieved through budget allocations to implement the coffee value chain projects. These budget allocations will be channelled (majorly) through UCDA, MAAIF and other MDAs both in the agro-industrial sector and supporting sectors. It is expected that some investments will target direct functions of the coffee value chain such as extension, irrigation, agricultural research, agro-processing and value addition, marketing and distribution.

However, others will provide supportive services that are necessary for the coffee sub-sector to thrive for example construction of road networks, provision of energy, ICT services, etc. or what could be called necessary off-site investments. It is expected that some interventions such as irrigation, development of agro-processing parks and export processing zones which are by nature capital intensive projects might require external borrowing. Others like research and extension will be developed gradually through domestic resource mobilization.

Public financing will come from several sources:

1. The treasury's consolidated fund (including consolidation of special programs)
2. Use of domestic and external loans
3. Financing from development partners that comes through the national budget and leveraging CSO budgets to implement national priorities
4. Increased use of public private partnership arrangements. This model involves the sharing of responsibilities between the public and private sector in project development and implementation. The model seeks to leverage the financial capabilities of the private sector and its expertise in operation and management to complement the government financing. Critical areas that require this intervention include physical infrastructure and facilities for the coffee industry including: agro-processing parks and export processing zones, irrigation, mechanization, and others.

4.3.2 Private financing

Private financing remains the major source of financing for production costs and investment capital across farms and agribusiness/agro-processing firms of all sizes across the coffee value chain. At farm level, reliable and effective production capital is required for farmers to acquire production inputs such as: seeds, fertilizers, agrochemicals, hiring of labour and farm equipment, and meet the regular operational expenditure. Agribusiness firms need working capital to purchase inputs and meet expenses for logistics and transportation for the different value chain activities.

Investment capital which takes the form of long-term capital is needed to enable the firms across the coffee value chain to expand and grow their businesses through the improvement, replacement and acquisition of new production facilities and infrastructure including: land, buildings, factories, and machinery.

At farm level, investment is needed for acquisition of: land for expansion; buildings (storage, drying and warehouse facilities); processing facilities (pulping, hulling machines, etc.); irrigation and mechanization infrastructure and installations including tractors and other farm equipment. Coffee firms in the mid-stream and downstream segments require investment capital for financing assets such as agro-processing infrastructure including buildings, factories, warehouse facilities, office space; machinery and equipment; transportation and logistics facilities, etc. A number of financing models that will target the private sector include:

- a. Agricultural insurance
- b. Warehouse receipt system
- c. Commercial bank lending for short-term and medium term
- d. Long-term development capital financing through UDB
- e. Microfinance institutions, SACCOs
- f. Public-private-producer partnerships
- g. Investment financing (private equity, venture capital and impact investing)
- h. Blended agricultural finance, credit guarantees
- i. Value chain financing through models such as contract farming models
- j. Farmer cooperatives
- k. Development finance institutions such as IFC, USAID, EU, DFID, etc

4.4 List of proposed projects to actualize the targeted results

One comprehensive “Coffee Development Programme” will be developed following the Programme based approach that has been adopted under the third National Development Plan. This programme will have seven components which will be implemented in a synergistic and integrated manner. The Coffee Development Programme will have the following components:

1. Advocacy and Community Mobilization
2. Formation and strengthening of FOs
3. Inputs and Irrigation
4. Training and Extension
5. Investment and financing
6. Market intelligence and Collective marketing

Four projects (combining a number of these components per project) will be developed as the vehicles for achievement of the results of the Coffee Development Program. The four suggested projects are as follows:

1. A coffee promotion and marketing project.

This project will focus on coordinating with MOFA, MTIC, UEPB and other stakeholders to collect market intelligence as well as market requirements (sanitary and phytosanitary standards) and pass on market information to Cooperatives, FOs, Traders and farmers. The project will monitor developments (e.g. blizzards, bumper harvests, etc.) in competing producer countries and their potential impact global market demand and prices. The project will also take on all issues regarding increasing coffee market share locally, regionally and globally.

2. Advocacy and Community Mobilization.

This project will focus on issues of advocacy, branding and brand promotion, mobilization of communities to increase local coffee consumption and local coffee growing as well as formation and strengthening of community organizations. The project will be responsible for running promotional campaigns including online, electronic, print and broadcast media.

3. A Coffee Value addition Project.

This project will focus on promoting value addition (dry and wet processing, processing of soluble coffee, packaging etc.), identifying appropriate technologies that could be imported to facilitate value addition,

coordinating with the Science and Technology Programme to negotiate bilateral and multi-lateral arrangements. The project will facilitate the importation of such technology, and facilitating the mobilization of the necessary funds through country to country partnerships, Development Partners, Private Public Partnerships, multilateral funding etc.

4. A Production Enhancement Project

This project will focus on increasing production and productivity. The project will focus on research for the development of Coffee Disease Resistant varieties, commercialization and distribution of these disease resistant varieties to farmers, rehabilitation and renovation, training of farmers on GAPs, agricultural extension, adoption of appropriate irrigation technology, sustainable land use management, regulating supply of quality inputs etc.

PART V: MONITORING, EVALUATION AND RISK MANAGEMENT

5.1. Monitoring and Evaluation focus on Results

Contrary to the standard operating practices of sticking to processes, the focus under this strategy has shifted from prescribing what should be done; to the results that need to be delivered, in order to ensure achievement of the overall strategic goal of attaining a production target of 20 million bags of coffee. This shift has also been adopted by the NDP III. This approach has two advantages:

1. It gives the implementers more flexibility in deciding and designing which interventions to be implement.
2. It encourages innovativeness in designing the least cost but most effective interventions in delivering the required results.

However, this approach requires that the logical relationships linking the lower level results (outputs and outcomes) and the higher-level results (impact) is sound and clearly articulated. Implementing institutions will, therefore, be expected to continually review the logic set out in the results framework and report to the Coffee Coordination committee where changes need to be made. It also requires that a clear and firm accountability process, complete with rewards and sanctions is operationalized.

5.2. Monitoring and Evaluation Architecture

A multi stakeholder M&E system will be established and implemented in partnership with the other stakeholders in the coffee industry. The system will be in charge of collecting data, analyzing and reporting it to demonstrate whether progress is being made towards attaining the overall goal and strategic objectives as measured by the key targets. This will help with learning and adapting the Strategy in order to improve its implementation and accountability of the responsible entities.

UCDA will take charge of the overall monitoring, evaluation and reporting on progress in the implementation of this Strategy. Data will be collected from the various stakeholders as well as from the field, analysed and reported on a semi-annual basis (in March and September). These M&E reports will be formally presented in meetings of the Coffee Coordination committee to guide budget formulation and planning of the various government institutions. It will also guide the relevant institutions in the preparation of their GAPR reports.

The monitoring and evaluation Unit in each of the responsible institution of government will be directly responsible for the timely collection of the relevant

data during the implementation of their assigned interventions. Each stakeholder will also ensure that a qualified M&E specialist is properly facilitated (or recruited where they are not available) to ensure that this task is properly executed. The logical relationship between the different levels of results is articulated in the M&E matrix in Table 9:

Table 9: Monitoring and Evaluation Matrix

Indicator	Source of Information	Frequency	Responsibility	Baseline_FY19/20	Targets_FY20/21	FY21/22	FY22/23	FY23/24	End-term_FY24/25
Goal: Increase export earnings, incomes of farmers and inclusive employment									
Total volume of coffee produced (Millions. of 60kg bags)	MAAIF, UCDA	Annual	UCDA	7.75	10.2	12.65	15.1	17.55	20
Value of total annual coffee export earnings (USD mil.)	BOU/URA	Annual	UCDA/MTIC	583	766.4	949.8	1133.2	1316.6	1,500
No. of Jobs created along the entire value chain ('000s)	UBOS/UIA/UCFA	Annual	UCDA	0	8000	16000	24000	32000	40,000
Percentage of coffee households who consider coffee as the main source of livelihood (Million)	UBOS/UCDAA	Annual	UCDA	1.7	1.8	1.9	2	2.1	2.2
Objective 1: Increase Coffee production and productivity									
Percentage of farmers enrolled in Farmer's Organizations	DPO-LGs	Semi-annual	UCDA	23%	35%	48%	60%	73%	85%
Total acreage under coffee in 1000 Ha.	DPO-LGs	Annual	UCDA	583	606.4	629.8	653.2	676.6	700
Rejuvenated trees per year (%)	UCDA/DP O-LGs	Semi-annual	UCDA	4%	11%	18%	25%	32%	40%
Yields per Tree	UCDA/DP O-LGs	Annual	UCDA	Robusta-0.79kg/tree Arabica-0.6Kg/tree	R-0.9 A-0.7	R-1.1 A-0.8	R-1.2 A-1.0	R-1.4 A-1.1	Robusta-1.5Kg/tree Arabica-1.2Kg/tree
Percentage of sustainable/certified coffees to total coffee production	UCDA	Annual	UCDA	5	6	7	8	9	10
Objective 2: Modernize post-harvest handling and storage									
Coffee post-harvest losses (%)	DPO-LGs	Semi-annual		40	36	32	28	24	20
Rate of adoption of modern storage facilities	DPO-LGs	Annual		10	22	34	46	58	70

Indicator	Source of Information	Frequency	Responsibility	Baseline_FY19/20	Targets_FY20/21	FY21/22	FY22/23	FY23/24	End-term_FY24/25
Percentage of farmers practicing good coffee harvesting practices	DPO-LGs	Annual	UCDA	30	40	50	60	70	80
Objective 3: Objective 3: Increase coffee processing and value addition									
Percentage of roasted coffee to total production	UCDA	Annual	UCDA	6	8	10	12	14	16
Percentage of coffee sold as roasted coffee to total coffee exported	UCDA/MFPED	Annual	UCDA	0.01	0.608	1.206	1.804	2.402	3.00
Percentage of coffee exported as speciality increase	UCDA	Annual	UCDA	9	11.2	13.4	15.6	17.8	20
Percentage of coffee exported as fine Robusta increase	UCDA	Annual	UCDA	0.5	1.4	2.3	3.2	4.1	5
6. Operational efficiency of coffee hulling factories	UCDA	Annual	UCDA	40	46	52	58	64	70
Objective 4: Increase consumption of Ugandan Coffee and its products, locally and internationally									
Volume of coffee exports	UCDA	Annual	UCDA	R-4.1 A-1	R-5.86 A-1.42	R-7.62 A-1.84	R-9.38 A-2.26	R-11.14 A-2.68	R-12.9 A-3.1
Value of total annual coffee export earnings (USD Mil.)	BOU/URA	Annual	UCDA/MTIC	496	696.8	897.6	1098.4	1299.2	1,500
Local per capita coffee consumption (kg)	UCFA/UBOS	Semi-annual	UCDA	0.8	0.96	1.12	1.28	1.44	1.6
Percentage of coffee exports	MTIC, UCDA	Semi-annual	UCDA	6	6.8	7.6	8.4	9.2	10
Percentage of sustainable/certified coffees to total coffee exports	UCDA	Annual	UCDA	5	6	7	8	9	10
Percentage of coffee exported as speciality	UCDA	Annual	UCDA	9	11.2	13.4	15.6	17.8	20
Objective 5: Increasing mobilization and access of Agricultural Finance									
Amount of funds mobilized from private sector (Million USD)	UIA;BOU;MOPPED;MO TI	Annually	Fos,Cooperatives,UCDA,MAAIF	0	6	12	18	24	30

Indicator	Source of Information	Frequency	Responsibility	Baseline_FY19/20	Targets_FY20/21	FY21/22	FY22/23	FY23/24	End-term_FY24/25
Amount of government concessional funds accessed (Million USD)	MOFPED;BOU;UCDA; UDB/UDC; UIA	Annually	UCDA; MoFPE D/PSFU ;FOs/Cooperatives	0	27	54	81	108	135
Number of DPs mobilized to finance value chain activities	LDPG Quartet;MOFPED;UCDA/UCFA; MAAIF	Annually	MoFPE D;UCDA/MAAIF,PSFU;Private sector	0	1	2	3	4	5
Percentage of coffee FOs/Cooperatives having access to financial support	LDPG Quartet;MOFPED;UCDA/UCFA; MAAIF	Annually	MoFPE D;UCDA/MAAIF,PSFU;Private sector	40	44	48	52	56	60
Objective 6: Strengthen the legal, regulatory framework and institutional capacities for an enhanced coordinated delivery of targeted results									
A New National Coffee Law in place	Parliament		UCDA; MAAIF	1	1	1	1	1	1
A functional Coffee Coordination Committee established	UCDA	Annually	UCDA	1	1	1	1	1	1
Afunctional Monitoring and Evaluation system in place	UCDA	Annually	UCDA; MAAIF; UCFA	1	1	1	1	1	1
Number of ICT initiatives rolled out and operationalised along the entire value chain	UCDA	Annually	UCDA; MAAIF; UCFA	0	1	2	3	4	5

5.3 Risks and Mitigation

The third National Development Plan has instituted a requirement for all Sectors, MDAs, and local governments to integrate risk management into their Plans. This is intended to ensure that these Plans identify likely risks that may be encountered during the process of implementation and that adequate plans are put in place to mitigate the likely impact should these risks happen. Table 10, identifies the likely risks that could occur in the coffee sub-sector, the likely impact that they may have on achieving the intended results under this Strategy, and their likelihood or probability of happening.

Table 10: Identified risks and mitigation measures

S N	Identified Risk	Causes	Likelihood	Impact	Mitigation Measures	Responsibility
1.	Disasters (floods, mudslides, drought) that lead to crop failure and cause damage to transport infrastructure, in-country and connection to neighbouring countries.	<ul style="list-style-type: none"> • Climate change • Deforestation • Cultural practices of bush burning • Inadequate use of meteorological information • Weak community policing • Transport infrastructure that is not climate resilient 	High	Significant	• Intensify adoption of Climate Smart agriculture.	UCDA, MAAIF, LGs, coffee farmers, communities
					• Re-afforestation, Agro-forestry	MOWE, MAAIF, UCDA
					• Build capacity of farmers, FOs and Cooperatives to source and use meteorological information	UCDA, MAAIF, MOWE
					• Increase access to agricultural insurance	MAAIF, IRA, FOs, UCDA, Cooperatives, LGs
					• Strengthen emergency response to disasters	OPM, LGs, MWE, CSOs, MoFPED, MLHUD
					• Undertake Disaster Planning of high-risk areas	Development Partners
• Build a disaster response brigade in UNRA to repair damaged roads and bridges	UNRA, MOWT, MAAIF, MOFPED					
2.	Geo-politics and	Instabilities in the neighbouring countries like	Moderate	Significant	• Strengthen regional integration and cooperation;	EAC and MoFA

	Armed conflict in the great lakes' region (refugees, loss of export earnings, loss of regional market)	South Sudan and DR Congo			<ul style="list-style-type: none"> Strengthen security along borders; Engage with EAC and IGAD to address the security issues in the region 	UPDF, CMI, ISO and ESO EAC, IGAD, MOFA and Regional Security Agencies
3.	Post-election violence	<ul style="list-style-type: none"> Dissatisfaction with election outcomes; Limited civic education; Negative Propaganda from the media (social media, voice and print); Assumed unequal treatment of political players 	Low	moderate	<ul style="list-style-type: none"> Enhance the capacity of the Electoral Commission to undertake peaceful and fair elections; Enhance the capacity of the Judiciary to conduct speedy trials of election related cases Enhance civic education before, during and after elections Enforce the Broadcasting Act and refrain the media from issuing information that might incite public uproar; Mobilize all political actors against violence 	EC, MoJCA, Judiciary EC, UHRC, CSOs, LGs, UPF, OP (RDCs) MoING & ICT, UCC, NITA, Media Houses, Police, EC, Parliament, Political parties, Security

						Agencies
4.	Acts of Terrorism	<ul style="list-style-type: none"> Terrorist groups in the region try to disrupt the country Existence of porous borders (Of the 156 entry points, only 53 are gazetted borders (33 percent) and 103 ungazetted borders. (67 percent) and of those gazetted many have limited capacity to fully man the entry points). 	Low	Significant	<ul style="list-style-type: none"> High security and citizens' alertness at all times Strengthen security along borders; Strengthen internal and external intelligence Strengthen the capacity of the immigration department to manage entry and exist of the country 	UPDF, CMI, ISO, ESO, UPF, and citizens
5.	International trade risks	<ul style="list-style-type: none"> Key international markets institute trade restrictions Over-reliance on few markets 			<ul style="list-style-type: none"> Diversify export markets Build capacity to exploit the AfCFTA Build international relations and diplomacy 	UCDA, MoFA, MEACA, MoTIC, MoFPED, OP
6.	Collapse of international coffee prices	<ul style="list-style-type: none"> Collapse of global demand, for instance due to a disease pandemic Overproductio 	Moderate	Moderate	<ul style="list-style-type: none"> Cultivate new markets in the AfCFTA 	UCDA, MTIC, MOFA, OP Private Sector
					<ul style="list-style-type: none"> Cultivate new international markets: China, Russia, Middle East 	UCDA, MTIC, MoFA, OP

		<p>n of coffee in the major producers; Brazil, Vietnam etc;</p> <ul style="list-style-type: none"> • Financial crisis • Geo-politics 			<ul style="list-style-type: none"> • Increase value addition on locally produced coffee • Expand the range of exportable coffee products • Increase domestic coffee consumption • Institute a coffee stabilization fund 	<p>UCDA, MTIC, Private Sector,</p> <p>UCDA, MTIC</p> <p>UCDA, Private sector</p> <p>UCDA, MoFPED, MAAIF, MTIC</p>
7.	FOREX risks (appreciation of the shilling on oil production)	<ul style="list-style-type: none"> • Significant import replacement takes root • Significant increase exports • Production and export of oil causes Dutch disease 	Moderate	Moderate	<ul style="list-style-type: none"> • Reduce cost of production to maintain export of coffee in a competitive position • Negotiate and sign long term supply agreements 	<p>UCDA, MTIC, MOE, MOWT, BOU, Commercial Banks, URA,</p> <p>UCDA, MTIC</p>
8.	Implementation challenges	<ul style="list-style-type: none"> • Overlapping mandates • Inadequate consultations • Inadequate coordination • Conflicting legal and regulatory frameworks 	High	Significant	<ul style="list-style-type: none"> • Establish a coordination committee to increase coordination and coherence in the implementation of activities • Identify gaps and conflicts in legal and regulatory frameworks and engage attorney general and parliament to 	<p>UCDA, OPM, MAAIF, MTIC, MDAs, LGs</p> <p>UCDA, MAAIF, Attorney General, Parliament, MDAs, LGs</p>

					address	
9.	Land acquisition challenges for coffee planting projects	<ul style="list-style-type: none"> • Land tenure system • Land ownership rights • Slow justice system • Slow land valuation processes • Lack of inventory of government land at national and districts 	High	Moderate	<ul style="list-style-type: none"> • Prioritize land acquisition for planned projects in the first year of the plan 	UCDA, UIA, MOLHUD, MoFPED, Solicitor General, Communities, religious organizations, and Private investors
					<ul style="list-style-type: none"> • Prioritize adjudication of land cases for coffee planting within 60 days 	Judiciary, MLHUD, UCDA, MAAIF, Attorney General and LGs
					<ul style="list-style-type: none"> • Make land valuation processes transparent 	MLHUD, Chief Government Valuer
					<ul style="list-style-type: none"> • Develop a data bank of all government pieces of used and unused land 	MLHUD, LGs
10.	Inadequate capacity to raise the required resources to invest in the sub-sector	<ul style="list-style-type: none"> • Inadequate public fund allocation to activities in the sub-sector • Inadequate technical capacity to negotiate contractual arrangements with the domestic and foreign direct 	High	High	<ul style="list-style-type: none"> • Identify and train appropriate staff in investment and financing of large-scale projects • Ring fence public sector resources allocated to the sub-sector to ensure 80 percent budget alignment with planned activities of stakeholders. • Coordinate activities 	UCDA MAAIF MTIC NaCORI MoFPED, LGs

		<p>investors to bring new resources into the sector</p> <ul style="list-style-type: none"> Financing of unplanned activities by the stakeholders 			<p>within the sub-sector with related programs: Tourism, Science and Technology, etc to maximize synergy</p> <ul style="list-style-type: none"> Minimize emergency /unplanned spending beyond contingency fund allocations 	
11.	Inadequate mitigation of crop destruction due to pests and diseases	<ul style="list-style-type: none"> Weak input regulation and distribution Weak pests and diseases surveillance systems Inadequate research Weak early warning systems and planning Use of counterfeit drugs 	High	Significant	<ul style="list-style-type: none"> Strengthen input regulation and distribution Increase capacity for research and development of high yielding CWD-R varieties Improve surveillance and management systems for diseases, pests and weather conditions Expand agricultural insurance Fast-track commercialization and adoption of high yielding CWD-R varieties 	<p>MAAIF, NAADS, MTIC</p> <p>NACORI, UCDA, NCST, Universities</p> <p>OPM, MWE, MAAIF</p> <p>UCDA, MAAIF, Commercial banks, IRA and Insurance Companies</p> <p>UCDA, NaCORI, MAAIF</p>
12.	Individual and institutional	<ul style="list-style-type: none"> Weak enforcement of regulations Delayed 	Moderate	Moderate	<ul style="list-style-type: none"> Strengthen enforcement of sanctions Clearly assign 	<p>MAAIF, Parliament, OP,</p>

	interests overriding national interest	reform and/or enactment of new laws			responsibilities for review, reform and enactment of new policies, laws and regulations. <ul style="list-style-type: none"> • Attach timelines to all activities 	
13.	Lack of reliable, accurate data to monitor progress in implementation	<ul style="list-style-type: none"> • Data gaps in key monitoring indicators • Inadequate automation • Inaccuracies in available data • Inadequate resources to collect data • Lack of robust monitoring and evaluation systems 	High	Moderate	<ul style="list-style-type: none"> • Set up a real time monitoring system • Establish a closer working relationship with UBOS establish data which needs to be collected and ensure that it is collected • Increase budgetary allocation to M&E systems • Establish links with LGs, OP to leverage use of administrative data collection systems for data collection 	UCDA, UBOS, MAAIF, OPM, OP
14.	Unmitigated impact of the COVID-19 pandemic	<ul style="list-style-type: none"> • Inadequate implementation of measures to test, isolate, treat and contact trace • Inadequate planning for the re-opening of the economy in the aftermath of the pandemic 	Low	High	<ul style="list-style-type: none"> • Intensify measures to test, isolate, treat and contact trace. • Implement a detailed coordinated, comprehensive national response to the post COVID-19 world. • Analyse the impact of the COVID-19 pandemic on the coffee value chain, 	All stakeholders identified along the various stages of the coffee value chain in this Strategy

		<ul style="list-style-type: none"> Poorly designed response to the impact of the Covid-19 pandemic on the coffee value chain. 			design and implement appropriate mitigation measures	
15.	Onset of a global economic recession	<ul style="list-style-type: none"> Impact of COVID-19 evolves from a global health crisis to an economic one 	Moderate	High	<ul style="list-style-type: none"> Intensify efforts for market diversification Promote local and regional coffee consumption Diversify coffee product range Increase value addition to increase shelf life. 	UCDA, All stakeholders identified along the various stages of the coffee value chain in this Strategy

PART VI: COMMUNICATION STRATEGY

6.1 Audiences and Key messages

Effective communication is crucial to the successful implementation of this Strategy. Effective communication serves as a conduit to transmit key messages to targeted stakeholders, along the coffee value chain, to plug information gaps and generate the right responses to market needs and government policies. The communication strategy for this Strategy will guide UCDA in developing a roadmap of how information on the coffee subsector will be shared, communicated, who is supposed to communicate what, where, when, and will define internal and external information flow mechanism. It will also ensure visibility and synergy among key implementing partners, while maintaining maximum effectiveness and coordination within the subsector.

The communication strategy will include activities on both the supply and demand sides of the coffee development agenda promoting increased production, reduced postharvest losses and value addition/processing on the supply side as well as on the local and international consumption on the demand side. The information and messages to be disseminated will emphasize performance at the individual farmer level, through the farmers' organizations and cooperatives to country level.

The key aim of this messaging will be to capture the heart of the nation demonstrating coffee as the 'route-out- poverty' for the small holder farmer, as a 'cool' drink for the trendy youth and as the top forex earner for the country, that it has been for so many years. The messaging will also provide a channel for passing on information on market trends and prices, and clarifications on misconceptions. While a detailed separate communication strategy will be developed and attached to this Strategy, the audience, key messages and channels of communication that will be covered in that communication strategy are detailed in the Table 11:

Table 11: Key elements of the Communication Strategy

Strategic Objective	Audiences	Information Needs	Key Messages	Channels
Objective 1: Increase Coffee production and productivity	Farmers <ul style="list-style-type: none"> Nurseries Farmers Farmer associations 	<ul style="list-style-type: none"> Government policies and programs Best agronomical practices Disease outbreaks Input markets Coffee market requirements and prices Clear and timely weather forecast Success stories 	<ul style="list-style-type: none"> Increase production Join the Presidential initiative of 20m by 2025 Manage climate change Join a farmers' group 	<ul style="list-style-type: none"> Home visits/ one-on-one outreach by extension staff Farmers meetings Demonstration plots Farmer field schools (FFS) Radio programs SMS messages Drama on coffee Shows and exhibitions Call centre with toll free number
	Cultural and Religious leaders	<ul style="list-style-type: none"> Government policies and programs Best agronomical practices Disease outbreaks Success stories 	<ul style="list-style-type: none"> Support the Presidential initiative of 20m by 2025 Mobilize people to grow more coffee Educate people on quality issues De-campaign production & sell of poor-quality coffee Participating in 	<ul style="list-style-type: none"> Posters, fliers, booklets Meetings, seminars, workshops Radio, TV programs

			coffee production	
	Research and Academia	<ul style="list-style-type: none"> • Government policies & programs • Sector performance • Sector news • Coffee statistics • Sector challenges • Disease outbreaks • Markets and prices 	<ul style="list-style-type: none"> • Carry out more research on coffee • Disseminate researched information • Promote improved technologies • Join and support the Presidential initiative of 20m by 2025 	<ul style="list-style-type: none"> • Sector publications • Reports, briefs, • Newsletters • Meetings, seminars, workshops • Internet, websites and social media • News papers • Email messages
	Media	<ul style="list-style-type: none"> • Government policies and programs • Sector performance • Sector news • Coffee statistics • Best agronomical practices • Success stories • Sector challenges • Disease outbreaks • Input markets • Markets and prices 	<ul style="list-style-type: none"> • Fair, balanced & analytical reporting • Provide media space for promoting coffee production • Join and promote the Presidential initiative of 20m by 2025 	<ul style="list-style-type: none"> • Sector publications • Reports, briefs, • Newsletters • Meetings, seminars, workshops • Websites and social media • Email messages • Shows and exhibitions
	Government	<ul style="list-style-type: none"> • Government policies and programs • Clear and timely weather forecast • Coffee statistics • Best agronomical practices • Disease outbreaks • Input markets • Coffee market 	<ul style="list-style-type: none"> • Mobilize people to grow more coffee • Educate people on quality issues • De-campaign production and sell of poor-quality coffee • Advocate for budget allocation to coffee activities 	<ul style="list-style-type: none"> • Policy & strategy documents, briefs, posters, fliers, booklets • Meetings, seminars, workshops • Websites and social media • Radio TV programs • News papers • Email messages

	staff	requirements and prices		
	Dev't partners <ul style="list-style-type: none"> ▪ NGOs, CBOs ▪ International Agencies (USAID, ICO, IACO, IMF, WB, UNDP, AFCA), ▪ Coffee platforms: ▪ local & international 	<ul style="list-style-type: none"> • Government policies/programs • Sector performance • Coffee statistics • Best coffee markets and prices • Partnership opportunities 	<ul style="list-style-type: none"> • Support the coffee Sub-sector • Provide low cost credit to farmers • Join and support the Presidential initiative of 20m by 2025 	<ul style="list-style-type: none"> • Sector publications, reports, briefs, newsletters • Meetings, seminars, workshops • Website & social media, email • Print/broadcast media • Exhibitions
Objective 2: Modernise post-harvest handling and storage	<ul style="list-style-type: none"> • Farmers • Farmers' associations 	<ul style="list-style-type: none"> • Quality control • Harvesting and post harvesting techniques 	Ensure quality <ul style="list-style-type: none"> • Dry coffee properly • Do not sell poor quality coffee 	<ul style="list-style-type: none"> • Home visits/ one-on-one outreach by extension staff • Farmers meetings • Radio programs • SMS messages • Drama, shows and exhibitions
	<ul style="list-style-type: none"> ▪ Traders ▪ Processors ▪ Exporters ▪ Roasters ▪ Retailers 	<ul style="list-style-type: none"> • Reliable supply of high-quality coffee • Market information & International price trends 	<ul style="list-style-type: none"> • Increase value addition <ul style="list-style-type: none"> ▪ Don't buy poor quality ▪ Buy only quality dry coffee 	<ul style="list-style-type: none"> • Posters & fliers • Meetings, seminars, workshops • Print/broadcast media • Email messages
	Media	<ul style="list-style-type: none"> • Government policies and programs • Sector performance • Sector news • Coffee statistics • Best agronomical practices • Success stories • Sector challenges • Disease outbreaks 	<ul style="list-style-type: none"> • Fair and balanced reporting • Provide media space for promoting coffee • Promote coffee production • Promote coffee consumption • Drink Uganda coffee Join and promote the Presidential initiative of 20m by	<ul style="list-style-type: none"> • Press briefs • Sector publications • Reports, briefs, • Newsletters • Meetings, seminars, workshops • Internet, websites and social media • Radio & TV programs • News papers • Email messages

		<ul style="list-style-type: none"> • Input markets • Markets and prices 	2025	<ul style="list-style-type: none"> • Drama, film • Shows and exhibitions
	Cultural and Religious leaders	<ul style="list-style-type: none"> • Government policies and programs • Clear and timely weather forecast • Coffee statistics 	<ul style="list-style-type: none"> • Educate people on quality issues • De-campaign production & sell of poor-quality coffee 	<ul style="list-style-type: none"> • Posters, fliers, booklets • Meetings, seminars, workshops • Shows and exhibitions
	Local Governments	<ul style="list-style-type: none"> • Government policies and programs • Clear and timely weather forecast • Coffee statistics 	<ul style="list-style-type: none"> • Educate people on quality issues • De-campaign & enforce production & sell of poor-quality coffee 	<ul style="list-style-type: none"> • Posters, fliers, booklets • Meetings, seminars, workshops • Shows and exhibitions
Objective 3: Increase coffee processing and value addition	<ul style="list-style-type: none"> ▪ Processors ▪ Exporters ▪ Roasters 	<ul style="list-style-type: none"> • Reliable supply of high-quality coffee • Information on funding opportunities for coffee processing • Information on coffee markets & prices and trends 	<ul style="list-style-type: none"> • Increase value addition <ul style="list-style-type: none"> ▪ Don't buy poor quality ▪ Buy only dry coffee • Increase range of coffee products • Brand and improve packaging of Uganda coffee 	<ul style="list-style-type: none"> • Posters, fliers, booklets • Meetings, seminars, workshops • Internet and social media • Radio, TV programs • Email messages • Call centre with toll free number
	Government <ul style="list-style-type: none"> • Central & local • Politicians • Technical staff • Regional (EAC) Level 	<ul style="list-style-type: none"> • Government policies and programs • Coffee statistics • Quality control/regulation • Best coffee markets and prices 	<ul style="list-style-type: none"> • Enforce standards (sanitary & phyto-sanitary) • Increase regulation • Increase access to patient capital • Advocate for budget allocation 	<ul style="list-style-type: none"> • Policy & strategy documents, briefs • Meetings, seminars, workshops • websites and social media • Broadcast and print media • Email messages • Shows and exhibitions
	Dev't partners <ul style="list-style-type: none"> ▪ NGOs, CBOs 	<ul style="list-style-type: none"> • Government policies and 	<ul style="list-style-type: none"> • Promote foreign direct investment 	<ul style="list-style-type: none"> • Sector publications,

	<ul style="list-style-type: none"> ▪ International Agencies (USAID, ICO, IACO, IMF, WB, UNDP, AFCA), ▪ Coffee platforms: ▪ local & international 	<ul style="list-style-type: none"> • Sector performance • Coffee statistics • Best coffee markets and prices • Partnership opportunities 	<p>(FDI) into coffee sub- sector</p> <ul style="list-style-type: none"> • Provide patient capital • Promote partnerships of local coffee processors with international markets 	<p>reports, briefs, newsletters</p> <ul style="list-style-type: none"> • Meetings, seminars, workshops • Print and Broadcast media • Email messages • Exhibitions 	
	Media	<ul style="list-style-type: none"> • Government policies and programs • Sector performance • Sector news • Coffee statistics • Success stories • Sector challenges 	<ul style="list-style-type: none"> • Effective promotional reporting, highlighting successes, challenges and opportunities 	<ul style="list-style-type: none"> • Press briefs • Sector publications • Meetings, seminars, workshops • Print/broadcast media • Shows/exhibitions 	
<p>Objective 4: Increase consumption of Ugandan coffee and its products, locally and internationally</p>	Cafes/ Hotels/ Restaurants	<ul style="list-style-type: none"> • Government policies and programs • Source of quality roasted coffee • Coffee news • success stories & challenges 	<ul style="list-style-type: none"> • Promote consumption of Uganda coffee • Offer good customer service to promote consumption of Ugandan coffee • Encourage tourists to consume Uganda coffee • Drink coffee 	<ul style="list-style-type: none"> • Coffee promotion material • Newsletters • Seminars, workshops • Websites, email and social media • Print & broadcast media • Shows and exhibitions 	
	Middlemen	<ul style="list-style-type: none"> ▪ Traders ▪ Processors ▪ Exporters ▪ Roasters ▪ Retailers 	<ul style="list-style-type: none"> • Information on coffee markets, quality requirements and price trends 	<ul style="list-style-type: none"> • Increase and maintain production of quality Uganda coffee • Brand Uganda coffee • Drink coffee 	<ul style="list-style-type: none"> • Posters, fliers • Seminars, workshops • Email and social media • Print & broadcast media
	Government	<ul style="list-style-type: none"> • Central & local • Technical staff 	<ul style="list-style-type: none"> • Government policies and programs • Coffee statistics • Best coffee 	<ul style="list-style-type: none"> • Promote Uganda coffee in domestic and international markets 	<ul style="list-style-type: none"> • Policy & strategy documents & briefs, • Seminars/works

	<ul style="list-style-type: none"> • Politicians • Regional (EAC) Level 	markets and prices	<ul style="list-style-type: none"> • Provide fiscal export promotion incentives • Drink coffee 	<ul style="list-style-type: none"> • hops • Websites, email and social media • Print/broadcast media • Shows/exhibitions • Sports events
	<p>Dev't partners</p> <ul style="list-style-type: none"> ▪ NGOs, CBOs ▪ International Agencies (USAID, ICO, IACO, IMF, WB, UNDP, AFCA), ▪ Coffee Platforms: local & International (e.g. ICO) 	<ul style="list-style-type: none"> • Government policies and programs • Sector performance • Coffee statistics • Best coffee markets and prices • Partnership opportunities 	<ul style="list-style-type: none"> • Advocate for preferential treatment in home markets • Promote Uganda coffee in international markets • Drink Uganda coffee 	<ul style="list-style-type: none"> • Sector publications, reports, briefs, newsletters • Meetings • Email & social media • Print/broadcast media • Exhibitions
	Media	<ul style="list-style-type: none"> • Government policies and programs • Sector performance • Sector news • Coffee statistics • Success stories • Sector challenges • Markets and prices 	<ul style="list-style-type: none"> • Effective promotional reporting • Promote coffee consumption • Drink Uganda coffee 	<ul style="list-style-type: none"> • Press briefs • Sector publications • Reports, briefs, newsletters • Meetings, seminars, workshops • Email, websites and social media • Print/broadcast media • Shows/exhibitions
Objective 5: Increase mobilization and access to Agricultural Finance	<p>Farmers</p> <ul style="list-style-type: none"> • Nurseries • Farmers • Farmer associations 	<ul style="list-style-type: none"> • Government policies and programs for accessing agricultural credit • Agricultural credit lines available and conditions for 	<ul style="list-style-type: none"> • Practice farming as a business • Keep proper records • Put proper management systems in place • Increase use of Business Development 	<ul style="list-style-type: none"> • Farmers meetings • Posters, fliers, booklets • Radio and TV programs

		<ul style="list-style-type: none"> accessing it Agricultural insurance and how to access 	<p>Services</p> <ul style="list-style-type: none"> Join a farmers' group/cooperative Practice good agricultural practices 	
	<p>Middlemen</p> <ul style="list-style-type: none"> Traders Processors Exporters Roasters Retailers 	<ul style="list-style-type: none"> Information about funding opportunities Information on appropriate technology of coffee processing Market information and price trends 	<ul style="list-style-type: none"> Keep proper records Put proper management systems in place Increase use of Business Development Services Form/join a SACCO or a cooperative 	<ul style="list-style-type: none"> Posters, fliers, booklets Meetings, seminars, workshops Websites and social media Radio, TV programs Email messages
	<p>Government</p> <ul style="list-style-type: none"> Central & local Technical staff Politicians 	<ul style="list-style-type: none"> Coffee statistics Coffee subsector profile Success stories and challenges in financing 	<ul style="list-style-type: none"> Mobilize people to join/form SACCOs or cooperatives Review, evaluate and fine tune agricultural credit schemes and programs Educate people on Business Development Services Advocate for budget allocation to coffee activities 	<ul style="list-style-type: none"> Policy & strategy documents, briefs, posters, fliers, booklets Meetings, seminars, workshops Radio TV programs News papers Email messages
	<p>Dev't partners</p> <ul style="list-style-type: none"> NGOs, CBOs International Agencies (ICO, WB, IACO, IMF, USAID, UNDP, AFCA), Coffee platforms: local & 	<p>Government policies and programs</p> <ul style="list-style-type: none"> Sector performance Coffee statistics Partnership opportunities 	<ul style="list-style-type: none"> Advocate for partnerships within coffee sub-sector Promote Uganda coffee in domestic and international markets Provision of targeted grants 	<ul style="list-style-type: none"> Sector publications, reports, briefs, newsletters Meetings, seminars, workshops Radio, TV programs News papers Exhibitions

	international			
	Media	<ul style="list-style-type: none"> • Government policies and programs • Sector performance • Sector news • Coffee statistics • Success stories • Sector challenges 	<ul style="list-style-type: none"> • Provide media space for reporting on funding of the subsector coffee • Join and promote the Presidential initiative of 20m by 2025 	<ul style="list-style-type: none"> • Press briefs • Sector publications • Newsletters • Meetings, seminars, workshops • Print, broadcast & social media • Shows and exhibitions
Objective 6: Strengthen legal, regulatory framework and institutional capacities for an enhanced coordinated delivery of targeted results	Government <ul style="list-style-type: none"> • Central & local • Wealth Creation team: PO, PMO • Technical staff • Politicians • Local Wealth Creation (PO) teams • Technical staff 	<ul style="list-style-type: none"> • Impact of singular institutional interventions or failures on achievement of broad subsector results • International coffee market requirements • Availability of quality input markets • Best coffee markets and prices 	<ul style="list-style-type: none"> • Enforce standards (sanitary & phyto-sanitary) • Increase regulation across the entire value chain • Strengthen coordination across the value chain • Educate people on quality issues • De-campaign production and sell of poor-quality coffee • Advocate for budget allocation to coffee activities 	<ul style="list-style-type: none"> • Policy & strategy documents, briefs, • Meetings, seminars, workshops • Email messages
	Dev't partners <ul style="list-style-type: none"> ▪ NGOs, CBOs ▪ International Agencies (USAID, ICO, IACO, IMF, WB, UNDP, AFCA), ▪ Coffee platforms: ▪ local & international 	<ul style="list-style-type: none"> • Government policies and programs • Sector performance • Coffee statistics • Skill gaps • Institutional performance 	<ul style="list-style-type: none"> • Advocate for better policies • Implement programs deepen the value chain • Advocate for the elimination of counterfeit inputs • Advocate for increasing funding 	<ul style="list-style-type: none"> • Newsletters • Meetings, seminars, workshops • Print, broadcast and social media

6.2. Communication Approaches and Tools

In 2016, UCDA developed a Coffee Communication Strategy, that contained a mix of promotional activities and coffee extension activities. The major focus was on promoting production and consumption (both domestically and internationally) of Uganda coffee. While this focus remains relevant, the communication strategy will now expand to cover harvest/postharvest handling, coffee processing and value addition as well as strengthening institutional coordination plus increasing mobilisation and access to Agricultural Finance. Communicating effectively across the entirety of the coffee value chain is necessary as the country targets the achievement of 20 million 60kg bags. The key approaches and tools that will be used include:

6.2.1. Home Visits/ One-On-One Approach

This will be a one-on-one communication approach, mainly at the farm level, that the coffee sub-sector will use for outreach, information exchange, knowledge sharing, skills transfer and capturing of feedback especially from farmers as well as recruit more people to take on coffee farming. The main communicator in this approach will be the Extension Staff, but other stakeholders will also use this approach too e.g. farmer-to-farmer visits; and local government officials, politicians and staff of development partners visiting farmers. This approach is considered effective because of the close contact between the communicator and the targeted audience (e.g. farmer) and is expected to bridge the communication gaps and improve communication especially at the farm level.

6.2.2. Uganda Annual Coffee Event

This will be a one-day event organized by UCDA to bring together coffee stakeholders to share ideas and exchange information on how to promote coffee production and consumption. The event will coincide with the International Coffee Day (ICD) on 1st of October, an occasion that is used to promote and celebrate coffee as a beverage globally. During the event the whole county will be mobilized to promote coffee production and consumption. The coffee stakeholders will be encouraged to invite international visitors to come to Uganda to take Uganda's coffee - the origin of Robust Coffee. There will be events: 1) at the National level and 2) at the Regional/ District levels. A coffee stakeholders' database (stakeholder mapping) will be developed, at both national and district levels, and will be used in promoting the event and inviting stakeholders to the event; and will also be used for future communication purposes.

6.2.3. Coffee Demonstration Plots and Farmer Field Schools (FFS)

a. Coffee Demonstration Plots by Farmers

UCDA will work with the local district administration to mobilize coffee demonstration plots as a tool to promote coffee production among farmers. These plots should be used as important success stories and recruit more people to take on coffee farming. The coffee producing areas will have at least one model farmer with a good coffee plantation where other farmers in the area can learn best practices. The model farmer should preferably be along the road that is used by most farmers in the area e.g. to market place, main trading centers etc. The model farmer will be also be financially supported by government so that the services offered are rewarding to the model farmers. The details of the management of the model farming will be put in place at the implementation level.

b. Coffee Demonstration Plots by Schools

UCDA will work with the local governments to mobilize schools to establish school coffee demonstration plots as a tool to promote coffee production and to position coffee as an important crop among students and the youth. The objective of using school coffee demonstration plots is to increase awareness, at an early age, among students that coffee is an important cash crop and the main export crop for Uganda. Once this message is communicated at schools, they will grow knowing the importance of coffee and will be motivated to promote it because it is an important cash crop for income generation for household and for the country.

c. Farmer Field Schools (FFS)

UCDA will work with the local governments to organize FFS or use existing FFS to promote coffee production among farmers. The objective of using farmer field schools is to increase awareness about coffee production and facilitate exchange of information among farmers.

d. Coffee processing demonstration facilities

UCDA will work with the local governments, coffee cooperatives and processors to identify model coffee processors to help farmers and processors learn about best post-handling practices. The objective is to use the demonstration processing facilities to promote best coffee processing, information and knowledge sharing and exchange.

6.2.4. Coffee Drinking Shops

UCDA will work with the local governments to identify private sector business persons in the hospitality and restaurant business to create a number of coffee shops. The objective is to promote coffee and coffee drinking culture. UCDA will work with Uganda Tourism Board (UTB) to promote the coffee shops at important tourist service points. UCDA will promote these shops as business diversification opportunities for increasing sales and profits, creating more employment opportunities and also promoting tourism.

6.2.5. Coffee Football Club

Currently the sports industry is being used, the whole world over, to promote products, services and programs. The government of Uganda through UCDA will put in place a football club “Coffee Football Club” (CFC), to use it as a marketing and communication tool for promoting Uganda’s coffee at both the domestic and international levels. The club will be supported by coffee stakeholders and UCDA will mobilize them to be the main fans for the club. The club will be marketed among Ugandans and non-Ugandans so that they get to know that Uganda is a top coffee producer in Africa. The details on establishing, registering and running the club will be handled at the implementation stage.

6.2.6. Coffee Edutainment tools

These edutainment tools will be used as Attitude Change Communication (ACC) approaches to change people’s attitude towards agriculture in general and coffee in particular. Coffee should be seen as a “money crop”. People should yearn to join the coffee value chain in one way or another. The communication materials will include:

- a. Coffee Promotion Song:** UCDA will partner with musicians and the entertainment fraternity to compose a coffee song to be used in promoting coffee production and consumption. The song will highlight the President coffee initiative of 20m, Uganda’s great and unique position in the global coffee production and exports; and its contribution to wealth creation, employment and foreign exchange generation.
- b. Community and school music and drama programs:** UCDA will work with communities and schools to compose songs, drama and entertainment programs to educate the public about coffee and also promote coffee production and consumption.

6.2.7. Print Materials

UCDA will use the following print materials to increase the sharing of information and promotion of Uganda's coffee. These will be distributed to relevant stakeholders at the national and local levels.

- a. National Coffee Policy and Coffee Subsector Strategy:** These are two important national documents on coffee. They will be distributed to relevant stakeholders at the national and local levels to ensure that they work within the policy and strategy framework.
- b. Reports and briefs materials:** These will be distributed periodically and whenever need arises and delivered to appropriate stakeholders.
- c. Information, Education and Communication (IEC) materials:** These will include posters, banners, brochures, brochures, fliers. They will be used whenever need arises.
- d. Collateral media:** These will include communication tools like billboards, T-shirts, cups, pens, umbrellas, bangles, flash discs, stickers, etc.
- e. Printed Newsletter:** The print newsletter will be published quarterly and distributed to targeted stakeholders. UCDA will develop and keep a database of the targeted audiences who will periodically receive the newsletters. The content of the newsletter will be focusing on exchanging information that inspires stakeholders to promote coffee production and consumption.
- f. Uganda Coffee Production Booklet:** To effectively promote coffee production in Uganda, UCDA in partnership with the private sector will publish coffee production booklets. The booklets will be used by farmers, extension staff, local government and other stakeholders as a guide in their efforts to increase coffee production.
- g. Uganda Coffee Promotion Booklet:** To effectively promote coffee in Uganda and abroad, UCDA in partnership with the private sector will publish coffee booklets targeting all stakeholders. The booklets will present the unique selling proposition / points (USP) for Uganda's coffee. The booklet will be given to Uganda and visitors to Uganda to inform them about the unique position of Uganda's coffee. The books will also be used during the Uganda Coffee Promotion Campaign at both the domestic and international level. These communication materials will be useful in international markets during marketing and promotional events/opportunities where Uganda is

participating. These include tourism promotion events/ fairs, investment promotion platforms, export promotion platforms, Uganda diaspora association meetings e.g. USA, UK, Nordic countries, South Africa, etc. UCDA will team up with organizers of the events in order to promote coffee during these events.

6.2.8. Mobile Communication Tool

a. Uganda Coffee Promotion APP

In order to appeal to the youth and the dot com audiences, the Uganda Coffee APP will be developed and used to promote coffee in Uganda and abroad. The messages on the APP will promote coffee production and consumption. Appropriate incentives, as a motivation, will be given to people who download the APP and those who share it with others. The APP will be developed to international standards and will be used as a national promotional tool for coffee and linked to other promotional tools like appropriate websites, social media platforms and print materials.

b. SMS Communication

Mobile phones are increasingly being used by many people in Uganda for all types of communication including promoting development projects. UCDA will put in place an SMS communication tool to inform stakeholders about coffee issues and promote coffee production and consumption. Appropriate incentives, as a motivation, will be given to people who share the SMS messages with other people.

6.2.9. Print and Broadcast Media

a. Print media: These will include newspapers and agricultural related magazines at both the national and local levels.

b. Electronic radio and television messages: The media includes Radio and Television. Appropriate announcements and commercials will be aired out to targeted audiences. Talk shows and DJ mentions will be organized periodically to increase awareness and disseminate information about coffee.

c. Documentaries and coffee videos: These will be produced and used during marketing and promotional domestic and international events. UCDA and partners will aggressively promote the use of these communication materials at individual and corporate levels, in schools, offices, and transport systems.

6.2.10. Online Based Communication

- a. **UCDA Website:** UCDA will use its website to pass on information and communicate to the targeted audience. The UCDA website will be upgraded regularly in order to keep it up to-date in order to effectively communicate to the targeted audiences.
- b. **Coffee E-Newsletter:** This will be prepared electronically by UCDA and distributed electronically to Uganda coffee stake holders domestically and internationally. This version of the newsletter is cheaper in terms of production and dissemination. UCDA will develop a data base of email contacts to which the e-newsletter will be sent. The e- newsletter will be linked to the UCDA website where stake holders will be encouraged to subscribe in order get or receive a copy of the newsletter.
- c. **Websites of Partners:** UCDA will partner with stakeholders in promoting coffee on appropriate websites that promote Uganda e.g. Government websites, Uganda's missions abroad, Uganda diaspora association websites, tourism promotion websites, export and investment promotion websites, etc.
- d. **Social Media Platforms:** The social media campaign will target mainly the youth and social media fans. The messages on the Uganda coffee social media platforms will be very interactive, up to date and promotional in nature indicating the quality control issues and export volumes or values. The platforms will also be used to promote Uganda as the origin of robust coffee, the main coffee exporter and a country that produces high quality flavored coffee. The social media platforms will include Facebook, Twitter, Instagram, LinkedIn, etc.

6.2.11. Media and Public Relations

- a. **Uganda Media Centre:** UCDA will work with the Uganda's Media Center in order to inform the general public about the coffee Sub-sector issues and especially the updates on the Presidential initiative of 20m.
- b. **Media Relations:** UCDA will identify relevant national, regional and international sector specialized journalists, create a working relationship with them, and engage them to disseminate information on coffee sub-sector activities. UCDA will work with newspapers and sector magazines to report on coffee activities. UCDA will keep a database of the targeted media houses and personalities especially those interested in the coffee sub-sector. The media will be encouraged and motivated to positively report on Uganda's coffee sub-sector and promote the production and consumption of coffee.

UCDA will support, recognize and motivate outstanding media personalities in order to facilitate effective reporting. The media personalities will also benefit from the promotion that UCDA will offer, especially by referring to them as sources of information, and by publishing their articles in coffee communication and promotion materials. The UCDA staff at the regional levels, in coordination with the office in-charge of communication and information exchange will keep the stakeholders (including the media) informed about the activities and programs of the coffee sub-sector.

6.2.12. Coffee Call Centre

This Call Centre (Contact Centre) is a communication tool that will be used mainly to receive comments and complaints from farmers and other stakeholders. It will be based at UCDA and will have toll-free telephone numbers to make it easy for stakeholders to give comments and get information and feedback about coffee issues. UCDA will use appropriate and efficient staff to manage the Call Centre. The centre will be marketed among the stakeholders and encourage them to use it for effective communication purposes. UCDA will put in place a complaint handling mechanism that will ensure that issues from farmers and other stakeholders are well received, documented and responded too. This tool is expected to offer great communication and information exchange between UCDA and stakeholders.

6.2.13. Coffee Promotion Campaigns

- a. Participation in national and international meetings and events:** UCDA will continue to participate in national and international meetings and events in order to promote Uganda's coffee. For example, Uganda Manufacturers' Association trade fairs, Source of the Nile Agriculture Trade Fair, International coffee meetings and fairs, and meetings organized by Uganda Diaspora Associations.
- b. Sponsorships for coffee promotion programs and events:** UCDA will continue to sponsor relevant programs for coffee promotion in Uganda. Examples include Barista Champions.
- c. Uganda Coffee Production Campaign:** UCDA will put in place a coffee production campaign to significantly increase coffee production, targeting mainly farmers. Other stakeholders that are crucial in this campaign include: UCDA team, Prime Minister's Delivery Unit, Operation Wealth Creation team, Extension staff, Government officials at both National and local levels, political and cultural leaders, processors and exporters, development partners, media, etc. This campaign will require well planned and coordinated activities and messages that promote the benefits of increased coffee production to

individual farmers, farmers' groups and all value chain actors. The campaign should be considered as one of the main communication tools to place Uganda coffee in its rightful position. The details of planning and implementation of the campaign will be handled at the communication implementation stage.

d. Uganda Coffee Consumption Promotion Campaign – Domestic level:

Although Uganda is a top producer and main coffee exporter in Africa, coffee consumption is very low. This low level of coffee consumption is mainly due to lack of aggressive marketing. Increased domestic coffee consumption of Uganda coffee will enhance its image at regional and international levels, expand the market and create jobs. The details on the implementation of the campaign will be handled by UCDA during the implementation of the communication strategy.

e. Uganda Coffee Promotion Campaign - International Level; Uganda is the second largest producer of coffee in Africa and the biggest coffee exporter. However, Uganda's image on issues of coffee is not proportional to its placing on the table of coffee producing nations as well as Uganda's great coffee great flavor. This is mainly due to lack of aggressive marketing to promote Uganda's image as a coffee country. To correct this anomaly, UCDA will work with roasters and exporters to brand Uganda's coffee and improve its image. UCDA will work with other responsible government agencies in promoting coffee at the international level. These include: Uganda Export Promotion Board (UEPB), Uganda Tourism Board (UTB), Uganda Investment Authority (UIA), Uganda's foreign missions abroad and Uganda Diaspora Associations.

f. Promoting the Physical Presence of Uganda's Coffee: UCDA will work with the private sector players in Uganda especially those who travel outside the country to carry packed and branded Uganda coffee to retail places, offices and homes at their destinations. This is a great communication and promotion tool that has great capacity to promote the image of Uganda's coffee. As a drink, one of the great promotional tools for Uganda coffee consumption is to use one-on-one communication as individuals invite their friends and relatives to taste. This approach should promote availability of Uganda's coffee in supermarkets, homes, hotels, restaurants, conference meetings and air lines.

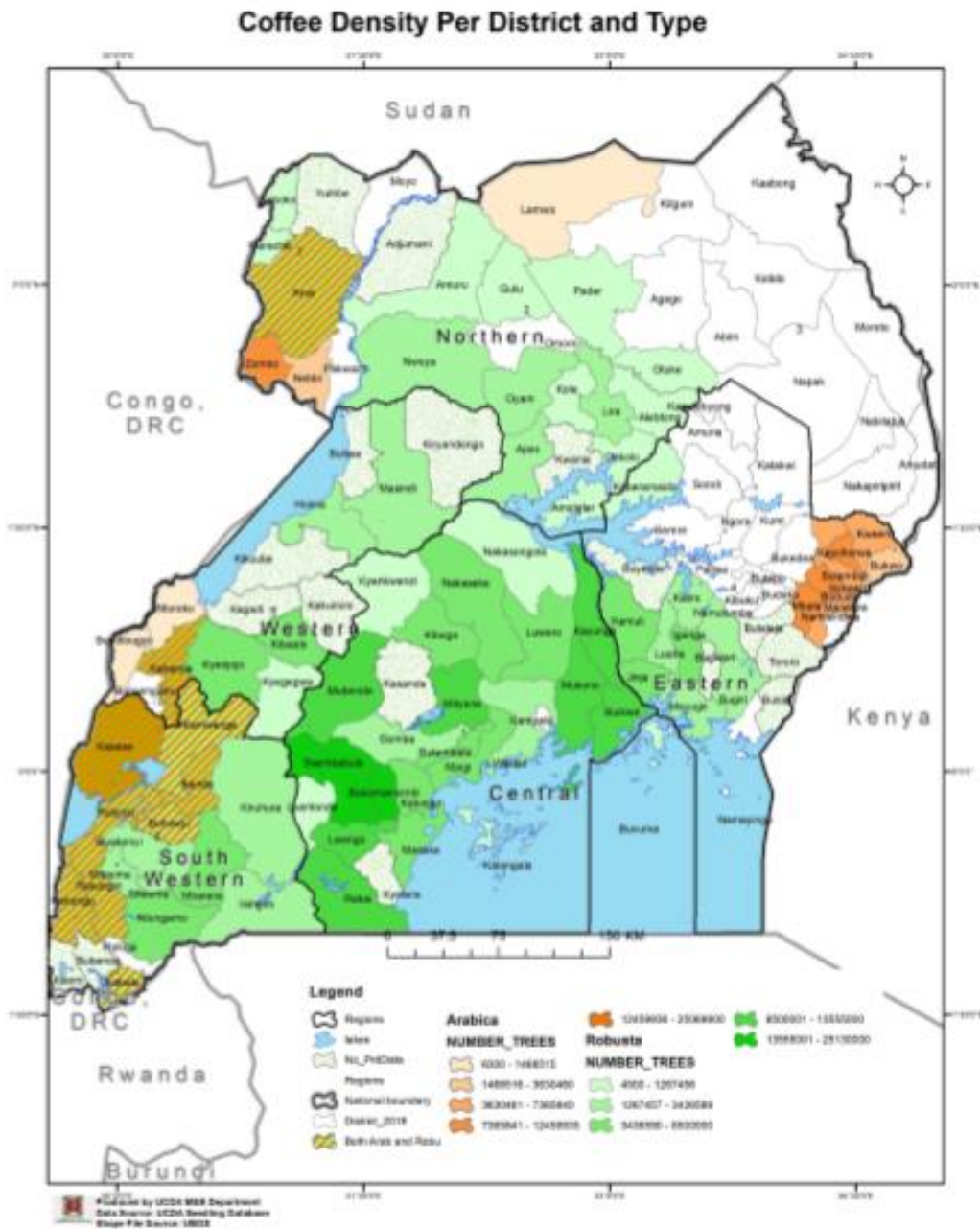
ANNEX

Annex 1: Alignment of the Coffee Sub Sector Strategy with NDP III, Regional and International Frameworks.

Coffee Sub Sector Strategy	NDP III (AGRO-PIAP)	SDG	AA2063 (PA – Priority Area)	EAC 2050
Goal: Increase Export Earnings, Incomes of Farmers and Inclusive employment.	Agro-industrialisation Goal: To increase commercialisation and competitiveness of agricultural production and Agro-processing	SDG: 1,2, 3,4,5, 6, 8,10	Goal 1 – PA: Incomes; poverty and inequality Goal 4 - Sustainable and inclusive economic growth	Socio-Economic Indicators: Poverty; Income Distribution (Gini Co-efficient)
SO1: Increase Coffee Production and Productivity	SO1: Increase agricultural production and productivity <ul style="list-style-type: none"> • Improve quality of planting materials • Facilitate formation and strengthening of farmer organisations (F.Os) • Increase acreage under coffee • Increase access and use of water for production • Improve land tenure systems and land security mechanisms to increase land available for coffee farming • Promote sustainable land and environment management practices • Leverage the agricultural extension system to upscale outreach • Improve skills and competencies of labourforce in the coffee sub sector at technical and managerial levels • Strengthen capacity for pests and disease control and management • Improve access to quality inputs 	SDG: 1, 2, 5, 8	Goal 5: Modern agriculture	Goal: Agricultural production and productivity
		SDG: 12, 13, 14, 15	Goal 7: Environmentally sustainable climate resilient economies	GOAL: Sustainable utilisation of natural resources, environment management and conservation with enhanced value addition.
		SDG 1, 5,10	Goal 17: Full gender equality Goal 18: Engaged and empowered youth and children	Cross-cutting issue: Gender, Women and Youth Empowerment
		SDG: 3,4,6	Goal: 2,3, and 1	Enabler: Education, Health
SO2: Modernize Harvest/postharvest handling	SO2 Improve post-harvest handling and storage; <ul style="list-style-type: none"> • Reduce post-harvest 	SDG: 1, 2, 5, 8	Goal 5: Modern agriculture	Goal: Agricultural production and productivity

Coffee Sub Sector Strategy	NDP III (AGRO-PIAP)	SDG	AA2063 (PA – Priority Area)	EAC 2050
	<p>losses and improve the quality of coffee for processing</p> <ul style="list-style-type: none"> Increase storage capacity for coffee 			
SO3: Increase Coffee Processing and Value addition	<p>SO3: Improve agro-processing and value addition</p> <ul style="list-style-type: none"> Increase the scale and efficiency of operation of primary and secondary processing Deepen tertiary coffee processing 	SDG: 8, 9	Goal 4 – PA 4.2: STI driven manufacturing/industrialisation Growth of SMEs	GOAL: Leveraging industrialization (Industrial Development and SMEs)
		SDG 9, and 12	Goal: 4 and 10	GOAL: Improved access to affordable and efficient Regional transport, energy and communication network
SO4: Increase consumption of Ugandan Coffee and its products	<p>SO4: Increase market access and competitiveness of agricultural products in domestic and international markets</p> <ul style="list-style-type: none"> Increase domestic coffee consumption Build structured demand Brand Uganda Coffee 	SDG: 1,2, 3,4,5, 6, 8,10	Goal 1 – PA: Incomes; poverty and inequality Goal 4 - Sustainable and inclusive economic growth	Socio-Economic Indicators: Poverty; Income Distribution (Gini Co-efficient)
		SDG 8.	Goal 4: PA 4.4: Hospitality/tourism	Goal: Enhance tourism, trade in goods and other services within the EAC region and with the rest of the world.
SO5: Increase mobilisation and access to Agricultural Finance	<p>SO5: Increase mobilization and equitable access and utilization of agricultural finance</p> <ul style="list-style-type: none"> Mobilise private sector funds Mobilise impact funds 	SDG: 16, 17	Goal 12: Institutions and transformative leadership Goal 20: Africa takes full responsibility for financing her development	Cross-cutting issue: Management framework and Policies
SO6: Strengthen legal, regulatory framework and institutional capacities for an enhanced coordinated delivery of targeted results	<p>SO6: Strengthen the institutional coordination for improved service delivery</p> <ul style="list-style-type: none"> Provide an enabling environment to govern the entire coffee sector Develop a system for effective planning, monitoring and reporting Establish/strengthen a coordination framework for the subsector Strengthen the role and application of ICT in the coffee Value Chain 	SDG: 16, 17	Goal 12 – Institutions and transformative leadership	Cross-cutting issue: Management framework and Policies
		SDG 11	Goal 1 – PA 1.4: Modern and liveable habitats	Cross-cutting issue: Cities of the Future and Human Settlements

Annex 2: Coffee Density per District and type



Source: Uganda Coffee Road Map – Final Report

